

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
November 8, 2024

Regular meeting of the Board of Directors of Empire Electric Association, Inc. was held Friday, November 8, 2024, with the following directors present: David Sitton, Kent Lindsay, Jerry Fetterman, Bob Barry, Larry Archibeque, Corey Robinson, and Bill Mollenkopf. Others present: General Manager Josh Dellinger, Attorney Tyler Denning, Executive Secretary / HR Representative Shawna McLaughlin, Operation and Engineering Manager Ken Tarr, Financial Manager Ginny Johnson, Member Engagement Manager Andy Carter, and System Engineer Dalton Randolph. Appearing by web conference: Business Service Manager Chris Snyder

Others present in person: URECA Executive Director Nathaniel Johnson

Others present by web conference: Members Greg and Emiko South

President Sitton called the meeting to order at 8:30 a.m.

Approve Consent Agenda:

Action Item: Fetterman moved to approve the consent agenda as presented, seconded by Robinson. Motion carried.

Membership Input: None

Monthly Safety Report: Dellinger stated that there were no personal injuries and there were two property damages. A deer hit one of our pickup trucks resulting in no damage to the truck. A digger truck hit a tree and damaged the digger's joystick. The monthly safety summary report is in the board packet.

Correspondence:

- CFC Report from the Board
- Federated Member Update for October, 2024

Thank you letters:

- San Juan Junior Livestock Board for support the youth of San Juan County.
- Energy Outreach Colorado for our matching donations.

Policy Review/Action:

Policy 24: Savings Program (11-11-2022): Dellinger stated that staff and legal reviewed Policy 24 and no edits are suggested.

Action Item: Policy 25: Nomination and Election of Officers, Delegates and Alternates (12-09-2022): Dellinger stated that staff and legal reviewed Policy 25 and the only suggested edit is to remove FastTrack as an entity to whom we elect a board representative. A conversation was held regarding the board selecting officers and delegates by acclamation or nomination and whether the board is following this policy. Denning mentioned that we are following the policy, but we could define it more if needed. Consensus was that no additional definition is needed. Archibeque moved to approve Policy 25 as presented, seconded by Mollenkopf. Motion carried.

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General Manager Report:

Review Updated Construction Work Plan: Dellinger stated that System Engineer Dalton Randolph has updated our 5-year construction work plan (CWP), and it is in the packet for the board to review. Randolph explained that the CWP outlines projects we expect to undertake in the near future and offers an evaluation of our system under current conditions and expected load growth. He explained the CWP in detail. The board discussed the substations that EEA currently owns that need to be upgraded. Randolph went through each substation and described the condition of each sub.

Action Item: Consider 2025 Budget: Dellinger explained that Finance Manager Ginny Johnson prepared our final 2025 budget for board approval. Johnson mentioned that the budget was revised with the updated KM forecast. This impacts revenue and purchase power, but there is no impact to margins. There were also some smaller changes to the capital expenditures budget. Archibeque mentioned that the CREA fees will increase by 5% in 2025. Johnson stated that she will add that increase to the fee section of the budget. Robinson moved to approve the 2025 Budget with an increase of \$5,000 to the CREA admin dues, seconded by Archibeque. Motion carried.

Action Item: Consider 2025 KM Budget Filing and the CPC Budget Filing: Dellinger stated that Johnson has prepared the 2025 KM and CPC Budget Filings. Johnson explained that we use these budget filings to calculate the monthly customer charges. These customer charges are determined by using methodologies defined in the SCS-1 for Kinder Morgan and SCS-2 for the Cortez Pipeline tariffs. Both the budget filings will be sent to KM, and the KM budget filing will also be filed with the Colorado Public Utilities Commission per a 1986 order from the PUC. Lindsay moved to approve the 2025 KM Budget Filing, and the 2025 CPC Budget Filing as presented, seconded by Fetterman. Motion carried.

Action Item: Consider 2025 SCS-1 Tariff Updates: Dellinger explained that these are the KM sheets that we update annually in accordance with the updated budget. Sheet 10E states the 2025 monthly customer charge, which has been calculated using the methodology outlined in the SCS-1 tariff. Sheet 10R is the updated 10-year load forecast that KM provided to EEA this past October. Robinson moved to approve the 2025 SCS-1 tariff as presented, seconded by Mollenkopf. Motion carried.

Consider 2025 Pole Attachment Rate: Dellinger explained that Johnson updated our pole attachment rate calculation. The actual calculation and a summary are in the board packet. The calculated rate for 2025 is \$21.65 per pole per year. Our current rate is \$22.00 per pole per year, which is close to the calculated rate. Therefore, staff recommend making no changes at this time and leaving the pole attachment rate as-is at \$22.00 per pole per year. Consensus of the board is to leave the pole charge as is.

Financials: Johnson reported on the financials for September. She reminded the board that the purchased power expense variances are primarily due to the fact that Tri-State's rate change that didn't go into effect until later in the year. She will be asking the board to defer this variance to 2025 so that the PCA can take care of it. Johnson highlighted a handful of other items in the financials report.

Miscellaneous: Dellinger stated that Clearnetworkx / FastTrack is applying for BEAD funding to build out its network in Montezuma County and asked for a letter of support from EEA. He provided this letter which they will include with their application.

Dellinger stated that he applied with Tri-State to convert our 21-kW low-income solar garden to a BP115 project. This is in preparation for the sale of our HQ property. The low-income solar garden is currently net metered behind our HQ meter. We need to separate it from the HQ building and make it a standalone service before we sell this building.

Dellinger mentioned that we have signed all agreements on the Princeton / Argon project. We are waiting for funding and once we receive those funds, this project will get started. The facility has already been built. Our Systems Technician, Levi Hill, has resigned to take a position with another company. Levi Bates, who is currently a System Operator, will be moving over to the Systems Technician position. We are currently working to fill the System Operator position.

Director Roundtable: Robinson shared a scam that was done on him while he was in Denver. He stated that he received a phone call in his hotel room during the middle of the night stating that there were issues with his hotel bill that needed to take care of and wanted him to do it over the phone. Fortunately, he realized this was not right and hung up. He wanted to make everyone aware of scams of this nature.

Attorney: Denning provided a written report in the board packet. He mentioned there are a few items that they continued to work on with the Princeton agreement, which has now been completed. He also worked on the admin building construction contract.

Tri-State: Robinson reported on the Tri-State Board meeting. He stated that there was a presentation about the demand response program that Tri-State is putting together. The New ERA funding announcement was made that they received \$2.5 billion worth of financing to retire assets and to use towards clean energy. They discussed the Tri-State HQ building and the issues that they are having with the building deteriorating. They have been looking at different options for fixing or replacing this building. It was approved by the board to construct a new building on the Westminster campus and demolish the existing building. This will be a five-to-seven-year project. Robinson mentioned that there is a solar project in Southern New Mexico that is in default on its PPA. The inverters have failed and are costly to replace. The owner doesn't want to fix this and will probably allow the PPA to default. There were five BYOR applications and four are moving forward. There is discussion going on regarding how departing members pay transmission credits. Responses to Tri-State's latest RFP came in. There was one geothermal proposal, several solar and wind proposals, and none for the gas plant. They have extended the deadline in hopes to get a proposal and are also looking at the possibility to build the gas plant themselves. The rate case continues, but there hasn't been much action lately.

CREA: Archibeque reported on the CREA Board meeting. He stated that he attended the Innovations Summit and Fall meeting. He stated that Taylor Ward was hired to replace Tim Coleman. He stated that they wanted to hire Coleman's firm to mentor Taylor and provide contract lobbying, but that firm declined due to a potential conflict of interest. They are working to find another contract lobbying firm. They reopened the position for the Safety and Loss Director after the primary applicant declined the offer. Archibeque reported on CREA's budget and noted they expect to have a 5% increase in dues. The board assigned the executive committee to look at purchasing a new building. He stated that the building is still functional, but it is an old building in a poor location. They spoke about how expensive it is for cooperatives to do their own safety, legislative lobbying, and educational training and how CREA helps with all of those items for less than what it would cost cooperatives do to those things themselves. His next meeting is on December 5th and 6th. The annual meeting will be the first part of February, 2025.

Western United: Barry reported on the Western United Meeting. They are up 22% in sales this year. New Mexico is down, Utah is up. They are changing some of the routes for deliveries. The backlog trend is down, they are beginning to get supplies out quicker. Barry also noted that WUE recently purchased a BBQ trailer, and members may be able to utilize it.

Utah Rural Electric Cooperatives Association: URECA Executive Director Nathaniel Johnson attended the board meeting. He did a presentation on URECA. He presented Director Barry with a belt buckle for representing EEA

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on the URECA board of directors. He spoke about some of the fundraisers that they will be doing this year. He also spoke about their Youth Leadership Challenge at Snow College. He gave a Utah legislative update. He spoke about the two bills that they are working on in legislation. He stated that he likes to go to board meetings so that he can get his membership's input.

Committees: Dellinger stated that the survey committee sent out a final draft of the survey. Archibeque asked if the other board members that aren't on the survey committee will get to see the questions. Dellinger stated that they will put the survey in the next board packet for the board to review and approve before we send it out to our members in early January.

Executive Session: Robinson moved to go into executive session to discuss the sale of the HQ Property, the new HQ Building, Tri-State, FastTrack, and to receive legal advice, seconded by Mollenkopf. Motion carried. We went into executive session at 11:29 a.m. Came out of executive session at 12:01 p.m.

Adjournment: Meeting adjourned at 12:01 p.m.



David Sitton, President

Jerry Fetterman, Secretary / Treasurer