

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
September 8, 2023

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, September 8, 2023, with the following directors present: David Sitton, Kent Lindsay, Jerry Fetterman, Bob Barry, Larry Archibeque, Norman Butler, and Corey Robinson. Others present: General Manager Josh Dellinger, Attorney Tyler Denning, Executive Secretary / HR Representative Shawna McLaughlin, Financial Manager Ginny Johnson, Operation and Engineering Manager Ken Tarr, and System Engineer Dalton Randolph. Appearing by web conference: Business Service Manager Chris Snyder.

Others present in person: Members Bill Mollenkopf, Becky Land, and Steve Gregg

Others present by Web Conference: Member Emiko South

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

Approve Consent Agenda:

Action Item: There was a change to the agenda, Duane Highley is unable to attend this meeting. Robinson moved to approve the consent agenda with the agenda change, seconded by Lindsay. Motion carried.

Membership Input: Member Steve Gregg asked the board questions regarding what is driving the rate increases that will be in effect in January by both Tri-State and EEA. He also asked about the increase of the grid access charge. Dellinger explained that the GAC increase are to get those classes up to a zero net margin to reduce subsidization between classes. Gregg also stated that the article in Colorado Country Life made it sound like the board reviewed and approved the rate increases all in the August meeting and asked why it was done so quickly without any membership input. Sitton explained that there was a rate committee that has been meeting throughout the year and then the recommendation was brought to the board meeting and approved in August. Gregg also wanted to know if the budget had been approved and how the increases could be approved without the budget being complete. Johnson explained to him that the budget has been being worked on for several months and will be brought to the board for review during October's meeting. Gregg also asked how the new solar arrays affect the rate increase. Dellinger explained that the solar arrays are reducing rate pressure.

Presentation by Tri-State CEO Duane Highley: Mr. Highley was unable to attend this meeting and will reschedule possibly in December.

Monthly Safety Report: Dellinger stated that there were no personal injuries or property damages. The notes from our latest safety meetings are in the board packet.

Correspondence:

- NRECA Election Letter from Joe Martin
- Federated Membership Update – August 2023
- Water Information Program (WIP) Information

Thank you's from:

- Monticello High School for annual donation

Policy Review/Action:

Policy 49: Economic Development (09-10-21): Dellinger stated that staff and legal reviewed and there are no suggested edits.

Policy 50: Board Education (09-10-2021): Dellinger stated that staff and legal reviewed and there are no suggested edits.

General Manager Report:

Action Item: Consider Totten Lake Proposal: Dellinger stated that Kevin and Becky Land have made a proposal to purchase our remaining Totten Lake parcel. The parcel is a 6.8 acre triangular-shaped tract that is just north of the Totten Solar project. They offered \$25,000, which is the price we had agreed to sell it to a different buyer in 2017. Dellinger reached out to realtor Terry McCabe for property comparisons. She recommends a price of around \$15,000 per acre which would be \$102,000 for the parcel. The board discussed the fair market value of the property. Robinson and Archibeque noted that we need to be transparent and possibly list this item again to make sure that it is known to the community that it is for sale. It was suggested that we open it up for sealed bids instead of listing it with a realtor. Denning recommended getting an appraisal on the property. Consensus from the board is to have Dellinger get an appraisal to determine the value of the property. Lindsay moved to offer this property as a sealed bid with right of refusal within 60 days from publication, seconded by Archibeque. Motion Carried.

Action Item: Select the Delegate and Alternative for the NRECA Colorado Membership Meeting: Dellinger explained that the NRECA Colorado Membership Meeting will be held in conjunction with the CREA Fall Meeting and the board may select a Voting Delegate and Alternative for this meeting. Robinson moved to appoint Larry Archibeque as the delegate and Bob Barry as the alternative, seconded by Lindsay. Motion carried.

Action Item: Select the 2024 Annual Meeting Date: Dellinger explained that the annual meeting date for 2024 needs to be determined so that we can put it on the 2024 EEA calendars. The annual meeting is normally held the third Thursday in June which would be on June 20, 2024. Barry moved to have the Annual Meeting on June 20, 2024, seconded by Butler. Motion carried.

Action Item: Consider the Wildfire Protection Plan Annual Compliance Report: Dellinger explained that last month the board approved our updated Wildfire Protection Plan, and we still need to approve our annual compliance report to submit to the Utah PSU. Randolph spoke about the plan and what EEA does to stay compliant. Fetterman moved to approve the compliance report as presented, seconded by Lindsay. Motion carried.

Strategic Planning Update: Dellinger mentioned that the staff has continued to work on strategic planning initiatives. An update has been placed in the board packet. Dellinger highlighted a couple of these items.

- Dellinger mentioned that Johnson is actively pursuing grant funding. We had two pending grants with the DOE ERA program. The grant Johnson wrote to upgrade distribution transformers to at least 25 kV has been invited to go to the second stage. The grant that was written for a reconductor of a circuit out of East Cortez substation that would allow us to interconnect more distributed generation on our constrained circuit was not invited to continue to the next stage.
- Dellinger also mentioned that we are engaging members regarding our upcoming rate changes. Carter has provided materials to the employees, board, and members.
- Staff have been working on combining the two campuses. They have had a second meeting with an architect, and we hope to have the programming phase of this done in the next few weeks, which will give us a high level cost estimate as well as a high level floor plan. Once we have these, we can get the building

committee together to see where we would like to go with this. The City of Cortez has shown interest in possibly purchasing the headquarters building.

- There have been two recent significant developments in the power supply goal with Tri-State. The judge issued an order in the Adams County court case and Dellinger explained the order. FERC also issued an order on the four reserved issues from Tri-State's initial rate filing. Dellinger explained how FERC ruled on each issue.

Financials: Johnson reported on the financials for July. She stated that she participated in a CFC Economic update. They are recommending putting a higher interest rate into the cooperative's financial forecast. She stated that the financials for 2022 and 2023 have been very similar. She discussed several of the line items and financials continue to look good, and we are well within our financial goals and loan covenants.

Miscellaneous: Dellinger mentioned that we experienced a flood during the storm on August 24th. Water came rushing down the hillside behind the headquarters building and came into the building flooding a large portion of the building. We were fortunate that this was right before we closed for the day, so employees were still here, and we were able to get on it right away. There was very little damage due to the fast reaction from employees. Dellinger noted that he had a meeting with Princeton University, Los Alamos National Laboratories, and others about their plans to build an Argon facility beside the Kinder Morgan Doe Canyon facility. They will be taking the Argon from the CO2 stream and ship it to Italy to use in the research of dark matter.

Director Roundtable: Barry mentioned that the broadband cables that are hanging on poles are so low that they don't allow farmers to have access into their fields with combines and other large equipment. Tarr stated that the height regulations are set by the NESC that we must follow. He explained how the joint use contracts work. Tarr suggested that the organization that is placing the joint use cables be in contact with the landowner when establishing their easements. At this time, the landowner could let them know that they need access to their fields, and they can place their cables higher or underground to allow that access. It was also noted that if the attachers are using County or CDOT right-of-way, then perhaps those entities could require the attacher to get approval from the landowner prior to granting the easement.

Attorney: Denning provided a written report. He stated that he had prepared a letter on the easement issue.

Tri-State: Fetterman reported on the Tri-State meeting. A virtual meeting was held yesterday. Most of the meeting was held in executive session. Fetterman stated that Tri-State may have to re-approve its bylaws due to the Adams County ruling that noted a procedural error in the way the bylaws and articles of incorporation were approved a few years ago. They are also in negotiations with United Power about a settlement. A discussion was held regarding the United lawsuit.

CREA: Archibeque reported on the CREA meeting. He stated that there were changes on the CREA Board. Damon Lockhart was voted as secretary for the board. Liz Feddes will be retiring, and Julie Baker will be moving into her position. They just completed an audit that had a few issues but got those corrected. They made a platform change from Sage to QuickBooks. Archibeque spoke about a disagreement with representatives regarding net metering that happened in the last CREA meeting. Dellinger explained the net metering issue that is being discussed at the Colorado Energy Office. Archibeque stated that he also attended the CFC rate class. He ordered books for the board from this class. Tarr asked Archibeque if CREA mentioned what the status of getting us a replacement for our safety trainer. Tarr said that he would like to be part of the interviewing process when hiring this person. Archibeque will call the safety coordinator with CREA and have her contact Tarr. Dellinger mentioned that since CREA is revamping their safety program, he would like to see what they come up with. If they don't

come up with a safety program that works well for us, we could possibly research the possibility of creating a shared safety program with other cooperatives in the area.

Western United: Barry reported on the Western United meeting. He attended the Fish Fry and stated that there was a big turnout and he enjoyed it. He stated that their net margin is up and they have increased their inventory. They continue to do well.


Utah Rural Electric Cooperatives Association: Barry reported on the URECA meeting. He stated that the meeting was in Bryce Canyon this month. The new manager for URECA is doing a good job. The EPA has proposed rules for power plants which will be detrimental to power supply for UT cooperatives. There is an advanced lineman school that will be held in Dixie. He noted that the state's NEVI plan calls for a fast charger to be installed in Monticello. Dellinger stated that we have been in talks with UDOT about this and we will be willing to help place one, but we don't want to own it. He hasn't heard anything regarding this in the last couple of months.

FastTrack: Report will be in executive session.

Committees: None.

Executive Session: Lindsay moved to go into executive session to discuss the FastTrack report and to receive legal advice, seconded by Butler. Motion carried. Went into executive session at 11:31 a.m. Came out of executive session at 11:47 a.m.

Adjournment: Meeting adjourned at 11:47 a.m.



David Sitton, President

Jerry Fetterman, Secretary/Treasurer