

EMPIRE ELECTRIC ASSOCIATION, INC.  
MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
August 14, 2020

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, August 14, 2020 with the following directors present: David Sitton, Bill Mollenkopf, Bill Bauer and Bob Barry. The following directors appeared by web conference: Jerry Fetterman. Others present: General Manager Josh Dellinger, Finance Manager Ginny Johnson, Business Services Manager Chris Snyder, Operations Manager Ken Tarr, Engineering Manager Clint Rapier and Executive Secretary / HR Representative Shawna McLaughlin. Others appearing by web conference: Attorney Shay Denning. Absent were Directors John Porter and Kent Lindsay.

Others present by web conference: Members Larry Archibeque, John Hernandez, Marianne Mate, Ken Curtis and Norman Butler.

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

Approve Consent Agenda:

**Action Item:** Bauer moved to approve the consent agenda, seconded by Barry. Motion carried.

Sitton suggested that the monthly safety report included in the consent agenda be removed from the consent agenda and instead included as a separate item to be reviewed by the board. The board agreed and it will be moved to a separate agenda item in future meetings.

Membership Input: Members on the web conference call introduced themselves.

Correspondence:

General Correspondence:

CREA WC Group Retention update.

Thank you from:

Energy Outreach Colorado for the donation.

Zane Wilson for the scholarship.

Consider Donation Requests:

Ongoing donations for 2021 budget: Dellinger explained that last year the board revamped Policy 12: Donations and Sponsorships. A list of organizations for donations, sponsorships and scholarships that are in the budget for 2021 is in the board packet for the board to review. Sitton asked if staff would include the organization that is receiving the donation funding for each event. Consensus from the Board is to use the provided list for ongoing donations for the 2021 budget.

Committee for reviewing other 2021 donation requests: Dellinger asked the board if they would like to create a committee to review the new donations that did not make the ongoing donation budget. All other non-budgeted donations requests need to be received by EEA before September 15, 2020 to be presented to the board. Consensus from the board is to see how many additional donation requests are received and then decide if a committee will be needed.

**Action Item:** CoBank Sharing Success Program: Dellinger mentioned that we have participated in the CoBank Sharing Success Program for several years and he explained the program. Barry moved to apply for the CoBank Sharing Success Program for The Bridge Shelter, Hospice, Pinon Project and Four Corners Child Advocacy Center, seconded by Fetterman. Motion carried.

Policy Review/Action:

**Action Item:** Policy 12: Director Election and Voting (5-8-20): Dellinger stated that a provision was added to allow for ballots to be dropped off in a ballot box at EEA's headquarters. Mollenkopf moved to approve Policy 12 as presented, seconded by Bauer. Motion carried.

**Action Item:** Policy 20: Rate Design (2-9-18): Dellinger explained that there are a few housekeeping edits and a clause was stricken in section II 2-b. Barry moved to approve Policy 20 as presented, seconded by Fetterman. Motion carried.

General Manager Report:

**Action Item:** Ratify livestock buyer appointments: In July's board meeting Director Bauer was appointed to attend the Montezuma County Fair Livestock Auction as the buyer and Director Barry was appointed to attend the San Juan County Fair Livestock Auction as the buyer. These appointments need to be ratified at this board meeting. Mollenkopf moved to ratify these appointments, seconded by Barry. Motion carried.

**Action Item:** Support for Tri-State's FERC filings: Dellinger explained that with Tri-State being FERC regulated they are required to make frequent filings. Tri-State has asked those who support their filings make their voices heard by filing support letters on their behalf. At times, the comment period falls in between board meetings, which does not allow for discussion at a regular board meeting. Dellinger asked the board how they would like to handle commenting on Tri-State's filings going forward. Mollenkopf moved to delegate authority to Josh Dellinger as General Manager to submit comments or make filings either in favor of or against filings submitted by Tri-State at FERC, seconded by Bauer. Motion carried. Dellinger noted that he will inform the board prior to submitting such comments.

Annual meeting options: Dellinger explained that with the continuing coronavirus pandemic, we should get prepared to hold an unconventional annual meeting. He discussed a couple of options such as a virtual meeting or a drive-in meeting. Discussion followed on ballot counting, establishing a quorum, and noticing the meeting. Board is in consensus that we should use the truck bays at the Engineering and Operations Building to create an outdoor space with a virtual option for those who are not comfortable attending in-person.

**Action Item:** Rate structure options: Dellinger noted the rate structure proposal that was included in the packet. He stated that staff and board have been discussing rate structures for a while and a rate structure workshop for the board was held earlier this week. At the workshop, staff presented a rate structure that would allow the member to pick which rate option they would like to be under. He would like some direction on how the board would like to proceed. If the board would like to proceed with the structures that have been presented, staff would update the cost of survey study and take into consideration the 2021 budget and work toward developing final numbers. Mollenkopf asked if the member doesn't respond, which option would they default into. Dellinger stated that they would default into Option 2, then the member would be able to change their option once a year. There will be a marketing campaign to work with the members to make sure that they are all aware and informed of this change. Mollenkopf moved to begin the implementation of the new rate structure with options 1 and 2 as presented and a target effective date of September 1, 2021, seconded by Fetterman. Motion carried.

Financials: Johnson reported on the financials. Our margins are exceeding what was budgeted. She stated that aged receivables were up since January and February but are now coming back down. She explained how the effect of Covid has been statewide with other cooperatives and how it has affected EEA. She also pointed out that we are within loan covenants and that should continue. She presented a report on how Covid has affected the coop thus far and what we expect the final affects to be at the end of the year. We have seen an overall decline in kWh sales, but that has been balanced out by reduced purchase power costs and operating expenses. She explained that if things continue as forecasted, there will be a small positive impact on our net margin.

Miscellaneous: Dellinger stated that the Totten Lake Solar Project special permit was approved by the County Commissioners. Mollenkopf asked about the mineral rights and if it is going to impact the build. Dellinger stated that they do not think it will be an issue.

Colorado PUC has stayed the ALJ's decision in the United Power/ LPEA case. The deadline for the PUC to make its final decision is November 7, 2020. Dellinger noted that he sent a draft joint letter to the board that several coops are planning to send to the PUC. The letter requests that the PUC allow other co-ops who will be affected by the outcome of the case participate in the case. The board agrees that Dellinger should sign the joint letter. Dellinger also noted that over 1,000 comments have been sent to the PUC from Colorado co-op members. September 11, 2020, the employees will be doing a safety luncheon after the board meeting. The board is invited to join this luncheon.

Mollenkopf asked if any of EEA's employees have been affected by Covid. Dellinger stated that we have had a few get tested but no one has showed a positive test.

Director Roundtable: none.

Attorney: Denning provided a written report. She highlighted the information in her report. She added that she is working with the insurance company regarding our pole that was hit. We have been unable to reach an agreement with the insurance company regarding payment for the damage incurred by the incident. As a result, we will need to address the damages in the criminal case that is associated with the incident. She also reported that the tree trimming dispute that staff has been working on will be settled without the need for legal intervention and she commended staff on their efforts to resolve the issue.

Tri-State: Mollenkopf presented the Tri-State report. He went over several slides regarding Tri-state operations. He discussed their budget versus forecast comparison, operational highlights, coal plant utilization, gas/oil unit dispatch profile, renewable generation, renewable generation versus budget, billing peak versus actual peak, natural gas prices, power position for the next 12 months, deferral of income resulting from DMEA withdrawal from membership and an initial buy in concept that has been proposed to Tri-State. He also discussed rate reduction options and guiding principles.

CREA: Fetterman stated that there wasn't a meeting this month so there is no report.

Western United: Fetterman stated that there wasn't a meeting this month so there is no report.

Utah Rural Electric Cooperatives Association: Barry stated that there was no meeting so there is no report.

#### Committees:

**Action Item:** Award 2020 Continuing Education Scholarships. Recipients are as follows:

Amrine, Marcus (2017, 2019, 2020)  
Breitenbach, Jasper (2018, 2019, 2020)  
Brewer, Britton (2019, 2020)  
Cole, Emily (2019, 2020)  
Copeland, Marquerite (2019, 2020)  
English, Aspen (2019, 2020)  
Hankins, Madilyn (2019, 2020)  
Henderson, Trystan (2018, 2019, 2020)  
Huffman, Phillip (2019, 2020)  
Jones, Brendan (2018, 2019, 2020)  
Maloy, Brent (2017, 2019, 2020)  
Schafer, Cameron (2019, 2020)

Sturman, Amanda (2019, 2020)  
Thayne, Elise (2019, 2020)  
Wilson, Zane (2018, 2019, 2020)

Mollenkopf moved to approve the continuing education scholarships as awarded, seconded by Bauer. Motion carried.

FastTrack: Discussed in Executive Session.

Executive Session: Barry moved to go into executive session to discuss FastTrack, seconded by Mollenkopf. Motion carried. Went into executive session at 12:03 p.m. Denning was recused from the executive session due to a potential conflict at 12:05 p.m. Came out of executive session at 12:25 p.m.

**Adjournment**: Meeting adjourned at 12:25 p.m.

/s/ David Sitton

David Sitton, Vice President

/s/ Jerry Fetterman

Jerry Fetterman, Secretary/Treasurer