

EMPIRE ELECTRIC ASSOCIATION, INC.  
MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
February 12, 2021

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, February 12, 2021 with the following directors present: David Sitton, Bob Barry, Larry Archibeque and Norman Butler. Others present: General Manager Josh Dellinger, Attorney Shay Denning, and Executive Secretary / HR Representative Shawna McLaughlin. Appearing by web conference: Directors Jerry Fetterman and Kent Lindsay, Operations Manager Ken Tarr, Finance Manager Ginny Johnson, Business Services Manager Chris Snyder, Member Engagement Manager Andy Carter, and Safety Coordinator Jules Bitsilly. Absent was Director Bill Bauer.

Others present by web conference: Members Heidi Brugger, Marianne Mate, Ken Curtis.

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

Approve Consent Agenda:

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

Membership Input: Heidi Brugger asked questions about net metering, rate structuring, EV infrastructure, renewable projects, and consolidating with a neighboring cooperative. Discussion followed.

Marianne Mate thanked Member Engagement Manager Andy Carter for being available to answer questions that she had on the rate structure. She asked questions on rate structure and community solar projects. Discussion followed. Dellinger noted that EEA plans to hold a member forum on rate structures in the next few weeks. Sitton noted that the member forum would be a better place to address the complex details of rate structures.

Correspondence:

General Correspondence:

CRC's Fiscal-Year 2020 Class A Equity Investment Dividend Allocations.

CFC's 2020 Patronage Capital Credit allocation.

2020 Year in Review from the Four Corners Child Advocacy.

Thank you from:

Four Corners Child Advocacy for the annual donation.

Hospice of Montezuma for the annual donation.

The Bridge Emergency Shelter for the annual donation.

Montezuma Land Conservancy for the annual donation to Fozzie's Farm.

Crow Canyon Archaeological Center for the annual donation.

Energy Outreach Colorado for the annual donation.

Wildfire Adapted Partnership for annual donation.

The Monticello Parks & Beautification Committee for the donation of gift certificates for their Merry and Bright Light contest.

Monthly Safety Report: Dellinger explained that we had one property damage when the crews were retiring line and a tree branch came down and cracked the window on the company truck. There were no personal injuries for the month of January. Archibeque asked about a broken pole he had heard about. Tarr spoke about a pole that burned out in the Dove Creek area that compromised the structure of the pole. The pole was replaced.

**Safety Program Overview:** Safety Coordinator Jules Bitsilly gave a presentation on Empire's safety program. Dellinger explained that with our new directors he thought it would be beneficial to give an overview of our safety programs. Bitsilly answered questions asked by the Directors.

**Policy Review/Action:**

**Action Item:** Policy 32: Paid Time Off (08-10-18): Dellinger explained that most edits were housekeeping. There was a section added to allow for a Health Savings Account (HSA) option as well as the Health Reinvestment Account (HRA) option. Another section was added regarding changing PTO to vacation and sick for an employee going from a non-union position to a union position. Denning mentioned new requirements that have come out during the COVID 19 pandemic. Her recommendation is that we run our leave policies by Employers Council to see if we need to make any changes due to these new requirements. Discussion was had on this policy. The definition of an HSA and an HRA was explained. Butler moved to approve Policy 32 as presented, seconded by Barry. Motion carried.

**Action Item:** Policy 35: Regular Meeting Date (9-14-18): Dellinger explained that there were a few housekeeping edits made. Archibeque moved to approve Policy 35 as presented, seconded by Barry. Motion carried.

**General Manager Report:**

**Action Item:** Ratify Joint Motion to Intervene in Tri-State's ERP Docket at the Colorado PUC: Dellinger explained that he sent a message out to the board and the board was supportive of EEA participating in a joint motion to intervene in this docket. The board now needs to officially ratify EEA's participation. The joint motion was included in the packet for board review. Archibeque moved to approve the ratification of the Joint Motion to Intervene, seconded by Butler. Motion carried.

**Action Item:** Consider Street Light, Security Light, and Lighting Adjustment Clause Tariffs: Dellinger explained the changes that are suggested for the Overhead Street Lighting, Security Lighting, and Lighting Adjustment Clause tariffs. Changes include adding an LED option to the tariffs, moving CPI adjustment language from a separate tariff into the lighting tariffs, wording and arrangement changes to bring consistency among our tariffs, and adding a section to the Street Lighting tariff that addresses installation costs. Discussion was had regarding these changes and the changes that have been made over the years to these tariffs. There were questions regarding the new LED fixtures. Tarr explained that there are shields that you can put over them and they are dark sky compliant. There was support for not making the CPI adjustment applicable for Security Lighting. The board considered each tariff individually.

**Security Light Tariff:** Barry moved to approve the changes to the Security Lighting Tariff, but removing the CPI adjustment language, seconded by Butler. Motion carried.

**Street Light Tariff:** Dellinger explained this applies only to municipalities. Archibeque moved to approve the Street Light Tariff as presented, seconded by Barry. Motion carried.

**Lighting Adjustment Clause Tariffs:** Dellinger explained that the Lighting adjustment clause can be deleted because the language has been placed in the Street Lighting tariff. Butler moved to approve this tariff being deleted, seconded by Barry. Motion carried.

**Review Annual Board Expenses Per Policy 15:** Dellinger explained that Policy 15: Director's Compensation and Expenses states that the Board of Directors review the prior year's Board expenses. A spreadsheet of those expenses has been placed in the board packet for review. Board reviewed and there was no comments or concerns.

**Action Item:** Select Delegate and Alternate for CREA Annual Meeting (March 9): Dellinger explained that the CREA Annual Meeting is scheduled for March 9, 2021 and it will be virtual. Barry asked that we stream the conference at the Board Room. It was agreed that the meeting will be streamed in the board room. Butler moved to select Archibeque as the CREA Delegate and Barry as the Alternate, seconded by Lindsay. Motion carried.

**Action Item:** Select Delegate and Alternate for WUE Annual Meeting (March 9). Butler moved to select Barry as the Delegate and Archibeque as the Alternate, seconded by Fetterman. Motion carried.

**Action Item:** Select Delegate and Alternate for NRECA Annual Meeting (March 4): Dellinger explained that this is a multi-day event. It is called PowerXChange and there is a cost to attend. We can get registered and set it up in the Board Room if any of the directors are interested in attending. Barry moved to select Archibeque as Delegate and Dellinger as Alternate, seconded by Butler. Motion carried.

Consider Basin Matching Funds Donations. Dellinger explained that Basin will match our donations as one of our benefits of being a member. An explanation of the parameters of the donations was given by Dellinger. Denning recommended that we reach out to the charities and give them the application to complete and provide their information. Once they send it back to us, we will submit it to Basin. These donations are given on a first come first serve bases and so there is no guarantee that the applications all will be approved. The board directed staff to contact the charitable organizations and have them complete their own applications and return them for us to send to Basin on their behalf.

Financials: Johnson reviewed the January Financials. She stated that there were a couple of items that she needs to point out. One of them concerned the Kinder Morgan CO2 loop. She prepares their budget and then bills them the monthly customer charge based on that budget. There was an error in the property tax valuation prepared by the state, so Kinder Morgan was over charged for some of the property taxes. This overcharge will need to be refunded back to Kinder Morgan. This is recorded as revenue so we need to remove that amount which will further reduce our margin. The board will see the Kinder Morgan reconciliation reports next month. The other issue is a purchase power budget problem. At the end of September, we projected an opportunity to defer revenue because of strong margins. The purchase power budget assumptions for the fourth quarter underestimated our actual expenses so our operating margin is not as strong as we expected, though there is still opportunity to defer some revenue. Johnson is looking for direction from the board on deferring the revenue. Our margins are still fine, and we continue to be within our debt covenants. The board provided direction regarding possible revenue deferral options and staff will present options based on this direction in an upcoming meeting.

Miscellaneous: Dellinger stated that he has been working with Tri-State to potentially sell the land around the Main Switching Station and Yellow II Switching Station. We sold Tri-State the assets at these stations a few years ago during the asset transfer. Tri-State is in the process of doing their due diligence and contacting the parties that have the first right of refusal in each of the deeds. Dellinger explained where these properties are located. Denning's office looked over the NRCS contract on the land that we own on around the E&O Center. They determined that installing solar panels would not violate that contract. We will continue to work with OneEnergy regarding this solar project. Denning explained the details of the contract. A discussion was had on the farming lease and why it hasn't been farmed over the last several years.

Dellinger reported on the process of getting our employees the COVID 19 vaccination. It is still unknown when they vaccine will be available to us. It could be as early as the end of this month or as late as June. We will not be requiring our employees to get the vaccination, but we want to make sure that it is available for the ones that want it. Lindsay recommended that the shots be staggered due to possible side effects.

Director Roundtable: Butler mentioned that there is a director class that falls on March 12 which is also the monthly board meeting. Archibeque stated that he spoke to CREA and they stated that they could possibly reschedule the second day for them but if they don't attend both days, then they will not get the credit for the class. Sitton mentioned that we could reschedule the board meeting to accommodate the new directors to attend that class. Board agrees that the board meeting will begin at 1:00 p.m. on March 12, 2021.

Lindsay mentioned that he has been working with Rapier on the racetrack out at the County Fairgrounds and he wanted to let everyone know that he appreciates his help.

Barry asked if he could get some information regarding pole replacements out in the Monticello area that was mentioned in the General Managers report. Dellinger explained that the report was a comparison of how many poles we replaced in January of 2020 versus the poles we replaced in 2021. Tarr explained the difference between system improvements and pole replacements.

Attorney: Denning provided a written report. She highlighted Tri-State's ERP docket at the PUC. Randy Starr attorney with Poudre Valley is the lead attorney on that case. She included a list of all the people that filed a motion to intervene. She explained where this process is at and what will be the process moving forward. She stated that if we would like any of the pleadings, she will be able to provide them to us. Denning reported that we have had some movement on the hit pole cases she has been working on. Dellinger explained that Empire compromised on a settlement with the insurance company for one of the hit pole cases. She also has continued to work on the joint use contracts. Sitton asked about the case regarding LPEA and United. Denning explained the last thing she has heard is that they are still in early negotiations. She gave some general information on why this case came about.

Tri-State: Fetterman gave a report on the Tri-State Board meeting. He stated that there was a strategic planning session and they decided that they are headed in the right direction with incremental changes. Tri-State provided a 2020 year in review in which they highlighted their Renewable Energy Plan and other accomplishments. The partial requirement contracts have been developed with the buy down methodology. There will be an open season for 300 megawatts for those who desire to pursue a partial requirements contract. Fetterman stated that there are eight cooperatives that have requested buy out numbers at this point. He pointed out that not all of them want to leave Tri-State, they are just curious as to what that number is. Tri-State is working on a policy that will govern how they calculate buy out payments. The present draft of the policy says that they will only do three calculations a year and that a calculation will be good for five years.

CREA: Archibeque submitted a written report that was presented in the board packet. He highlighted the OSHA vaccination requirements. He clarified that Barry and he will be meeting at the EEA board room to attend the CREA annual meeting. He also stated that General Motors is scheduled to have all electric vehicles by 2035.

Western United: Barry was unable to attend this meeting, so no report was made.

Utah Rural Electric Cooperatives Association: Barry reported on the URECA meeting. He stated that Utah is working to ensure it is appropriately compensated when neighboring states depend on power produced in Utah for grid stability.

FastTrack: Director Bauer was absent; Dellinger will give this report in executive session.

Committees: Discussion was had on the Scholarship committee. Fetterman explained that the scholarship applications are due by February 15, 2021. He will set up a date for the committee meeting.

Executive Session: Butler moved to go into executive session to discuss FastTrack, seconded by Archibeque. Motion carried. Went into executive session at 12:21 p.m. Came out of executive session at 12:38 p.m.

**Adjournment:** Meeting adjourned at 12:38 p.m.

*/s/ David Sitton*  
David Sitton, President

*/s/ Jerry Fetterman*  
Jerry Fetterman, Secretary/Treasurer