

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

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, February 14, 2020 with the following directors present: John Porter, David Sitton, Bill Bauer, Jerry Fetterman and Kent Lindsay. Others present: General Manager Josh Dellinger, Attorney Shay Denning, Finance Manager Ginny Johnson, Business Services Manager Chris Snyder and Executive Secretary / HR Representative Shawna McLaughlin. Absent were Director's Bob Barry and Bill Mollenkopf.

Others Present: Shaine Gans with Southwest Colorado Canyon Alliance, Randy McKnight with the Cortez Celtic Fair, Hayley Kwasniewski and Gretchen Rank with Montezuma School to Farm, members Marianne Mate, Gala Pock, Heidi Brugger and Joel Tryon.

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

Approve Consent Agenda:

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

Membership Input: Heidi Brugger reported that REAP has three dates at the Sunflower theater that will be devoted to energy programing. She discussed these dates and what will be on the agenda at those meetings. Marianne Mate asked if the board has defined a process to evaluate Tri-State contract options. She also asked if there would just be a small window of time for cooperatives to apply for a new contract. Dellinger stated that the Tri-State Contract Committee has not established firm parameters yet and EEA is unable to do analysis until we know what the partial requirements structure will be. He also noted that he hasn't heard of any time window being set for applying for a new contract. He thinks that cooperatives will likely be able to pursue a partial requirements contract at any time once such a contract is approved by the Tri-State board. Tri-State's goal is to have clarity by April.

Donation Presentation:

Randy McKnight presented his donation request for the Cortez Celtic Fair. They are requesting \$1,000 to be used to put on the event.

Hayley Kwasniewski presented her donation request for the Montezuma School to Farm project. They are requesting \$2,000 to help sustain this project.

Shaine Gains presented her donation request for the Southwest Colorado Canyons Alliance. They are requesting \$1,000 to support the education initiative, Education Now for Future Protection, intended for local K-12 students to attend field trips to Canyons of the Ancients Visitor Center and Museum and sites in Canyons of the Ancient National Monument.

Correspondence:

CRC Annual Membership Meeting

CRC's 2019 Class A Equity Investment Dividend Allocation letter

Thank you from:

Four Corners Child Advocacy Center for the donation.

Cortez Community Gardens for the donation.

Hospice of Montezuma for the donation.

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

Maggie Copeland for her scholarship.

Monticello Parks and Beautification Committee for the gift certificates for their Merry & Bright awards.
Energy Outreach Colorado for the matching donation.

Donation Requests:

Action Item: Cortez Celtic Fair's donation request of \$1,000. Fetterman moved to approve the amount of \$500.00, seconded by Lindsay. Motion carried.

Action Item: Montezuma School to Farm's donation request of \$2,000. Lindsay moved to approve the amount of \$1,000, seconded by Fetterman. Motion carried.

Action Item: Lena Home's donation request of \$2,500. Dellinger explained that this is a program through United Way and this money would go towards books that would be given to local kids. Board declined donation request.

Action Item: Southwest Colorado Canyons Alliance's donation request of \$1,000. Fetterman moved to approve the amount of \$500.00, seconded by Lindsay. Fetterman and Lindsay voted yes and Bauer and Sitton voted no. President Porter voted yes to break the tie. Motion carried.

Board would like all donation requests to come out of unclaimed capital credits if they meet the criteria set in the policy.

Policy Review/Action:

Action Item: Policy 7: Safety Health (06-9-17). Dellinger explained the minor changes to this policy. Sitton moved to approve Policy 7 as presented, seconded by Bauer. Motion carried.

Action Item: Policy 21: Capital Credits (3-09-18). Dellinger explained that we made changes to the policy to clarify how we determine when capital credits are unclaimed. The suggested edits comply with both Utah and Colorado state law in this regard. A discussion was had regarding whether the list needs to be published in the newspaper or if we can continue to just publish on our website. Denning noted there is no legal requirement to publish in the paper. The language in the policy that states that we will publish in the newspaper will be removed. Fetterman moved to approve Policy 21 with the changes, seconded by Sitton. Motion carried.

General Manager Report:

Action Item: Ratify CREA and Western United Annual Meeting Delegate Appointments. Dellinger explained that the CREA and Western United Annual Meeting Delegates were appointed by President Porter last meeting. Appointed Directors were; Mollenkopf as the delegate and Porter as the alternate for CREA and Porter as the delegate and Fetterman as the alternative for Western United. Sitton motioned to ratify these appointments, seconded by Bauer. Motion carried.

Select Voting Delegate and Alternate for NRECA, CFC and NRTC Annual Meetings. No board members will be attending any of these meetings. No delegate or alternate is needed.

Action Item: Consider Data Release from Visionary Communications per Policy 51. Dellinger explained that Visionary Communications is trying to put together a grant proposal to get high spend internet throughout Montezuma County. They are asking for our pole information, such as location, height, and strength. Dellinger stated that staff has no issues with them receiving this data and noted that Visionary has agreed to sign EEA's non-disclosure agreement to protect this information for safety purposes. Sitton moved to approve, seconded by Lindsay. Motion carried.

Review Utah Code 54-17-604 Renewable Energy Progress Report: Dellinger explained that Utah Code requires us to periodically review our renewable energy progress with the board and submit a report to the Utah Division of Public Utilities. Dellinger reviewed the Progress Report with the board.

Cost of Service Study Presentation: Johnson gave a presentation on the Cost of Service Study. Discussion was held on the study and how EEA can encourage members to reduce consumption during peak times in order to

reduce peak demand. Dellinger stated that it would be beneficial for President Porter to appoint a rate design committee to work on options that will better align our rates with our costs. Porter appointed Mollenkopf, Fetterman and Sitton to this committee. Staff on the committee will be Andy Carter, Ginny Johnson, Chris Snyder and Josh Dellinger. David Sitton will be Chairman.

Action Item: Consider Special EV Rate Request from Montezuma County Commissioners. Dellinger explained that this was a place holder on the agenda just in case the board desired to take action on the discussion from the meeting held with the County Commissioners on February 3, 2020. Sitton mentioned that the County could put a diesel generator on the electric charger so that when it is hitting peak demand, they could run the EV charger off that. This could be given to the Commissioners as an option. As the usage increases, they could look at putting in the infrastructure when it makes sense to. Sitton recommends that we go back to the county and suggest this option to them. Dellinger will discuss this with the County Administrator.

Action Item: Consider Rebate Program. Dellinger explained that Snyder put together a summary of what rebates we offer and the budgetary obligations that occur with these rebates. Snyder explained the rebates that Tri-State offers and what EEA offers. Snyder discussed ways that we can trim the rebates to better serve both price signals and budgetary considerations. One of these ways would be to cap the amount for rebates to a set budget amount and when the money is gone, the rebates are no longer available. We also can lower the amount that we refund. Dellinger stated that several of these rebates make sense because they increase load growth, but staff would like a solution to better manage the budget. Board would like to table this and have staff come back with some recommendations for March's meeting. Board would also like to see an analysis of the rebate program including estimated costs and benefits and participation levels.

Financials: Johnson reported on the financials. She presented a Power Point presentation on the 12/31/2019 financials. She explained each category and the margin increases and losses. She explained that our fourth quarter losses resulted primarily from lower energy sales, higher purchased power demand costs, higher expenses, and corrections in line loss. The line losses were discussed, and Johnson is looking at ways that we can get more accurate data to track those line losses through the year to get a true line loss. Johnson also stated that the auditors will be here next week. She explained the graphs regarding different rate classes and the load growth for each class throughout the years.

Miscellaneous: Dellinger stated that Karen Sheek asked if she could send a message in EEA's bills to promote the 2020 census. They are running an ad in the Colorado Country life in the March edition and she would also like to use a bill stuffer or a bill message. Board feels that we would be setting a precedent for others to use bill messages and bill stuffers and they would prefer that neither be used for outside information.

Director Roundtable: none.

Attorney: Denning reported on the following:

Denning updated the board on the conflict between La Plata Electric and EEA regarding LPEA's case with the Colorado Public Utilities Commission. Due to the conflict that arose when EEA joined the other cooperatives in filing a motion to intervene in the case, her firm stepped out of the case for both LPEA and EEA. LPEA has special counsel working with them on the case.

Denning reported that Tri-State refiled with FERC and EEA filed comments regarding that case.

Denning reviewed the policies with Dellinger.

The master agreement for the joint use has been worked out but Denning is still having issues with CenturyLink. Century Link sent a redline of the joint use agreement back to her. She will meet with System Engineer Rapier regarding these changes to see what their next step will be.

The easement agreement with KM, Tri-State and EEA is finally signed.

There are two lawsuits going on that involve properties that EEA has easements on. Denning is monitoring those lawsuits to make sure that EEA easements are not affected in these cases.

Tri-State is working on revisions on the Dark Fiber Network Agreement. She has been working on these amendments. These are about ready to be signed.

The hit pole is still being fought over with the insurance. She feels that this will get solved soon.

Tri-State: Mollenkopf is absent so no Tri-State report was given.

CREA: Fetterman went to the CREA Annual meeting and the program.

Western United: Fetterman went to the meeting. There was a lot of discussion about building a distribution center in St. George, UT.

Utah Rural Electric Cooperatives Association: Barry was absent so no report was given.

Committees: The Youth Camp 2020 Winners were: Washington DC Youth Tour was Kennedy Brewer from Monticello High School. CREA's Youth Leadership Camp in Steamboat Springs were Justin Brunner, Dolores High School, Olivia Chamberlain, Monticello High School, Aimee Crowley, Monticello High School, Devon McHenry, Montezuma-Cortez High School and Elizabeth Mee, Mancos High School.

FastTrack: Discussed in Executive Session.

Executive Session: Sitton moved to go into executive session to discuss FastTrack and attorney report, seconded by Lindsay. Motion carried. Went into executive session at 12:06 p.m. Came out of executive session at 12:17 p.m.

Adjournment: Meeting adjourned at 12:17 p.m.


Jerry Fetterman, Secretary/Treasurer


John Porter, President