

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

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, March 12, 2021 with the following directors present: David Sitton, Jerry Fetterman, Kent Lindsay, Bob Barry, Larry Archibeque and Norman Butler. Others present: General Manager Josh Dellinger, Financial Manager Ginny Johnson, and Executive Secretary / HR Representative Shawna McLaughlin. Appearing by web conference: Attorney Shay Denning, Engineering Manager Clint Rapier, Business Services Manager Chris Snyder, and Member Engagement Manager Andy Carter.

Others present by web conference: Members Ken Curtis and Heidi Brugger.

President Sitton called the meeting to order at 1:00 p.m.

Approve Consent Agenda:

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

Membership Input: None.

Monthly Safety Report: Dellinger reported that there were no personnel injuries and there were three property damages with two being window chips to fleet vehicles and the other one was minor damage done to the door of a company truck.

Sitton mentioned the passing of Empire Electric's Board Director Bill Bauer. He commented on his longevity on the board and his dedication to Empire as well as other boards and committee's he served on. The board gave a moment of appreciation to Director Bauer. He will be missed.

Correspondence:

General Correspondence:

Annual equity statement from Federated Insurance.

Thank you from:

Montezuma Heritage Museum for the Donation.

Southwest Colorado Canyons Alliance for the Donation.

The Pinon Project for the Donations.

Salvation Army for annual Donation.

Policy Review/Action:

**Action Item:** Policy 36: Leave of Absence (10-12-18): Dellinger explained that due to Denning's recommendation from last month's meeting, this policy was sent to our labor attorney with Employer's Council. Several changes were made to the Military leave and Family leave provisions of the policy. The changes primarily are meant to bring the language into better alignment with the actual wording of the laws and will not materially change how we administer the policy. Discussion followed. Archibeque moved to approve Policy 36 with the edits presented, seconded by Fetterman. Motion carried.

Policy 37: Holidays (10-12-18): Dellinger explained there were no changes to this policy other than the new format. Due to no changes, no motion is needed.

General Manager Report:

**Action Item:** Consider updates to the Wildland Fire Protection Plan: Rapier explained that we are required to update this policy every third year. He explained all updates that were made to this plan. Barry moved to approve the updated Wildland Fire Protection Plan as presented, seconded by Butler. Motion carried.

**Action Item:** Select Election Judges for Annual Meeting: Dellinger explained that each year the board of directors must nominate and select the Election Judges for the Annual Meeting. Lindsay moved to nominate Ruby Gonzales, Cookie Pickens, and Elena Prickett as election judges and Bobbe Jones as an alternative judge, seconded by Archibeque. Motion carried.

Select Delegate and Alternate for CRC Annual Meeting: Dellinger explained that this meeting is held in May. CRC handles our after hours and overload calls. This is an election that is done by mail only. Dellinger has been the delegate in the past and the board agreed to keep this the same and continue to have Dellinger be the delegate.

**Action Item:** Consider Residential, Irrigation, and General Service Rate Tariffs. Dellinger noted that we have updated our cost of service study and that the proposed rate tariffs reflect those numbers. The numbers are very similar to what the board saw last year. Dellinger went through each proposed rate tariff.

**Residential:** Dellinger explained the two options that will be available to residential members, which are the all energy tariff and the time of use and demand tariff. Discussion was had on net meter members, peak hours versus off peak hours, billing, and communication to the membership. Carter explained that members will be automatically moved to the time of use rate unless they ask for the all energy rate beforehand. Carter discussed how the options and timing will be managed with the members. Carter also noted that members will be able to switch rates. They will be able to switch rates any time after the new rates become effective, but after that will only be able switch once every 12 months. Dellinger and Johnson discussed how this change will be revenue neutral to the cooperative. Dellinger discussed the goals behind the rate structure changes which include, more fairly recovering our costs, sending appropriate price signals, giving members a chance to save themselves and the cooperative money, and better aligning our costs with our revenue.

**General service single-phase and three-phase:** Dellinger explained that general services single-phase rate class also will have the option of a time of use and demand rate or an all energy rate. The general service three-phase rate class will only have the time of use and demand option.

**Irrigation single-phase and three-phase:** Dellinger explained that the irrigation rate classes will also have the option of an all energy rate or a time of use and demand rate.

There are no proposed changes to the Large Power or Transmission Service rates.

Carter mentioned that there will be another Rate Structure Member Forum on April 8, 2021.

Lindsay moved to approve the rate tariff changes for Residential, Irrigation, and General Service as presented with the time of use rate and the all energy rate changes, seconded by Barry. Motion carried. The new rates will go into effect on September 1, 2021.

**Action Item:** Consider Deferred Revenue Proposal: Dellinger and Johnson explained that staff proposes to defer \$500,000 from 2020 revenue. This revenue can be tied to expenses that we budgeted for but did not recognize in 2020 due to Covid. The current plan is to recognize this revenue in the years 2023 to 2026, but we will revisit the plan at the end of each year to see if any modifications are needed. Our margin and equity will continue to remain strong with this amount deferred. Fetterman moved to approve the Deferred Revenue Proposal as presented, seconded by Butler. Motion carried.

**Action Item:** Review Kinder Morgan (KM) and Cortez Pipeline Co. (CPC) Reconciliation Statements: Dellinger explained that each year the board reviews the reconciliation statements. We over-collected from both KM and CPC in 2020 and will need to remit a refund to both companies. Johnson explained that the refund is primarily

due to overcharging for property taxes due to an incorrect estimate from the County. Johnson explained that the money owed to them will be credited to their power bill for next month. Fetterman moved to accept the reconciliation statements, seconded by Lindsay. Motion carried.

**Financials:** Johnson stated that the audit of the 2020 financials is complete. One of the recommendations from the auditors was to remove an old credit from SWEPI related to property taxes from our balance sheet. She explained what that credit was and why the auditors are recommending removal of it. She also noted a few other recommendations from the auditors. Johnson reviewed January's financials with the board. She stated that large power continues to be under budget. Johnson handed out the 990 questionnaires to the board and asked them to return to her by March 31<sup>st</sup>. The final audit report will be presented in April's meeting.

**Miscellaneous:** Dellinger stated that the first round of the Covid vaccinations was completed for our employees earlier this week.

Dellinger asked the board how they would like to handle District 3's vacant board seat. He sent a list of options by email to the board prior to the meeting so that the board would have time to consider its options. The board would like to pursue making an appointment. Sitton recommended that we look at how the board had appointed past members to see what the procedure were in the past. Archibeque suggested that we advertise the board seat and accept letters of interest, then interview those interested candidates, and decide who to appoint based off of the interviews. Discussion resumed on past procedures and how others were appointed. The board gave direction to staff to see what past procedures are and bring those to the board meeting in April for review. Once those procedures are approved then the position will be advertised. Letters of interest can be received, and interviews will be conducted if needed. The goal would be to have a director chosen by May's board meeting. Sitton also mentioned that the FastTrack seat that will need to be filled as well. Dellinger noted that the next FastTrack meeting is not until after the April EEA board meeting, so the board can appoint a FastTrack director in April and that person would be able to attend the next FastTrack meeting.

**Director Roundtable:** Sitton mentioned that the emails from his Empire account are not being forwarded to his personal account, which make it very difficult for him to keep up with EEA business. Dellinger explained that there are security and legal issues with company and personal email being combined. He will double check with IT to see what can be done. Denning explained that directors should use their EEA accounts to send and receive emails that are related to EEA business. While they can choose to forward EEA emails to their personal account, any replies and new emails should be sent solely from the EEA account so that if there is ever a legal issue, the personal emails won't be part of the legal action. Snyder explained the security issues of forwarding company emails to a personal email. IT will work with Sitton to set up his account in a way that will solve the issue of getting timely access to emails.

**Attorney:** Denning provided a written attorney report in the board packet. She highlighted the joint use agreements and the hit pole issues. She is also working on right of way on tribal land. She also mentioned that EEA's motion to intervene in the Tri-State EPR case was accepted by the PUC.

**Tri-State:** Fetterman gave a report on the Tri-State Board meeting. He noted that a new policy, Policy 125 dealing with contract termination procedures, was approved. There are several cooperatives asking for buy out numbers which takes lots of staff time. The policy states that they will only accept three requests per year and the requesting cooperative will have to pay a \$75,000 deposit to initiate the process. However, Tri-State will be providing a ballpark figure to each coop each year for no cost. The Blue Door and Cortez solar projects were approved.

**CREA:** Archibeque submitted a written report that was presented in the board packet. He has also been assigned to the education policy committee with CREA.

Archibeque also attended the NRECA annual meeting and stated that most of the meeting was on resolutions.

Western United: Barry reported on the Western United annual meeting.

Utah Rural Electric Cooperatives Association: No meeting.

FastTrack: Dellinger will give this report in executive session.

Committees: Scholarship Committee presented the proposed scholarship recipients. Archibeque recommended that the board consider reviewing the process of selecting recipients. A recommendation was made to have the scholarship committee have a meeting to reassess how these applications are graded and what can be done to get more students to apply. The scholarship awards are as follows:

**Montezuma-Cortez High School (8)**

1. Ridley Dennison
2. Robert Hebert
3. Destiny John
4. David Jones
5. Cavin Martinez
6. Croix Peed
7. Joseph Tevault

**Trade Related (0):**

None

**Dolores High School (4)**

1. Justin Brunner – Youth Camp Recipient

**Trade Related (0):**

None

**Dove Creek High School (4)**

2. Hayden Gray
3. Shelby Kline
4. Tasia Schmidt

**Trade Related (0):**

None

**Mancos High School (4)**

1. Gaven Cooper
2. Nayomi Cruz
3. Tia Imel
4. Grace Manning

Elizabeth Mee - Youth Camp Recipient

**Trade Related (0):**

None

**Monticello High School (4)**

1. Kennedy Brewer – DC Youth Tour Recipient
2. Eli Nielsen
3. Olivia Chambering - Youth Camp Recipient
4. Cory Bunker

Aimee Crowley - Youth Camp Recipient

**Lineman (1):**

1. Paxton Christensen

**Adult Scholarships (6)**

1. Talissa Bahr
2. Amy Cao
3. Presley Frost
4. Alaina Howard
5. Vanessa, Kee
6. Delaney Maness

**Basin Scholarship**

Nina Hufman (Dolores High School)

**Empire Employee/Director Dependent**

None

**35 scholarships were reviewed by the committee.**

- The website submission;
  - 29 students completed their applications online.
  - 8 students did not complete application past the draft stage.
- 6 students hand delivered their applications to the office.
- 1 scholarship was disqualified due to only 1 letter of reference received.

Lindsay moved to approve the Scholarship awards as presented, seconded by Butler. Motion carried.

Executive Session: Fetterman moved to go into executive session to discuss FastTrack and solar projects, seconded by Lindsay. Motion carried. Went into executive session at 4:29 p.m. Came out of executive session at 4:48 p.m.

**Adjournment:** Meeting adjourned at 4:48 p.m.



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David Sitton, President



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Jerry Fetterman, Secretary/Treasurer