

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
May 08, 2020

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, May 08, 2020 by Web Conference with the following directors present: David Sitton, Bill Bauer, Jerry Fetterman, Bill Mollenkopf, Bob Barry and Kent Lindsay. Others present: General Manager Josh Dellinger, Attorney Shay Denning, Finance Manager Ginny Johnson, Business Services Manager Chris Snyder, Operations Manager Ken Tarr, System Engineer Clint Rapier and Executive Secretary / HR Representative Shawna McLaughlin. Absent was President John Porter.

Others Present: Member Marianne Mate.

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

Approve Consent Agenda:

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

Membership Input: Marianne Mate asked what will trigger action by the board to ask staff to evaluate the partial requirements from Tri-State. Sitton stated that as we get to more of the details on what the process would be and the metrics behind what we need to calculate then we may consider looking at that option. She is concerned that EEA will be behind the ball to make thoughtful decisions. She thinks that Tri-State will want to tie things up quickly and she wants to make sure that staff has time to collect all the data needed. Sitton stated that so far there hasn't been any compelling reason presented to pursue this type of action. Dellinger stated that he read the resolutions Mollenkopf reported on last month and that they establish a basic framework, but it appears the Tri-State board still needs to define details in board policies. Mollenkopf confirmed that board policies still need to be developed and stated that there is zero chance of us being left behind. They will give plenty of time for us to do evaluations. Mate stated that she would like to have a sense that the board is willing to take a look at the options that are given to them.

Mate also stated that she read that there is a lawsuit filed from United Power against Tri-State regarding the April Board Resolution. She is concerned about this lawsuit and asked Mollenkopf to comment on it. Mollenkopf stated that the filing from United and the response letter from Tri-State came out on Monday. Sitton stated that the letter and filing have been received by all the board members.

Correspondence:

Thank you from:

Caden Showalter for the scholarship

Energy Outreach Colorado for the matching donation.

David Sitton the plant and the card from Empire Electric.

Policy Review/Action:

Action Item: Policy 12: Director Election and Voting (9-13-2019): Dellinger stated there were some housekeeping edits. He also noted that Policy 31: Campaign Contribution Report was added to Section B.3. Denning also had a handful of clarification edits in Section B. She made it clear that the election judges are nominated by the board. Mollenkopf moved to approved Policy 12 as presented, seconded by Lindsay. Motion carried.

Action Item: Policy 13: Activities Conduct of Board Members (9-8-2017): Dellinger stated that Denning had a few edits. Denning mentioned the housekeeping edits as well as changes to make the policy more consistent with other policies. She also added a provision in the Access to Information and Data Section that notes that board members may be prohibited from accessing confidential personnel information and other information

protected by law. There was also a clarification in the Conflict of Interest section. A conflict of interest can occur when the interests of EEA are averse to any other organization in which the Director serves in a fiduciary capacity. Lindsay moved to approve Policy 13 as presented, seconded by Fetterman. Motion carried.

General Manager Report:

Form 990 Review: Dellinger explained that we review this report annually. Johnson explained that these numbers are from the financial report. Our auditor CarlsonSV prepared the report based on those numbers. Johnson went over the 990 report and explained how items are reported on this form. This report will be filed. All the other annual reports have been filed.

Action Item: Consider Wildfire Protection Plan: Dellinger explained that Utah enacted a new law that requires utilities to develop a Wildfire Protection Plan. This gives us some liability protection as long as we are following the plan. Rapier reviewed the plan with the board. Rapier stated that we will likely have a consultant perform a third-party review to add another layer of scrutiny. Lindsay mentioned that we should apply this plan to Montezuma County as well. Rapier noted that we plan to eventually include our entire service territory in the plan, but, since we have a June 1 deadline to comply with the Utah statute, we have only been focusing on the Utah portion. Dellinger noted that we applied the measures outlined in this plan to our Colorado infrastructure last year and plan to do so again this year. Rapier recommends that we approve this plan to meet the June 1st deadline. We will update it as needed. Lindsay moved to approve the Wildfire Protection Plan as presented. Seconded by Fetterman. Motion Carried.

Action Item: Consider Rate Structure Changes: Dellinger noted the summary and presentation regarding rate structure changes that were included in the packet. He explained that staff and the Rate Committee have been working toward the board's strategic goal, which is to evaluate and propose rate structures that are fair to all members. He noted that this goal aligns with our mission statement and Board Policy 20 – Rate Design. Dellinger evaluated our present rate structure in five key categories: Fair and Equitable, Financial Stability, Member Services, Price Signals, and Understandable. He then noted objectives for a new rate structure in each of those categories. Johnson then presented data she has gathered and analyzed, including cost of service study results, load profiles, potential rates, potential impacts on EEA, and potential impacts on individual member bills. Discussion followed. Dellinger explained what a roll-out schedule could look like if the board would like to move forward. The Board consensus is that they are not ready to move forward at this time. They want to discuss this further in person before making a decision. Dellinger asked if there is any other information that they would like to have staff provide. Sitton stated they would like to have a breakdown of what costs go into the grid access charge and the demand charge. They also would like to better understand why there is such variability in the demand charges for the different rate classes.

Financials: Johnson reported on the March financials. She explained the budget variance analysis. Johnson explained that a project identification number was created to capture expenses related to the pandemic. This a balance sheet transaction. Johnson mentioned that we are starting to see usage declines in the small commercial and large commercial rate classes. Accounts receivable balance is growing due to the non-disconnect order of the governor. We are keeping an eye on this.

Miscellaneous: Dellinger gave an update with how we are operating under our Infectious Disease Response Plan. As far as he can tell, we are still meeting our members' needs. He asked the board members to inform him if they hear that we aren't meeting members' needs. The governor changed his stay at home order to a safer at home order and some businesses are opening back up. We are taking a very conservative approach to this and are continuing to monitor how the reopening effects the number of cases before we make the decision to bring employees back into the office. We have not set a timetable on when we will have full staff in the office or when we will open the lobby to members.

Director Roundtable: President Porter submitted a letter of resignation to the board. Dellinger tried to contact him to discuss his letter and was unable to get ahold of him. Mollenkopf stated that he has had the same difficulties on contacting him. The Board discussed whether they should accept this letter. Denning stated that the board could postpone this until Dellinger can contact Porter. The board agreed to table this until next month and give an opportunity for Dellinger to contact Porter.

Attorney: Denning provided a written report and took questions on the report.

Tri-State: Mollenkopf reported on the Tri-State meeting. Finance and audit committee meet this month. They reviewed the SC10Q filing. The partial requirements formula and the complete exit fee has been submitted to FERC. Mollenkopf referenced the letter from United Power and the response from Tri-State. He discussed the resolution regarding partial requirements members that was approved by the Tri-State board.

CREA: Fetterman attended two meeting with CREA this month. One was a regular board meeting, the other one was to listen to a presentation from the Colorado Energy Office on how to reach the State's greenhouse gas emissions goals. Fetterman reported on both meetings.

Western United: Fetterman stated that there was no meeting.

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

Committees: Sitton stated that he would like the scholarship committee to reconvene to discuss the online application.

FastTrack: Discussed in Executive Session.

Executive Session: Lindsay moved to go into executive session to discuss FastTrack and Cortez Hydro BP115 contract, seconded by Fetterman. Motion carried. Went into executive session at 11:34 a.m. Came out of executive session at 11:54 a.m.

A discussion was had regarding the next meeting and if we could have our June meeting in person in the Calvin Denton Room that would allow social distancing. Dellinger stated that we could possibly have the meeting of the board in person and then allow the members to attend via web conference. It was suggested that the staff could participate from their office and then come to the meeting one at a time if needed. Consensus is to have the Junes meeting in the Calvin Denton Room and the members can participate by web conference. Any board or staff member that would like to attend in person can do so and those who do not can attend via web conference.

Adjournment: Meeting adjourned at 12:02 p.m.

/s/ David Sitton
David Sitton, Vice President

/s/ Jerry Fetterman
Jerry Fetterman, Secretary/Treasurer