

EMPIRE ELECTRIC ASSOCIATION, INC.  
MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
September 11, 2020

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, September 11, 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, and Executive Secretary / HR Representative Shawna McLaughlin. Others appearing by web conference: Attorney Shay Denning, Finance Manager Ginny Johnson, Business Services Manager Chris Snyder, Operations Manager Ken Tarr, Engineering Manager Clint Rapier. Absent were Directors John Porter and Kent Lindsay.

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

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.

Monthly Safety Report: No new incidents or reports. Dellinger stated that we had a property damage to a truck that hit a deer. There was also damage to a truck's windshield that a rock hit. EEA received a no lost time accident award from both CREA and Federated Rural Insurance.

Membership Input: Sitton asked for the members that were on the web conference to introduce themselves.

Marianne Mate thanked Bill Mollenkopf for his service to the Board of Directors.

John Hernandez asked for a short pause to remember September 11<sup>th</sup>, so we don't forget.

Heidi Brugger thanked everyone and asked how Director Porter was feeling.

Larry Archibeque stated that he had a long conversation with Scott Ehmke to help him become more familiar with the utility industry.

Norman Butler also thanked Director Mollenkopf for serving on the board.

Correspondence:

General Correspondence:

NRECA Board Notes

Western United Electric Supply 2020 Patronage Dividend Certificate.

Thank you from:

CARE for the annual donation.

Crow Canyon for annual donation.

Cortez Fire Department for annual donation.

Students Tackling Unhealthy Decisions (STUD) for annual donation.

Kelby Oliver for purchasing his steer at the Montezuma County Fair Livestock Sale.

Britton Brewer and Emily Cole for scholarships.

Consider Donation Requests: No requests.

Policy Review/Action:

**Action Item:** Policy 22: Right of Way (3-9-18): Dellinger mentioned that there are mainly housekeeping edits suggested. Denning added one sentence to paragraph D for clarification. Discussion was had on why we changed distribution and transmission to just electrical facilities. Dellinger explained that the phrase electrical facilities was broader and encompassed all our equipment. Sitton explained to the members attending by web conference why we review policies each month. Mollenkopf moved to approve Policy 22 as presented, seconded by Bauer. Right of Way for broadband was mentioned by Fetterman and a conversation was had regarding this. Consensus was to continue to have telecom companies perfect their own right of ways. Motion carried.

**Action Item:** Policy 23: Financial Goals (4-13-18): Dellinger explained that the edits are just housekeeping edits. Mollenkopf asked Johnson if anything in the financial goals could be improved or changed. Johnson stated that we are following best practices and we have good healthy financials, so she doesn't have any recommendations for change. Mollenkopf moved to approve Policy 23 as presented, seconded by Barry. Motion carried.

General Manager Report:

**Action Item:** Consider 2021 Annual Meeting Date: Bauer moved to approve the date of June 17, 2021 for the 2021 Annual Meeting, seconded by Fetterman. Motion carried.

**Action Item:** Consider NISC Conversion: Dellinger explained that we currently use ATS as our software. We have used them for our FIS and CIS System. We also use Futura for our staking, OMS and GIS. ATS and Futura were bought out by SEDC a few years ago. ATS has redesigned their platform to Meridian. They are pushing their clients to this platform which includes a cost to transfer. Since we must convert our software anyway, we have been researching other options. Staff's recommendation is to move to NISC because they think that NISC has superior products, will allow more streamlined integration, will offer better customer service, and will save the cooperative money in the long run. We have received demonstrations from NISC and talked with other cooperatives about their experiences with NISC. Discussion was had regarding the cost and capabilities of NISC. Johnson explained how this will affect the budget. Dellinger explained that if this is approved by the board, it will be included in the 2021 budget and then agreements with NISC will be negotiated. We will get Denning's firm involved to help with those agreements. Mollenkopf moved to approve the NISC Conversion, seconded by Bauer. Motion carried.

Consider Pole Attachment Rate: Dellinger explained that staff is recommending that EEA keep the pole attachment rate as it is. It is currently \$22.00 per pole. Discussion was had on the methodology that goes into setting this price. Board consensus is to leave this rate the same.

Financials: Johnson reported on the July financials. There haven't been any surprises regarding budget expenses. Margins are doing well. She pointed out that in the August revenue that Air Product's usage has dropped significantly.

Miscellaneous: Dellinger mentioned that there was a fire in Towoac that was caused when a communication cable came lose and the wind blew it up into our lines, which caused sparks and started a fire. It burned approximately 10 acres of land in Towoac. The property owner submitted a claim through EEA, which Federated denied because it wasn't our fault. The property owner will need to file a claim with the communication company.

Dellinger mentioned that there was an article in the Cortez Journal regarding the Cortez Hydro Plant. He explained that the article depicted Empire in a horrible manner which was not the case. Dellinger sent a letter to the editor regarding our side of the story and that letter has not been printed. We have sent a handful of items to the Journal recently that they have not published. A new contract for the hydro plant is now in place with the City and we have a signed contract with Tri-State. Tri-State has submitted the contracts to FERC for approval and we should be able to get the Hydro Plant back on by mid-November.

The City Council and the County Commissioners would like to hold a joint meeting with the Board of Directors. The City would like to talk about the Hydro Plant and the County wants to discuss sites for large loads. The Directors have agreed to this meeting but would like to know specifics about what they would like to discuss. Dellinger will work on getting the meeting set up and ask them for more specific agenda items. Reminder that the Annual Meeting will be held on October 8, 2020. There will be a virtual option, but those members will not be counted towards the quorum. A platform will be available for the virtual attendees to be able to ask questions. Those questions will then be answered by the next day.

Director Roundtable: Mollenkopf mentioned that following the annual meeting will be the board meeting and an agenda item will be re-organizing the board. He mentioned that if the board members appear virtually, we need to have something in place for them to be able to vote.

Barry asked about the two EV charging stations in Monticello and he was wondering who paid to have those in. Rapier stated that those were paid by UDOT. Empire did work with them for the installation. Sitton asked if anyone had heard about the charging stations that the County Commissioners met with them about. Rapier stated that those did not develop. Sitton mentioned that he had heard that the Casino will be putting in some stations there as well.

Attorney: Denning provided a written report. She stated that there were no changes from her written report. Dellinger asked about the Tri-State / LPEA / United case. He has read that LPEA and United are saying that Tri-State acted illegally in allowing non-utility members to join Tri-State. He asked what law Tri-State had broken. Denning stated that there is no law against Tri-State admitting non-utility members but that LPEA and United are arguing that Tri-State acted in bad faith and tricked members into voting for the bylaw change that allowed non-utility members to join. She talked about the jurisdictional concerns and what FERC's jurisdiction can supersede the state's jurisdiction.

Tri-State: Mollenkopf presented the Tri-State report. He provided slides and discussion regarding Financials, Consolidated Operating Budget Variance, Energy Risk Management Independent Assessment, Energy Risk Management regarding natural gas prices, natural gas storage and California energy crisis 2.0. He stated that they have been working on the partial requirements contracts and policies. Goal is to have them approved and in place by October. The cost reduction process was reviewed and will be approved by the board. The Tri-State rate will remain flat for the near future. They are looking at filing a rate reduction with FERC in early 2021. If approved a lower rate should be available by the end of 2021. This could create a decrease of 8% over the next 3 years. Mollenkopf suggested that since Duane Highly will be attending the annual meeting and our next month's board meeting is the day after our annual meeting that he be asked to attend our regular board meeting on October 9, 2020. Board agrees that they would like for us to reach out to Highly to see if this could be a possibility.

CREA: Fetterman reported on the CREA meeting. He mentioned that CREA has had numerous webinars and he explained how board members could review those webinars if they would like to. CREA is in great financial shape.

Western United: Fetterman reported on the Western United meeting. He discussed the financials and the Saint George expansion. He discussed the distribution of capital credits.

Utah Rural Electric Cooperatives Association: Barry stated that there wasn't a meeting.

Committees: none.

FastTrack: Discussed in Executive Session.

Executive Session: Mollenkopf moved to go into executive session to discuss FastTrack and Tri-State partial requirement details, seconded by Barry . Motion carried. Went into executive session at 11:38 a.m. Denning was recused from the executive session due to conflict. Came out of executive session at 12:03 p.m.

**Adjournment:** Meeting adjourned at 12:03 p.m.

/s/ David Sitton

David Sitton, Vice President

/s/ Jerry Fetterman

Jerry Fetterman, Secretary/Treasurer