

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
November 10, 2017

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, November 10, 2017 with the following directors present: Bill Bauer, J. Kent Lindsay, Sue McWilliams, Bill Mollenkopf, John Porter and David Sitton. Others present: General Manager Josh Dellinger, Attorney Shay Denning, Corporate Operations Manager Mary Thiesing, System Engineer Clint Rapiet, Operations Manager Ken Tarr and Executive Secretary Denise Rosenbaugh. Director Fetterman attended by teleconference.

Others Present: Members Heidi Brugger, Gala Pock, Rebecca Samulski, Pam Dollar and Kathe Butler

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

Approve Consent Agenda:

Action Item: President Bauer called for approval of the consent agenda. Motion by Sitton to approve the consent items. Motion seconded by McWilliams and carried.

Membership Input:

Rebecca Samulski, FireWise of Southwest Colorado, discussed the Dolores Watershed and Resilient Forest Collaborative (DWARF). She noted that it would be helpful to have Empire's line data for their maps. Denning mentioned the concern that having this information easily accessible would pose a risk to Empire's system. Dellinger noted that as long as they sign a confidentiality agreement and as long as the information is kept secure, then we would not have an issue with sharing our line data. Samulski informed the board that there is a meeting once a month and indicated that she would like for Empire to be engaged in their efforts. She said it was an ad hoc group of interested stakeholders but is not a formal organization. She mentioned Empire has a huge network to spread messages. She also briefly mentioned biomass energy production and indicated that Ellen Roberts has been working to promote biomass generation in our region.

Pam Dollar and Kathe Butler discussed the Nature Center at Butler Corner: Butler owns the land and indicated that San Juan Resource is her 501C umbrella to enable her to apply for grants and receive funding. The Nature Center has visitors from Battle Rock, the Kiva and local elementary schools, boy scouts, etc. They are looking to expand their program and have an official visitor center. They were requesting a \$250 annual sponsorship from Empire.

Correspondence

Thank you from:

- Colorado Parks and Wildlife for Empire's crew (Steve Harris, Shad Bellmire, Tyler Berry and Nick Podrazik) for their assistance in tranquilizing and relocating a black bear in Lewis on November 1.
- Montezuma Land Conservancy for some old power poles which made it possible for them to install raptor perches. Suggestion that we put an article in the Colorado Country Life.
- Community Connections for Empire's annual donation
- Dolores County Jr Rodeo for Empire's donation
- Colorado Energy Outreach matching donation
- Annual rebate from CFC for Empire's participation in the one card program

Other correspondence:

- As noted in the written board packet, we received a complaint from a member who was auto drafted for a backbilling issue and not notified ahead of time. We have set up measures to ensure proper notification of these issues so that members are contacted prior to any major billing adjustment.

Donation Requests:

The Nature Center at Butler Corner was addressed and consensus of the board that this fits with education and can come out of unclaimed capital credits. Motion by McWilliams to donate \$250.00 for a sponsorship for this year, with a request that they come back next year and report on this program. Motion seconded by Porter and carried.

Discussion of the Request received from Montezuma Community Economic Development Association (MCEDA). It was noted that dues have increased from \$250 to \$500 this year. Rapier has been sitting on the MCEDA board and gave a brief report on his thoughts regarding this organization. Motion by Lindsay to pay the \$500 membership and have them contact us next year for an update and this will be re-evaluated. Motion seconded by Sitton and carried.

Request from Battle Rock school (included in the written packet) for a donation to help them build a playground. Dellinger noted that Empire donated \$500 in 2006 to the Pleasant View School to help them build a playground. Tarr mentioned that the tree trimmers are working down in that area and could dump off wood chips for their playground. Motion by Porter to donate \$500 to the Battle Rock Charter School for help with their "playscape" plan from educational funds (unclaimed capital credits). Motion seconded by Mollenkopf and carried. We will also notify them of the offer of wood chips.

The board revisited the DWARF conversation. Dellinger will follow-up with getting them line data and Empire will have someone attend a few meetings.

Policy Review/Action:

Policy 16 (Contract Execution & Consultant Relationships) and Policy 17 (Donations) were presented. There are no changes, just clean up. Consensus of the board that these policies be considered as reviewed with no major changes.

Porter noted that an instructor at one of his recent director courses said that cooperatives should think about having formal policies on social media and cyber security. Discussion followed.

General Manager Report:

Action Item: Mary emailed out a final draft of the budget which contained edits the board discussed at last month's meeting. Ratios look good and we are not recommending any rate increase. Kinder Morgan's budget is pulled out of big budget. Motion by Sitton to approve the 2018 budget as presented. Motion seconded by Mollenkopf and motion carried.

Dellinger outlined the suggested changes outlined in the written board packet regarding the large power tariff, transmission service tariff and net metering tariff. The changes are primarily grammatical and the numerical changes are all revenue-neutral. There was discussion about the sentence in the net metering tariff that allows Empire to pass through Tri-State charges to those who cause the charge. There was a recommendation to say that the charges "may" be passed through to allow for flexibility should Tri-State instate a charge that we do not want to pass through. Denning recommended leaving the language as is to remove any hint of arbitrariness. She noted that it is more unlikely that we would not want to pass through a Tri-State charge and that if we ever decide to not pass through a charge we would change the tariff at that time. Consensus of the board was to leave tariff as is.

Action Item: Motion by Sitton to approve the proposed tariffs as presented. Motion seconded by McWilliams and carried.

Dellinger reported that he still has heard nothing from CDOT regarding the offer for the land south of town.

Thiesing reported on the financials. Empire is doing well. Of note is that administration and general is above budget but is due to gains in the deferred compensation plan. Budget variance in distribution maintenance and operations area is labor associated with the AMI deployment as the employees that usually do construction and maintenance have been helping with AMI deployment. We have a few unexpected gains with sale of warehouse and Totten Lake property, and the \$90,000 received from Tri-State for the Nuchu meter during the asset transfers.

Dellinger mentioned an angry member who came into the office who didn't want pole testers on his property. He threatened to shoot anyone who trespassed. Due to his behavior and threats of violence, Empire served him with a no trespass order for the office. Our member services manager called him the next day and he had calmed down and he apologized. Discussion was held regarding notifying members when pole testers will be in their area. Empire sent message to everyone on that circuit but it was two weeks later when they got to this man's residence.

Anyone interested in donating to United Way can give their information to Denise.

Roundtable:

McWilliams informed the board that Empire received an award for its donation to CARE and said she is the chairperson of CARE and encouraged all directors and management to join. The annual year is changed to January through December and envelopes will be sent to Empire soon.

McWilliams thanked Josh for organizing the Air Products tour.

McWilliams reported on the CREA energy summit. Porter, Bauer and McWilliams all thought it was worth attending. Discussion followed.

Mollenkopf mentioned that on the rare occasion he calls Empire, he noticed that no one tells him their name when they answer.

Discussion was held regarding the email sent to the board this morning on Empire's directors being able to be on Empire Electric's health insurance. Human Resources Coordinator Chris Snyder has been looking into this regarding the Affordable Care Act and the strict guidelines when you can allow payment in lieu of insurance. After brief discussion, consensus of the board that this will be investigated by staff and will be an agenda item at the next meeting.

Attorney:

We continue to be on hold on solar project at Totten. ASI is at a standstill as they wait to see what will happen with import tariffs. We are still on standby as no word from FERC regarding the Tri-State case. Denning's firm worked on Century Link's comments on pole attachment agreement. CFC loan is closed and complete, but the challenge is getting RUS to release liens. Because of that issue, we are delayed in getting warehouse building released. Denning discussed her conversation with Dellinger regarding the warehouse sale and one concern was buyer wanted to make repairs to roof before the closing. An agreement has been drafted to allow this and Dellinger will contact the buyer regarding this. Denning has the BIA right of way issue on her to do list.

Tri-State:

There was no Tri-State meeting.

CREA:

Porter reported on the CREA meeting. There was a lot of discussion on broadband and the fact that one of the issues is the money provided by state is mainly being used by Century Link. Discussion was held regarding the issue of hanging broadband on utility poles without perfected easements and there is concern about doing that. There were also several legislative issues discussed. CREA will not increase dues for 2018. They also discussed CREA partnering with Missouri to send a group of linemen to Guatemala to help local cooperatives there as part of NRECA's International Program. Costs for this are estimated to be \$50,000 and fit in the 2018 budget without triggering a dues increase. Bauer mentioned that DMEA and Southeast asked for political and legislative support from CREA on broadband.

Director Lindsay left at 11:10 A.M.

Western United:

McWilliams reported that Western United is far ahead of budget (\$12 million). They put a satellite office in Salt Lake City, Utah and hope to move into Idaho. Staff is trying to secure new providers for solar systems and looking into providing battery packs for the home. Mike Prom will retire next summer and there are two internal candidates. A question was asked regarding past due amounts shown on the financials and McWilliams said that most past dues are not utilities but are contractors or municipalities.

Utah Rural Electric Cooperative Association:

Dellinger visited with Jeff Peterson and had conference call with Division of Public Utilities regarding getting an exemption for Empire from Utah's PSC regulations as long as Empire maintains compliance with Colorado regulations. The Division seems accepting of the idea as long as there are appropriate controls in place. They recognize it's an extra burden for small cooperatives to meet regulation in two states. Getting such an exemption will require legislation to be passed and Peterson thinks that he has a sponsor who would be willing to propose such legislation.

Committees:

none

Executive Session:

Motion by Mollenkopf to go into executive session to discuss FastTrack and Clyde Howard's comments regarding the land he purchased from Empire at Pleasant View. Motion seconded by Sitton and carried. The board went into executive session at 11:21 a.m. The board came out of executive session at 11:46 a.m.

FastTrack:

Discussed in executive session.

Adjournment:

Meeting adjourned at 11: 47 a.m.

Bill Bauer, President

Jerry Fetterman, Secretary/Treasurer