



**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
September 22, 2022**

Regular Board Session. On September 22, 2022, the Board of Directors of Delta-Montrose Electric Association (DMEA) met for its regular meeting at the headquarters of the cooperative at 11925 6300 Rd., Montrose, CO 81401.

During its regular meeting, the DMEA board:
1. Approved the August 2022 Membership Report and adopted the August Regular Meeting Minutes
2. Received board committee reports
3. Authorized filing of DMEA's 2021 IRS Form 990
4. Approved the September 2022 Interim CEO Report
5. Approved the August 2022 Financial Report
6. Received a non-privileged legal report from the General Counsel
7. Received board representative reports from Western United Electric Supply (WUES) and the Colorado Rural Electric Association (CREA) and received reports from directors about DMEA-related meetings they attended
8. Adopted DMEA Resolution No. 2022-18 regarding Jesse Harrington's retirement
9. Adopted DMEA Resolution No. 2022-19 regarding Mike Kuta's retirement
10. Discussed future committee and board meeting dates
11. Held a rate hearing for updates to DMEA Tariff 13 (net metering), Tariff 4 (industrial-distribution voltage-12kV), and a new Tariff 4A (industrial stand by-distribution-12kV), approving updates to Tariff 13 and Tariff 4 but tabling approval of Tariff 4A to a future meeting
12. Received member comments
13. Entered executive session to: (1) receive a privileged interim CEO report

containing confidential information, including a review of the strategy plan; (2) receive a privileged legal report concerning corporate, litigation, and regulatory matters; and (3) received a cyber security plan update.

14. Deferred action on the strategic plan to a future meeting

Regular board session

- I. **Call Meeting to Order.** The meeting was called to order at 3:03 p.m.
 - **Directors present:** Kyle Martinez (President), Stacia Cannon (Vice-President), Jock Fleming (Secretary/Treasurer), Kevin Williams (Assistant Secretary/Treasurer), Bill Patterson, Jacob Gray, Damon Lockhart, Ken Watson
 - **Directors absent:** Enno Heuscher
 - **DMEA staff present:** Gayle Gouker, Amy Taylor, Tim Vigil, Lindsay Forepaugh, Mateusz Pena, Kent Blackwell, Bob Farmer
 - **Others present:** Jeffrey Hurd (General Counsel), Gail Marvel (member, reporter for *The Montrose Mirror*) (left prior to Executive Session), Mike Atwood (member) (left prior to Executive Session), Cyber security consultant (in during a portion of Executive Session)

- II. **Pledge of Allegiance** was led by Director Gray.

- III. **Opening meeting prayer** was led by General Counsel Hurd.

- IV. **Determination of a quorum.** President Martinez announced the presence of a quorum.

- V. **Approval of the agenda.** Upon motion from Director Fleming, seconded by Director Watson, the board adopted the meeting agenda posted on September 9, 2022, confirming that the Cyber Security Consultant Report under Executive Session, which had been listed as “tentative,” would occur.

VI. Introductions. Board members, staff, and guests introduced themselves.

VII. General Business.

A. Consent Agenda. Upon motion from Director Cannon, seconded by Director Fleming, the board unanimously approved the August 2022 Membership Report and adopted the August 2022 Regular Meeting Minutes. Interim CEO Blackwell noted that DMEA has surpassed 36,000 meters. The board and staff briefly discussed seasonal meter use and access fees.

B. Board Committee Items.

1. Finance-Audit-Rate Committee. Chair Watson reported that the Finance-Audit-Rate Committee had met on September 6 to: (i) review and recommend for full board approval DMEA's 2021 Form 990; (ii) address cash management and member payment options; (iii) discuss changes to the cooperative's monthly financial reporting; and (iv) review key ratio trend analysis (KRTAs) metrics for DMEA and peer electric cooperatives.

Upon motion from Director Lockhart, seconded by Director Watson, the Board unanimously authorized DMEA staff to finalize and file DMEA's 2021 IRS Form 990. This Form 990 will be posted to the DMEA website so it can be viewed by the membership.

2. Engineering-Construction-Energy Services Committee. Chair Cannon reported that the committee had met on September 19 to: (i) discuss DMEA's 2022 and 2023 construction work plan; (ii) review results of a pole attachment audit; (iii) discuss DMEA's

vegetation management plan; (iv) address Public Utilities Regulatory Policy Act (PURPA) requirements regarding electric vehicles and demand response; and (v) discuss load forecasting from 2021 through 2031. It was noted the pole attachment audit led to the development of a uniform contract for those attaching organizations, but the committee asked that a policy be developed as well.

3. Member Relations Committee. This committee had not met since the last regular board meeting but will meet in October.

4. Executive Committee. Chair Martinez reported that the Executive Committee met with DMEA's CEO search consultant at CarterBaldwin: (i) on August 30 to develop the CEO job profile, and (ii) on September 6 to set the salary range for the CEO position. Chair Martinez asked to defer additional updates regarding the CEO search to executive session.

C. Interim CEO Report. Interim Chief Executive Officer Blackwell updated the board on key administrative and operational matters within the cooperative, including personnel/staffing, network matters, community/peer outreach, and board engagement. Staff has been actively working on developing operations and capital budgets for 2023. The budgets will go before the Finance, Audit, and Rate Committee for review and recommendation for board approval at the November regular board meeting.

DMEA's executive team is also preparing for upcoming union negotiations as well as developing strategy planning documents. The "Connect" conversion, which will combine the Elevate customer and DMEA member account systems into one, is complete and, overall,

went well. Marketing and Member Services made a concentrated effort to keep customers/members informed about the conversion and its timing.

The final Spark Session in Crawford went well. Member Appreciation month is in October, with an Appreciation Day for DMEA members slated for October 9, 2022. Members will get free admission to any movie at the Fox Cinema in Montrose or Paradise Theater in Paonia along with a \$5 snack voucher.

The Federal government recently announced that DMEA received a \$13.8 million ReConnect grant for fiber construction build out. Grants received by DMEA to date are just below \$54 million and will position DMEA to pass 95% of the premises in the DMEA service territory. The Board applauded DMEA staff for their hard work and success in obtaining these grants.

October is Cyber Security month, and the technical services department is doing additional trainings and outreach to employees. Chief Information Officer Farmer reported on his work to develop a cyber-security program for Board Directors that will become part of the onboarding process. Farmer also highlighted the results of a recent internal phishing test the technical services department completed.

Customer Service Representative statistics were reviewed; for the month of August, customer service representatives had a 94% answer rate.

Director Cannon inquired about xeriscaping the Montrose Headquarters in the future to reduce water use. Chief Operating Officer Vigil noted he is looking into the cost to this project.

Upon motion from Director Cannon, seconded by Director Williams, the board unanimously approved the September 2022 Interim CEO Report.

- D. Financial Report with Variance Report.** Chief Financial Officer Gouker presented DMEA's financials from August 2022, highlighting various key financial metrics. DMEA continues to have a positive variance, actual to budget, on margins through August. Billed kWh sales also continue to increase month over month, with an 11% increase in revenue in August 2022 from July 2022.

Gouker noted that DMEA and its wholesale power supplier, Guzman Energy, had agreed upon a change to the timing of Guzman's invoicing to DMEA. Also included in August's power costs was the Uncompahgre Valley Water Users Association annual benefit accrual and the hydro incentive.

Total operating and maintenance costs continued to be under budget due to the 12-month allocation of expenses (as some expenses still not have been accrued). CFC and Western United Electric Supply (WUES) allocated capital credits to DMEA in the amount of \$750,000, with actual retirement amounts for both totaling just over \$222,000.

Included in the August reports is an income statement forecast. This forecast is the sum of the actual operating results year-to-date and the remaining months' budget values, resulting in an updated year-end expected margin. All debt covenants are well above the lender-required levels for debt service coverage and equity percentage.

Upon motion from Director Lockhart, seconded by Director Watson, the board unanimously approved the August 2022 Financial Reports as presented.

E. Non-Privileged Legal Report. General Counsel Hurd presented his written non-privileged legal report, touching on non-privileged regulatory, litigation, and corporate matters for the cooperative. The Biden Administration's Infrastructure Investment and Jobs Act included certain new standards under Section 111(d) of PURPA. These new standards deal with demand response practices and electric vehicle charging programs. Section 111(a) of PURPA (16 U.S.C. §2621) requires any electric utility (including a cooperative) that has total sales of electric energy exceeding 500 million kilowatt hours (500,000 MWh), excluding wholesale sales, to "consider" any such standards and to make a "determination" regarding those standards. Meeting the law's "consideration" requirement means DMEA must, by November 2023, (1) provide public notice and a hearing on the standards, (2) following that hearing, make a written determination whether to follow the demand response and EV charging standards, and (3) publish the results to the public. DMEA must commence "consideration" of the new standards, or set a hearing date for consideration, by November 15, 2022. Under the guidance of DMEA senior staff, DMEA has "commenced consideration" of the new standards and anticipates in the coming months that it will begin preparations for a hearing (likely in the summer of 2023) in order to comply with the law's mandates. Hurd asked to defer the remainder of his report to executive session.

F. Representative Board Reports.

1. Western United Electric Supply (WUES) Report. Director Fleming reported WUES board met in late August. At the

conclusion of WUES fiscal year in July, WUES saw a 50% increase in revenue from the previous year. The new warehouse facilities in St. George, UT, are complete and will help to serve members and customers in Arizona, Nevada, and Utah. The WUES board voted to retire capital credits. The next meeting will be October 8.

2. **Colorado Rural Electric Association (CREA) Report.** Director Lockhart stated the CREA board had not met since the last regular DMEA board meeting. The next meeting will be on November 5 in conjunction with the CREA Energy Innovations Summit.
3. **Conference, Webinar, etc. Attendance Reports.** The directors had no additional reports.

G. Informational Items. There were no additional informational items to address.

H. Action Item.

1. **Retirement Resolution for Jesse Harrington.** Upon motion from Director Cannon, seconded by Director Fleming, the board unanimously adopted DMEA Resolution No. 2022-18, a retirement resolution for Jesse Harrington.
2. **Retirement Resolution for Mike Kuta.** Upon motion from Director Fleming, seconded by Director Cannon, the board unanimously adopted Resolution No. 2022-19, a retirement resolution for Mike Kuta.

VIII. Future Meetings.

A. Regular Board Meetings. The next regular board meeting will be October 25, 2022, at 3:00 p.m. at the Read service center. The November meeting will occur on November 15, 2022, as to not conflict with the Thanksgiving holiday. The December meeting will be the third Tuesday, on December 20, 2022, as to not conflict with the Christmas holiday.

B. Committee Meetings. Future committee meeting dates and times were discussed.

The board took a brief recess at 4:32 p.m. The meeting resumed at 4:47 p.m.

IX. Rate Hearing. At 5:02 p.m. President Martinez opened a rate hearing. There were no written member comments presented prior to the meeting nor were there any members present for comments at the meeting. The rate hearing addressed proposed updates to Tariff 13 (net metering) and Tariff 4 (industrial-distribution voltage-12kV), and a new Tariff 4A (industrial stand by-distribution-12kV). The rate hearing was closed at 5:07 p.m.

Following discussion, the board decided to table a vote on new Tariff 4A (industrial stand by-distribution-12kV) to a future meeting pending potential clarification on certain matters.

Upon motion from Director Fleming, seconded by Director Gray, the board unanimously approved the updates to Tariff 13, net metering, as presented.

Upon motion from Director Cannon, seconded by Director Patterson, the board unanimously approved updates to Tariff 4, industrial-distribution voltage-12kV, as presented.

- X. Member Comments.** Member Mike Atwood addressed the Board on bitcoin mining and electric usage. He also inquired more about the recent moratorium Delta County has placed on new solar projects.
- XI. Executive Session.** At 4:47 p.m., and upon motion from Director Lockhart, seconded by Director Patterson, the board unanimously voted to enter executive session to: (1) receive a privileged interim CEO report containing confidential information including a review of the strategy plan; (2) receive a privileged legal report concerning corporate, litigation, and regulatory matters; and (3) receive a cyber-security plan update. At 5:02 p.m. and upon motion from Director Cannon, seconded by Director Patterson, the board unanimously exited executive session to participate in the rate hearing. At 5:24 p.m., and upon motion from Director Cannon, seconded by Director Lockhart, the board unanimously re-entered executive session to finish discussion on the aforementioned topics. At 7:24 p.m. the board exited executive session.
- XII. Action Items (from Executive Session).**
- A. Vote on Strategy Plan.** The board deferred any decisions with respect to the strategic plan to a future meeting.
- XIII. Adjournment.** Having no further business to conduct, the board adjourned its regular meeting at 7:24 p.m.



Jock Fleming, Secretary/Treasurer