

SOUTHEAST COLORADO POWER ASSOCIATION
Minutes of Regular Board Meeting

The regular meeting of the Board of Directors of Southeast Colorado Power Association (SECPA) was held **November 16, 2022**, at the SECPA headquarters, 27850 Harris Road, La Junta, CO.

1. Call to Order/ Roll Call

President Truman Wright called the meeting to order at 12:50 p.m. Directors present were Clint Anderson, Lawrence Brase, Brad Buck, Kevin Karney, and Merlin Rushton. Randy Phillips participated via video conference.

CEO Kevin Brandon, CFO Craig McBrain, COO Mark Hall, and Executive Assistant Debbie Howard were also present. Casey Martin, outside legal counsel participated via video conference.

2. Agenda Modifications - None.

3. Member and/or Public Participation – None.

4. Board Meeting Minutes

Motion was made and seconded to approve October 19, 2022 minutes. **MOTION** carried.

5. Chief Executive Officer – Brandon

- Brandon attended CREA Board meeting so that he could vote on CREA's position Xcel Energy's Resource Adequacy bill. He also reported on the CREA Innovation Summit.
- Eastern Colorado Managers met with Duane Highley, Tri-State CEO and discussed possibly partnering with Tri-State to take advantage of Inflation Reduction Act (IRA) funds. Highley informed managers that Tri-State has a grant writer retained that could assist co-ops.
- Brandon has contacted Cooperative Finance Corporation (CFC) to conduct Strategic Planning Session; May or June is first availability for CFC.

Motion was made by Karney, seconded by Buck to ratify the vote taken via telephone, to designate Kevin Brandon to serve as alternate representative to the CREA Board beginning November 3rd, 2022. **MOTION** carried unanimously.

Motion was made and seconded to designate Brase as alternate representative to CREA Board beginning November 16th, 2022. **MOTION** carried.

6. Finance & Membership – McBrain

- Reviewed September Income Statement, Balance Sheet, various graphs & Check Register. (Included in Board packet.)
- September Net Margins, \$484,484; YTD, \$2,366,331 (McBrain noted this is likely one of SECPA's best years for energy sales.)
- New Memberships for October totaled 20; 22 withdrawals; 10,955 bills. (Details in Board packet.)

Preliminary Budget (Included in Board packet.)

ASSUMPTIONS

- 1) Revenues
 - kWh Sales based blend of last 12 months and adjusted test year from COSS.
 - Revenues projected based on current SECPA rates-no increase.
 - Demand & HP Revenues set to approximate the last 12 months.
- 2) Power Cost
 - Assumes current Tri-State rates.
 - Total kWh required equals sales plus 8% line loss; demand kW approximates last 12 months.
- 3) Operating Expenses
 - Overall increase of 5% on General Expenses.

- General Wage increase of 4% in July for union and November for non-union employees.
- Journeyman and above wage increase of 5.5% Jan 2023 and 4% per contract in July 2023.

4) Plant Investments

- Workplan Projects \$5,310,567
- General Plant Additions \$552,000

5) Capital Credits

- Retire \$1.3M in Capital Credits with approximately \$850k cash impact.

Discussion points:

- 2023 preliminary budget shows Patronage Capital or Margins of \$2,250,380 (Assumes \$125k from SECOM.)
- Brase stated since SECPA did not decrease rates when Tri-State decreased their rates, he recommends giving a rebate to SECPA members. Brandon responded that SECPA had absorbed some of Tri-States rate increases in previous years.
- Wright reminded everyone that this is only the preliminary budget and the final would be presented at December Board meeting.
- The need for a policy for Equity Management/Capital Credit Retirements and Unclaimed was discussed at length. Howard pointed out that current policy on Capital Credits (BP-205) was updated in 2021. Brandon stated the recent Cost of Service study and Capital Credit consultant advised SECPA to focus on dollars, not years to retire. Rushton prefers to retire a set dollar amount (amount budgeted for 2023 is \$1.3M.)
- McBrain requested that Directors email their input for budget.

7. **Operations – Hall**

- Various kWh graphs, Outages, Work Order, and Line Loss reports reviewed. (Included in Board packet.)
- Rolling line loss was equivalent to \$76,504.
- Hall gave a brief Safety Report (included in Board packet.)
- Hall explained a recent situation which caused excessive voltage to homes, transformers, lightning resistors, blown breakers, etc. SECPA will request reimbursement from Xcel for negligence in correctly energizing a line.
- Someone has contacted Hall asking if Directors will allow him to net meter 1 megawatt of solar. Discussed if SECPA wants to allocate their last megawatt to a project that does not benefit SECPA.
- Held quarterly foreman meeting in Lamar to discuss upcoming projects.

8. **Legal – Martin**

- Attorney invoice totaled \$1,403.
- Brandon asked if Martin had contacted courthouse for plat maps; Martin will check on status. Brandon stated that Howard can also pursue.

9. **Human Resources – Brandon**

- September payroll = \$359,605 (overtime = \$9,558); (other \$16,338 includes employee on-call time and vacation and sick leave payout); 49 employees
- John Jackson promoted to Working Foreman, La Junta.
- **Plan to hire:**
Warehouseman, La Junta
Serviceman, La Junta
Journeyman, Lamar
Journeyman, Springfield
- Position posted inhouse for an Account Manager, La Junta

10. **Affiliate Organization Board Reports**

A. **Western United Electric (WUE) -**

- Written summary included in Board packet.

B. Colorado Rural Electric Association (CREA) - Brandon

- Meeting held in conjunction with Innovation Summit.
- CREA budget reviewed: increases were due in part because of CORE's withdrawal. SECPA's 2023 CREA membership dues will be \$102,913 (General & Administration, \$59,740 and Safety, \$43k.) Cost of *Colorado Country Life* magazine will increase from 22.5 cents to 28 cents plus postage.

C. Tri-State G&T- Brase

- November Board report included in Board packet.
- Brase serves on the Rate Design Committee and explained some of the methodologies being considered for Tri-State's 2024 rate filing; must be submitted to Federal Energy Regulatory Commission (FERC) by September 2023.
- Brandon participated in Rate Design Committee meeting virtually. He commented that after "how many" meetings, he thought the committee was right back where they started.

11. Executive Session

Motion was made and seconded to go into Executive Session at 3:50 p.m. for personnel matters.

MOTION carried.

Staff left the meeting except Brandon, Hall, and Martin.

Hall left Executive Session at 4:40 p.m.

Meeting reconvened at 5:00 p.m. and Howard joined the meeting.

Motion was made by Anderson and seconded by Rushton to approve a 6.5% pay increase for Journeymen, Servicemen, and Foremen effective upon signature of the Letter of Agreement with the Union. **MOTION** carried.

12. Adjourn - There being no further business, the meeting adjourned at 5:05 p.m.



President



Secretary