

## 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 **September 21, 2022**, at the SECPA headquarters, 27850 Harris Road, La Junta, CO.

#### 1. Call to Order/ Roll Call

Vice President Clint Anderson called the meeting to order at 12:15 p.m. Directors present were Lawrence Brase, Brad Buck, Kevin Karney, Randy Phillips and Merlin Rushton. Director Truman Wright participated via conference call. Anderson left the meeting at 3:00 p.m.

CEO Kevin Brandon, CFO Craig McBrain, COO Mark Hall, CHRO Angela Bamber, Executive Assistant Debbie Howard and Casey Martin, outside legal counsel, were also present. Martin left the meeting at 3:10 p.m.

#### 2. Agenda Modifications - None.

#### 3. Member and/or Public Participation – None.

#### 4. Board Meeting Minutes

Motion was made and seconded to approve August 17, 2022 minutes. **MOTION** carried.

#### 5. Chief Executive Officer – Brandon

##### Bylaw Review

Martin had recommended a full revision of the Bylaws, but Brandon thought that because bylaw changes had been done individually in the past, that SECPA should continue that practice. He related bylaw revisions were made to allow 3<sup>rd</sup> party ballot processing and to allow electronic voting per Colorado Statute.

Proposed bylaw revisions to *Article III, Section 5, and Article IV, Section 4 and Section 5* were presented.

Motion was made and seconded to approve revisions as presented. **MOTION** carried.

Thirty day notice will be given to members, per bylaw with an effective date of November 5, 2022.

##### Review policy BP-116 Annual Meeting & Voting Elections

Tabled until October meeting.

- Thank you cards were passed around.
- Brandon reported that at the Eastern Colorado Managers meeting, Duane Highley gave an update on Tri-State rates, it's unlikely that Tri-State can continue the 4% rate decrease with the large price increases in fuel, materials, and supplies. Brase related that Tri-State expenses are \$108M over budget as of 30 days ago. Eastern Colorado Managers (8 co-ops) had discussed hiring their own lobbyist and split the costs. Karney suggested instead of hiring their own lobbyist, which could cause confusion for government officials, the co-ops could show a united front/voice at CREA.
- Cost of Service Study will assist in determining SECPA rates.
- On September 29<sup>th</sup>, Administrative Law Judge (ALJ) will give ruling on United Power. Brase reported that the D.C. Court of Appeals affirmed FERC has jurisdiction over Tri-State's contract termination payment tariff.
- Brandon attended Rate Design Committee meeting.
- Reported on the Junior Livestock Sale, noting Rushton and Brase had grandchildren participating. Anderson asked what sponsorship cost. Brandon will check.
- Springfield annexation is complete and agreement executed.
- Brandon invited Directors to attend Employee meeting tomorrow.

#### 6. Finance & Membership – McBrain

Cost of Service Study - Justin Proctor, Guernsey Managing Consultant, explained the cost of service study process, and if recent sales trends continue SECPA should be able to meet required lender covenants and produce sufficient operating cash through the end of 2023. There was also discussion around recent practices

with the cash received from Tri-State's annual capital credit retirements to SECPA. Proctor noted that Tri-State's patronage is generally considered a pass thru to cooperative members. Directors requested a list of Tri-State capital credits received; McBrain will provide for next Board meeting.

Proctor also presented a 10-year financial forecast with the following assumptions:

- SECPA seeks to maintain equity near 55% of assets.
- Annual capital credit retirements of \$1,300,000.
- Annual investments of \$5,300,000 for additions and replacement of electric plant.

Noted the financial forecast can be updated as necessary.

Proctor also presented the amount of line extension that is economically feasible for each rate class.

McBrain stated we need to look at what we can afford and what is our payback period for loads with differing risk profiles (i.e. when is a load not worth serving.)

Brandon noted the study is a good tool to determine what SECPA needs and can do.

Rate options were discussed. Consensus was a separate meeting should be held for rate discussion and planning.

Anderson requested a 10 minute recess.

- Reviewed July Income Statement, Balance Sheet, various graphs & Check Register. (Included in Board packet.)

Anderson left the meeting and Rushton presided over the remainder of the meeting.

- July Net Margins, \$331,074; YTD, \$1,556,063.
- New formats & graphs were shown. New Memberships for July totaled 25; 3 withdrawals; 10,912 bills. (Details in Board packet.)

#### **7. Operations – Hall**

- Various kWh graphs, Outages, Work Order, and Line Loss reports reviewed. (Included in Board packet.)
- Rolling line loss was equivalent to \$102,658.
- Hall was glad to report there have been fewer outages for this time of year.
- In response to question from Phillips asking what is causing blinks in Pritchett, Hall explained maintenance issues with Tri-State.
- Conoco Phillips service is nearing completion; waiting on permit from Forest Service.
- Hall described recent employee turnover as a "revolving door." Working Foreman walked in one morning and turned in his resignation, stating he thought he had been in this job long enough.
- Clint Arbuthnot is new Working Foreman; Hall is glad to have him back.
- Hall is pleased with new Safety Coordinator, John Parker. Parker quit the State Patrol to work for SECPA. Hall mentioned Parker is not a lineman and Hall has known Parker for many years.
- Hall told Directors that he had engaged (at a reasonable cost) a guest safety speaker for tomorrow's employee meeting. Hall heard the man and his wife speak at an Operations Conference and their story gave him chills.

#### **8. Legal – Martin**

- Attorney invoice totaled \$7,528 (\$3,200 charge for Bylaw revisions.)
- Martin presented an Interconnection policy & net metering schedule that co-ops are required to file with the PUC. He mentioned SECPA has a thorough policy posted on the website. Motion was made and seconded to approve policy and net metering schedule to be filed with the PUC next week. **MOTION** carried.

Martin left the meeting.

#### **9. Human Resources – Bamber**

- August payroll = \$399,147 (overtime = \$32,624); other \$4,652 includes employee on-call time); 49 employees (including 1 summer employee.)
- New hires:  
Anne Boswell, Communications Coordinator (8/29/22)  
Jeremy Jackson, Warehouseman, Springfield (9/6/22)  
John Parker, Safety & Compliance Coordinator (9/12/22)
- Job Changes:  
Garrett Wertz, Working Foreman, Lamar (8/24/22)  
Bryce Wasson, Journeyman to Working Foreman, La Junta (8/24/22)  
Jerrod Summers Warehouseman to Apprentice, Springfield  
Clint Arbuthnot, Journeyman to Working Foreman, Springfield
- Resignation:  
Phil Hinds, Working Foreman, Springfield

**10. Affiliate Organization Board Reports**

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

- Written summary included in Board packet.

**B. Colorado Rural Electric Association (CREA) - Karney**

- No meeting or report.

**C. Tri-State G&T- Brase**

- September Board report included in Board packet.
- Attended Rate Design Committee; appreciated Brandon attending.

**11. Executive Session**

Motion was made and seconded to go into Executive Session at 4:20 p.m. for personnel matters. **MOTION** carried.

Staff, except Brandon and Bamber left the meeting.

Meeting reconvened at 4:25 p.m. and Howard joined the meeting.

Karney made a motion, seconded by Buck to ratify the vote taken via telephone, to suspend Brandon for one day without pay, which was previously served, for a safety violation. **MOTION** carried unanimously.

**12. Adjourn** - There being no further business, the meeting adjourned at 4:30 p.m.

  
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President

  
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Secretary