

# MINUTES OF REGULAR BOARD MEETING OF HOLY CROSS ENERGY

APRIL 21, 2021

A regular meeting of the Board of Directors of Holy Cross Electric Association, Inc., a/k/a Holy Cross Energy (hereinafter called “Holy Cross”), a Colorado cooperative association, was held at the main office at 3799 Highway 82 in Garfield County, Glenwood Springs, CO, on April 21, 2021, at 9:03 a.m. The meeting was held in webcast format with all Board members and staff appearing by electronic medium hosted through Holy Cross’s main office. The meeting was held during a time that the President of the United States and the Governor of the State of Colorado have declared a State of Emergency and ordered that no large groups of people meet in person due to the spread of COVID-19 virus. Notice of the meeting was given in accordance with Colorado law and the bylaws of Holy Cross. Each Board member and each staff member participated in the meeting in accordance with Section 5.6 of the bylaws.

Agenda Item 1: Roll Call. Chair David C. Munk called the meeting to order and reported that all the six Directors were present being Robert H. Gardner, Kristen N. Bertuglia, David C. Munk, Adam Quinton, David S. Campbell, and Alexander DeGolia. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; Steve Beuning, Vice President – Power Supply and Programs; David Bleakley, Vice President – Engineering; Bob Farmer, Vice President - Information Technology; Cody O’Neil, Vice President—Glenwood District Operations; Rick Arnhold, Vice President – Eagle / Vail District Operations; Andrew Schiller, Vice President – Finance; John Rowley, Vice President - Human Resources; and Jenna Weatherred, Vice President—Member and Community Relations. On the webcast were Betsey Seymour, Manuel J. Gomez, IT Infrastructure Manager, and General Legal Counsel Randolph W. Starr and Sheila Tafoya, Member Services Representative, and Michael Whiddon, Accounting Manager. Member of the press Tom Lotshaw, and members Nina Timm [Berry Creek Metro District], Roseann Casey, Michael Kaddatz, and Adrienne Perer were on the call.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on March 17, 2021, and then continued to today’s meeting. [09:03]

Agenda Item 3: COVID-19 Update and Impact Assessment. President and CEO Hannegan gave an update about the effects of the declaration of a state of emergency and the other government orders regarding COVID-19 have affected Holy Cross’s operations. Questions from Board members were answered by Mr. Hannegan and staff members. [09:19]

Agenda Item 4: Public Comment. Chair Munk asked for comments of members of the public present. Comments were received from Mr. Kaddatz generally relating to filling of a board vacancy and board conflicts of interest, especially Megan Gilman [9:35]. Nina Timm representing Berry Creek Metro District, requested reimbursement of costs related to rehabilitation of a trail. [09:39] Mr. Kaddatz and Ms. Timm left the meeting.

Agenda Item 5: Employee Recognition. Sheila Tafoya, Member Services Representative in our Avon office, is celebrating 15 years of service. Michael Whiddon, Accounting Manager in our Glenwood Springs office, is celebrating 15 years of service. The employees left the meeting. [09:49]

Agenda Item 6: Consent Calendar. The following informational items were presented to the Board in the form of written reports and memoranda:

- a. Minutes of March 17, 2021 Regular Meeting
- b. Treasurer's Report
- c. Safety Committee Minutes
- d. Power Supply Report
- e. System Reliability Report
- f. Legislative and Regulatory Report
- g. Attorney's Report
- h. Staff Reports
- i. Board Committee Reports
  - i. Communications
  - ii. Finance
  - iii. Governance
  - iv. Strategic Issues
- i. Directors' Reports
  - i. Western United Electric Supply Corporation
  - ii. Colorado Rural Electric Association
  - iii. National Rural Electric Cooperative Association
  - iv. Holy Cross Round-Up Foundation

Questions posed by Board members were answered by staff members. Upon motion duly made, seconded, put to a vote and unanimously carried, it was

**RESOLVED**, that the items on the Consent Calendar be approved as presented. [10:08]

Agenda Item 8: Old Business.

- a. Quarterly Safety and Loss Report. Vice President Rowley made a verbal and visual presentation on the First Quarter Risk Management plan. Highlights:
  - Our Total Recordable Cases Incident Rate (TRCIR) was 2.6 reflecting one recordable incident in the first quarter of 2021.
  - The Days Away, Restricted, or Transferred (DART) rate was 0 for the first quarter of 2021.
  - There were two General Liability/Property Damage claims for Q1 totaling \$2,471.

Questions posed by Board members were answered by Mr. Rowley. [10:16]

- b. Uncollectable Debt Write-Off. Vice President Schiller presented the list of accounts that are uncollected and that should be declared as uncollectable, totaling \$42,268.70 (July 1, 2020 through December 31, 2020). The list had been presented to the Board prior to the meeting. Upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED**, that the attached list of accounts receivable totaling \$42,268.70, was declared uncollectable and be written off the financial records of HCE. [10:24]

- c. COVID-19 Member Bill Payment Assistance. In April 2020, the Board authorized the use of \$500,000 in Unclaimed Capital Credits for bill payment assistance to small residential and small commercial members affected by COVID-19. After two limit adjustments the Board resolved

that all members taking service under the General Services – Small tariff could be given up to \$200 per month and up to \$1000 total (whether all-electric or not) and Commercial – Small tariff members would be eligible for \$400 per month and up to \$2000 total (whether all-electric or not) to provide those members with additional support for staying open and afloat during this challenging economic time.

To date, HCE assisted 1,597 members by crediting \$500,016 through this program. Over the past four months HCE averaged \$83,000 per month in requested assistance while in the previous seven months HCE averaged, just \$22,000.

Staff noted that only 253 members have received the maximum dollars available leading staff to believe that members are not taking advantage of the program but just asking for help when it is needed. The strong participation in rural Garfield and Eagle counties also reinforces this conclusion.

This substantial increase along with the large number of members requesting assistance have led staff to request another \$250,000 for the fund to be used through July 2021.

All bill credits from the fund given to members in need will continue to be accounted for separately and summarized in regular reporting to help inform future decisions to continue, expand, reduce or discontinue the fund at the sole discretion of the Board.

After discussion among the board members, and after questions to staff were answered by staff members, the following resolution was, upon motion duly made, seconded, put to a vote and unanimously carried, adopted:

**RESOLVED**, that an additional \$250,000 of Unclaimed Capital Credits be allocated to the Member COVID-19 Bill Payment Assistance Fund to be used through July 2021 to assist HCE members in paying their delinquent HCE electricity bills; and

**RESOLVED**, that the Fund process, limits, and reporting requirements remain the same as currently implemented. [10:31]

d. West Avon Preserve Trails Restoration. At its October 9 Special Board of Directors meeting, the Board approved reimbursement to the Town of Avon of up to \$27,500 for the relocation of the recreation trails in the West Avon Preserve (WAP) away from the HCE easement in that area. Those trails had been damaged during HCE's line inspection and maintenance project in the WAP, which was formed by the Eagle Valley Land Trust and the Town of Avon (among others) through permanent conservation easement in 2013 (well after the establishment of the HCE access road and associated utility infrastructure and rights-of-way). One trail, the Avon Singletree Connector, was constructed to run along and across the HCE access road without documented notification or approval by HCE, making the access road impassable by HCE vehicles. To complete the line inspection and maintenance project in the WAP, HCE was forced to re-grade the access road, damaging the Avon Singletree Connector trail along the southern edge of the WAP.

HCE completed all requested mitigations to restore the sites (while keeping the road open for future use), but heard four specific concerns from the Town of Avon, the Vail Valley Mountain Trails Alliance (VVMTA) and the Berry Creek Metro District / Singletree Property Owners Association regarding the impact of our maintenance project:

1. Insufficient erosion control (on the access road, especially in areas of steep upslope/downslope)
2. Revegetation of areas used by contractor for staging and truck turnaround
3. Damage to volunteer-constructed mountain bike trails
4. Construction and location of access gate in June Creek Trailhead area

HCE has since completed work to accomplish the first two items of concern. It was assumed at the time of the Board's vote in October that the HCE contribution would also include the last two items with respect to the bike trails and the June Creek Trailhead.

However, on March 11, HCE received the following request from the Berry Creek Metro District / Singletree Property Owners Association for a reimbursement their costs associated with work conducted in November 2020 to re-route the Trailhead away from the HCE access road. HCE staff continue to oppose paying for damages associated with restoration and use of HCE rights-of-way, especially when the recreational trails in this case were constructed over the top of a very visible and obvious HCE access road with no consultation with or notice to HCE, and in violation of our easement rights.

After discussion among the board members, and after questions to staff were answered by staff members, the following resolution was, upon motion duly made, seconded, put to a vote and unanimously carried, adopted:

**RESOLVED**, that Holy Cross shall contribute to the Berry Creek Metro District up to \$8,500 for the relocation of the recreation trails in the West Avon Preserve away from the HCE easement in that area, provided that the District be responsible for the remainder of the project costs. [10:58] A break was taken. [10:58 to 11:12] Mr. Lotshaw left the meeting.

Agenda Item 7: Mid-Session Legislative Update. President and CEO Hannegan provided the Board with a verbal and written update on current State legislative initiatives, and to seek the Board's position on certain new bills that have been introduced. [12:31]

Agenda Item 10: Executive Session. Upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED**, that the Board enter executive session to consider documents or testimony given in confidence generally relating to employee matters.

No action was taken by the Board to make final policy decisions or adopt or approve any resolution, rule, regulation, or formal action, any contract, or any action calling for the payment of money. All staff members left in the meeting except Mr. Hannegan.

Upon motion duly made, put to a vote, and unanimously carried, the following resolution was adopted:

**RESOLVED**, that the Board exit executive session. [12:40] A break for lunch was taken. [12:40 to 13:19]

Agenda Item 9: New Business.

- a. NRECA Member Resolutions. Mr. Hannegan distributed the list of 2021 resolutions, and the 2022 resolution process is starting now. [13:24]
- b. Clean Energy Plan. Mr. Beuning made a visual and verbal presentation to the Board. Air quality regulations have been established by the Colorado Department of Public Health and Environment (CDPHE) and its Air Quality Control Commission (AQCC), pursuant to the Colorado legislature in HB19-1261 and SB19-236. These regulations require investor-owned utilities to file a Clean Energy Plan with the Colorado Public Utilities Commission (CO PUC). Other utilities, if exempt from CO PUC regulation, may file a voluntary CEP with the CO PUC.

A utility that files a CEP that demonstrates a greater than 80% level of CO2 reduction by 2030, compared to 2005 levels, obtains a "safe harbor" from future CO2 regulations that may be implemented by the CDPHE/AQCC.

The CEP requires two demonstrations of the 80% reduction: one for the level of CO2 emissions associated with the utility's retail sales, and a second for combined retail plus wholesale electricity sales. HCE staff and other state utilities participated in the stakeholder process that established filing procedures and requirements for CEP filing.

HCE has developed its own CEP filing considering HCE power supply projects and programs already under development, and HCE's current and projected future power supply relationships with both Xcel Energy/Public Service Company of Colorado (PSCo) and Guzman Energy. A key input to HCE's preparation of its voluntary CEP was the level of CO2 emissions projected by PSCo, d/b/a Xcel Energy, in its CEP for 2030. On March 31 of this year, PSCo filed with the CO PUC the information for its CEP demonstration, enabling HCE to proceed with development of its CEP.

The spreadsheet associated with this agenda item constitutes the proposed final format and has been placed in Call to Order for your reference.

The following resolution was, upon motion duly made, seconded, put to a vote and unanimously carried, adopted:

**RESOLVED**, that the proposed Clean Energy Plan be approved and filed with the Colorado Public Utilities Commission. [13:50]

Agenda Item 10: Executive Session-Second Session. Upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED**, that the Board enter executive session to consider documents or testimony given in confidence generally relating to Board conflict of interest matters and about employee succession planning.

No action was taken by the Board to make final policy decisions or adopt or approve any resolution, rule, regulation, or formal action, any contract, or any action calling for the payment of money. All staff members left the meeting except Mr. Hannegan.

Upon motion duly made, put to a vote, and unanimously carried, the following resolution was adopted:

**RESOLVED**, that the Board exit executive session. [15:56]

Agenda Item 11 Adjourn Board Meeting. Chair Munk continued the meeting at 15:56 p.m. until **May 19, 2020 at 9:00 a.m.** The next meeting will be held at Holy Cross' main office at 3799 Highway 82 in Garfield County, Glenwood Springs, CO. Depending on the status of the COVID-19 pandemic, the meeting will again be conducted electronically.

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Secretary – Kristen N. Bertuglia

APPROVED:

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Chair – David C. Munk

The Holy Cross Energy Board Meeting schedule for 2021:

May 19, 2021

The Annual Meeting of the Members will be held on June 10, 2021 at 4:00 p.m. at Spring Creeks Ranch in Carbondale.

June 16, 2021

July 21, 2021

August 18, 2021 (strategic planning)

September 15, 2021

October 20, 2021

November 17, 2021

December 15, 2021