

# MINUTES OF REGULAR BOARD MEETING OF HOLY CROSS ENERGY

**MAY 19, 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 May 19, 2021, at 9:00 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, Ladd Epp, IT Security Supervisor, and General Legal Counsel Randolph W. Starr and Casey Gray, Cory Cook and Nancy Larson were on the call along with Thomas Henderson, member.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on April 21, 2021, and then continued to today’s meeting. [09:00]

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. [09:10]

Agenda Item 4: Public Comment. Chair Munk asked for comments of members of the public present. Short comments were received from Thomas Henderson. [09:12]

Agenda Item 5: Employee Recognition. Nancy Larson, Office Assistant in our Glenwood Springs Headquarters, is celebrating 15 years of service. Cory Cook, Apprentice Lineworker in our Glenwood Springs Operations Center, is celebrating 5 years of service. Casey Gray, Apprentice Lineworker in our Glenwood Springs Operations Center, is celebrating 5 years of service. The employees left the meeting. [09:25] Lisa Reed, Manager, Energy Programs, joined the meeting.

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 April 21, 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

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. [10:04]

Agenda Item 8: Old Business.

a. Proof of Service Notice. After a short presentation by Vice President Weatherred, Secretary Bertuglia will sign the Proof of Service of Notice of the Annual Meeting of Members to be held on June 10, 2021, in person at Spring Creeks Ranch in Carbondale, upon delivery of all Notices to the United States Postal Service. Upon motion duly made, seconded, put to a vote and unanimously carried, it was,

**RESOLVED**, that the proof of service be approved as presented. [10:06]

b. Cyber/Physical Security Plan. Cyber-Physical Security Review. Ladd Epp, IT Security Supervisor, gave a verbal and visual presentation to provide the Board with a periodic cyber and physical security update. The Cybersecurity Office is focusing on several priorities this year. Some highlights include:

- A mission was developed to serve as a guiding light for the department.
- A cyber and physical strategic plan was developed and will be updated annually as the program progresses.
- NERC CIP Compliance is an annual process that involves a full review of all standards to protect our critical infrastructure. This has been completed for 2021.
- PCI Compliance SAQ-D, also an annual process, is required to accept credit cards. This has been completed for 2021.
- Employee policy E-77, Use of Computer Systems, was reviewed and will be updated soon with additional guidance on data protection and privacy.
- Work is starting in areas of the NIST Cybersecurity Framework such as Asset Management, Governance, and Risk Management.

- The Cybersecurity Office is working with other CREA Cooperatives to share resources in programs such as tabletop facilitation and NRECA RC3 Self-Assessments.
- Physical security consultation and reviews with stakeholders are taking place as needed. A more structured approach is being developed in the physical security strategy.
- Training continues, including phishing tests, videos, and educational presentations.
- The COVID-19 pandemic changed how people work, and attackers are leveraging new organizational vulnerabilities that have been created. The Cybersecurity Office continues to closely monitor bulletins from intelligence agencies and act to mitigate threats as necessary. The Network Security Project is led by our IT Infrastructure Team. Work is ongoing, and when complete it will implement various technical controls to vastly improve the resiliency and security of our network, including access control and intelligent monitoring. It will better protect our SCADA environment and improve our PCI compliance posture.
- Over time, the Cybersecurity Office will continue to mature its security strategy following guidance from NIST and the Cybersecurity Framework.

Questions posed by Board members were responded to by Mr. Epp. [10:35] A break was taken. [10:35 to 10:45]

Agenda Item 7: Western Colorado Clean Energy Network. President and CEO Hannegan introduced the subject of the new Western Colorado Clean Energy Network. Alice Laird, Dave Reed, Katharine Reed, Phi Filerman, Mac Scott, Mona Newton, and Brittany LaClair joined the meeting. Dave Reed gave a verbal and visual presentation about WCCEN. Katharine Rushton gave an additional verbal and visual presentation on regional solar planning. Holy Cross Energy was asked by Mr. Reed to join as a founding member of WCCEN. Questions from Board members were answered by Ms. Rushton, Ms. Laird, and Mr. Reed. No action was taken on the request. [11:48] The group left the meeting.

Agenda Item 8: Old Business. Continued.

c. GHG Emissions Annual Report. Vice President Schiller gave a verbal and visual report that provided the results of HCE’s 2020 greenhouse gas (GHG) emissions annual inventory. At its February 2020 Board Meeting, the Board reviewed the results from the emissions inventory conducted by Lotus Sustainability of HCE’s GHG emissions for the years 2005, 2014, and 2018. For 2005 and 2014, only power supply-related emissions reports were reviewed; however, for 2018 an entire inventory across all HCE’s activities was created for the first time. HCE chose to undertake this audit and inventory to better document progress in future years towards HCE’s Seventy70Thirty plan’s greenhouse gas emissions reduction goals.

At the May 2020 Board Meeting, staff presented the completed inventory for the 2019 year. Since that presentation HCE has issued a new strategic plan to attain net zero emission across HCE by 2035. This annual report will continue to provide updates on our progress toward that goal. It will also provide a tool with which to evaluate where emissions opportunities exist. Below is an updated table with 2020 emissions related specifically to Power Supply.

Power Supply (MT CO2E)	2005	2014	2018	2019	2020
Comanche 3		329,363	430,023	372,334	14,675
T&D Losses, Self-consumption	44,213	28,031	11,714	9,031	16,279
<u>Contracted Power Supply</u>	<u>900,207</u>	<u>592,979</u>	<u>317,987</u>	<u>216,131</u>	<u>429,559</u>
Total	944,420	950,373	759,724	597,496	460,513

This reflects a 22.9% reduction from 2019 power supply GHG emissions. This significant reduction is directly tied to the fact that C3 did not operate for most of 2020. Now that C3 is operational, we expect to see these emissions grow in 2021.

For 2020, non-power, GHG emissions were down from previous year, as follows:

Non-Power (MT CO2E)	2018	2019	2020
Fleet	874	902	768
Commute	237	238	90
Personal Use	891	798	603
Natural Gas	421	454	420
Waste	34	34	28
Travel	31	41	14
Total	2,488	2,467	1,923

This reduction in non-power supply emissions is directly attributable to the pandemic and HCE’s shift to work from home and limited business travel. It is anticipated that these emissions will grow in 2021 as the pandemic subsides and staff return to work.

Staff continues to work on Work Plan 1.2 Net Zero Emission Plan, which will be presented at a future Committee meeting, with formal acceptance by the Board toward the end of the year. [12:04]

Agenda Item 9: New Business.

a. Broadband Easements.

At the January 2020 board meeting, the Board resolved to begin year 1 of the 5-year network strategic plan to improve broadband for internal use. Additionally, the Board resolved to make excess strands of fiber-optic cable available to community partners and service providers for the purpose of improving broadband for HCE members. The Board’s commitment was reaffirmed at the February 2020 board meeting.

The Finance Committee was provided with partnership updates at the May and August committee meetings. Additionally, specific partnerships were discussed at the February and April committee meetings. The use of HCE fiber by partners to deliver commercial broadband services will require easements to be addressed.

Year 1 includes deploying fiber-optic cable parallel to the HCE electric system from the Glenwood Springs Headquarter building to the Aspen Substation and Office. Deployment was initially scheduled for 2020 but was delayed due to the COVID 19 pandemic. Engineering work was started in July 2020 and the project has progressed into 2021.

As part of the project workplan, easements along the path were identified and evaluated. In total, there are 360 easements spread across Pitkin, Garfield, and Eagle counties. Records for 341 easements have been identified either through searching county records or confirmed through HCE documentation. No records for 19 easements were found, however, the easements may be considered prescriptive due to the duration of use by HCE. None of the easements reviewed specifically prohibit or allow fiber optic to be installed or used for commercial broadband purposes.

The perfection of easements for use by an electric cooperative utility or a commercial broadband supplier was addressed by the Colorado legislature in 2019 through Senate Bill 107 (SB19-107, effective August 2, 2019).

For the fiber project to continue, easement issues must be addressed. There are five strategies HCE may consider when addressing easement issues:

- (1) Use condemnation through court action to take additional easement rights
- (2) Install fiber-optic cable on our facilities without contacting the landowners.

(3) Negotiate new easement rights with landowners to allow the installation of fiber-optic cable and its use for commercial broadband services.

(4) Utilize SB19-107 and provide notice to landowners allowing the installation of fiber-optic cable and for the lease of excess capacity to commercial broadband providers.

(5) Any combination of items 1 through 4 above.

Staff recommends use of strategy #4 to address easement issues. SB19-107 already applies to HCE due to the authorization of a commercial broadband supplier for a project in Gypsum/Eagle.

Board members' questions were answered, and discussion ensued among the Board and staff members. Upon motion duly made, seconded, put to a vote and unanimously carried, it was:

**RESOLVED**, that staff is authorized to use Senate Bill 19-107 to address easement issues related to the deployment of fiber-optic cable for internal and commercial broadband.

[12:13]

b. Chair Munk discussed one additional subject on weatherization. [12:15]

A break for lunch was taken. [12:15 to 13:02]

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 contract negotiation 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, Sam Whelan, Lisa Reed, David Bleakley, Jenna Weathered, Andrew Schiller, John Rowley, and Steve Beuning. Mr. Beuning left the meeting for a portion of the discussion.

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

**RESOLVED**, that the Board exit executive session. [14:40]

Agenda Item 11 Adjourn Board Meeting. Chair Munk continued the meeting at 2:41 p.m. until **June 16, 2020 at 9:00 a.m.** The next meeting will be held in person at Holy Cross' main office at 3799 Highway 82 in Garfield County, Glenwood Springs, CO.

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Secretary – Kristen N. Bertuglia

APPROVED:

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Chair – David C. Munk

Holy Cross Energy Board Meeting schedule for 2021:

The Annual Meeting of the Members will be held on June 10, 2021 at 5:00 p.m. to 8:00 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