

**MINUTES OF REGULAR BOARD MEETING
OF
HOLY CROSS ENERGY**

JANUARY 19, 2022

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 January 19, 2022, at 9:02 a.m. The meeting was held on WebEx with Board members and staff appearing electronically. Notice of the meeting was given in accordance with Colorado law and the bylaws of Holy Cross.

Agenda Item 1: Roll Call. Chair David C. Munk called the meeting to order and reported that all the seven Directors were present on WebEx being Robert H. Gardner, Kristen N. Bertuglia, David C. Munk, Adam Quinton, Keith E. Klesner, David S. Campbell, and Alexander DeGolia. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; David Bleakley, Vice President – Engineering; Bob Farmer, Vice President - Information Technology; Cody O’Neil, Vice President—Glenwood District Operations; Andrew Schiller, Vice President – Finance; John Rowley, Vice President - Human Resources; and Jenna Weatherred, Vice President—Member and Community Relations. Also attending was General Legal Counsel Randolph W. Starr.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on December 15, 2021, and then continued to today’s meeting. [09:02]

Agenda Item 3: Public Comment. Chair Munk asked for comments of members of the public present. No comments were received, and no members of the public were on the call. [09:02]

Agenda Item 4: Employee Recognition. Jenna Weatherred, VP of Communications, at the Glenwood office, is celebrating 5 years of service. [09:07]

Agenda Item 5: Consent Calendar. The following informational items were presented to the Board in the form of written reports and memoranda:

- a. Minutes of December 15, 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
 - a. Communications
 - b. Finance
 - c. Governance

- d. Strategic Issues
- i. Directors' Reports
 - i. Western United Electric Supply Corporation
 - ii. Colorado Rural Electric Association
 - iii. National Rural Electric Cooperative Association
 - iv. National Rural Utilities Cooperative Finance Corporation

Questions posed by Board members were answered by staff members. A motion was made, seconded, and unanimously carried that the staff reports were moved out of the consent agenda to new business. A motion was made, seconded, and unanimously carried the legislative and regulatory report was moved out of the consent agenda to new business. 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. [09:55]

Agenda Item 6: COVID-19 Update. President and CEO Hannegan gave an update about the effects of the government orders regarding COVID-19 and the effect on Holy Cross's operations. Questions from Board members were answered by Mr. Hannegan. [10:01]

Agenda Item 7: Old Business.

a. Annual Safety and Loss Report. Mr. Rowley advised the Board on the progress implementing our ongoing Safety Improvement Plan, and he provided data on illnesses and injuries suffered by HCE employees in 2021. Our 2021 Fourth Quarter Safety and Loss.

In 2021 Q4:

- Our Total Recordable Cases Incident Rate (TRCIR) was 2.65 reflecting a total of four recordable incidents.
- The Days Away, Restricted, or Transferred (DART) was 0.66 due to one lost time claim in the fourth quarter of 2021.
- There were two General Liability/Property Damage claims in 2021 totaling \$5,194. There were no General Liability/Property Damage claims for Q4.

We have also included our 2021 Safety Improvement Plan which includes an update on our three-year plan, annual plan, and current initiatives. Mr. Rowley responded to questions from Board members. [10:08]

b. Revisions to Strategic Plan. President and CEO Hannegan summarized proposed revisions to HCE Strategic Plan, and he asked the Board for its adoption.

The current HCE Strategic Plan (the "Plan") was adopted by the Board of Directors at its May 2020 Regular Meeting. As described in Section VI of the Plan, the Board met in August 2020 to conduct a new enterprise risk assessment and review the Plan and its goals and objectives considering a changing landscape. The Board Strategic Planning Committee subsequently met in September, November, and December 2020 to review specific proposed changes to the Plan.

The final revised Plan has been placed in Call to Order for your review, and includes the following changes:

- Modifications to Goals 1 and 5, and a rewrite of Goal 3 for clarity
- Deletion of the outdated 2019 SWOT analysis and enterprise risk assessment
- Re-ordering of Objectives 3.2 (Energy Efficiency) and 3.3 (Distributed Resources)
- Revised text to support Goal 5 (Service and Value to Members)
- Revision of Objective 5.2 (Member Engagement) and additional descriptive text
- Revision of Objective 6.2 (Employee Culture) metric
- New Objective 6.3 (Workforce Diversity) and descriptive text

Questions posed by Board members were answered by Mr. Hannegan. Upon motion duly made, seconded, put to a vote and unanimously carried, it was **RESOLVED**, that the revised Holy Cross Energy Strategic Plan be approved as presented. [10:11]

- c. Legislative and Regulatory Report (moved from Consent Agenda item): Director Quinton discussed HB22-1020 on “Customer Right To Use Energy.” He proposed to have Holy Cross oppose the Bill as introduced. Discussion ensued among Board members about the Bill and the proposal to oppose the Bill. Upon motion duly made, seconded, put to a vote and unanimously carried, it was **RESOLVED**, that Holy Cross oppose the passage of HB22-1020. [10:27] [A break was taken. 10:27 to 10:40]
- d. Staff Reports (moved from Consent Agenda item): President and CEO Hannegan covered each of the Staff Reports that had been furnished to the Board prior to the meeting. Lisa Reed joined the meeting. Questions posed by Board members were answered by Mr. Hannegan. [11:32]

Agenda Item 8: New Business.

- a. Member Satisfaction Survey Results. Vice President Weatherred provided the Board a briefing on the results of the 2021 Member Satisfaction Survey. Jane Sanstead and Mike Sassman from NRECA joined the meeting and presented the details of the Survey and its results. The annual HCE Member Satisfaction Survey was conducted in November of 2021. As in 2020, data were collected through online surveying only. An e-mail invitation was sent on November 8 to a random sample of 4,997 members for whom Holy Cross has an e-mail address, with 73 returned as being undeliverable. To increase participation, two reminders were sent to those who had not already finished the survey. The survey was closed on November 21 with a total of 530 surveys completed, resulting in a response rate of 11%. Survey respondents are weighted by district and age to match the overall member district and age distribution of the co-op. To help ensure a survey sample that is representative of all HCE residential members, age and other demographic information was purchased from Acxiom Corporation for each household served. [12:13] [A break was taken. 12:13 to 12:45]

Agenda Item 7: Old Business [continued].

- d. Work Plan Initiatives. Staff sought the adoption by the Board of the revised 2022 work plan initiatives incorporating prior feedback from the Board at its last meeting. At its November 2021 and December 2021 meetings, the Board reviewed the proposed 2022 Work Plans developed by the HCE staff to guide their activities intended for the following year. Feedback obtained from the Board at these meeting has been incorporated into the finalized Work Plans and the revised Work Plans was presented for approval. Changes from the versions presented in December 2021 are:
 - Clean Energy Supply: A task to communicate the cost savings resulting from the Guzman Energy contract has been included; commercial operations of the AES Rifle and Parachute projects included as a deliverable.

- Community Energy Systems: Community partners more clearly defined; tasks and deliverables sharpened to focus on energy system projects of mutual benefit, cross-training of existing MSR staff, and clearer progress for partners to gain assistance.
- Cybersecurity: No changes.
- Diversity Equity and Inclusion: The goal of the internship/scholarship program has been clarified to focus on “increasing the diversity of applicants;” internal DEI dialogues added as a deliverable; funding for consultant increased.
- Distributed Energy Resources: Corrected deliverables to reflect associated tasks, including new report on opportunities for improving EE/BE program administration, single portal for rebate administration, and new programs for demand flexibility.
- Employee Training and Development: Eliminated.
- Energy Assistance: A Go/No-Go Board decision has been included at the end of Q1, to determine from initial work whether further action is needed; an additional task has been included to provide a report on LMI-focused energy assistance programs from other utilities.
- Financial Sustainability: A new task has been added to develop a White Paper with views on the types of services HCE should provide its members in the future; a communications strategy has been added to accompany any rate changes for 2022.
- Network Infrastructure: No changes.
- Online Member Services: A new task has been included for translation of our website into Spanish.
- Reliability and Resilience: More definition has been provided on the work intended for fire mitigation in additional areas. The microgrid task has been specifically focused on the recent DOLA grant award for the Upper Roaring Fork Valley.

Questions posed by Board members were answered by Mr. Hannegan and staff members. During the discussion Chair Munk left the video meeting, and he continued to participate in the meeting by audio. Vice Chair Bertuglia took the Chair position. Upon motion duly made, seconded, put to a vote and unanimously carried, it was

RESOLVED, that the revised 2022 Work Plans be approved as presented. [13:30]

Agenda Item 8: New Business [continued].

- b. Beneficial Electrification Report. Chris Bilby introduced and discussed HCE’s Beneficial Electrification Report prepared by Staff.

As part of 2021’s Work Plan 3.1 Beneficial Electrification, Staff prepared an assessment of beneficial electrification (BE) potential in the HCE service territory. This report included, for example, an evaluation of electric vehicle potential, building electrification, electric transit, and electrification of district heating and snowmelt systems. The report addresses potential mechanisms to encourage adoption and strategies for HCE to consider in the future. In Colorado and nationally, policy support of- and consumer demand for- electrification of mobility and heating is growing. Nationally, President Biden’s American Jobs Plan is setting ambitious targets for the expansion of EVs. In Colorado, SB21-246 on beneficial electrification, HB21-1286 on energy performance, and HB21-1238 on a Gas DSM program are advancing Colorado toward meeting climate policy goals laid out in HB19-1261. At the same time, better and lower-cost consumer products driving consumers toward cost-effective and environmental-friendly total electric solutions.

As HCE prepares to embark on the next phase of its electrification journey, one in which electrification will transition from niche to mainstream and load will grow significantly. To inform its evolving strategy, and to prioritize customer programs and projects, HCE

evaluated the market potential, community and system impacts, and implementation of programs and policies. In May 2021, HCE teamed up with RMI (formerly Rocky Mountain Institute) in developing a BE concept paper that focused on expansion of electricity to end uses including mobility and heating and cooling. During the second half of 2021, RMI studied local and national data sets, conducted multiple interviews with Staff, performed desktop research, and conducted quantitative analysis to complete the Staff report.

The BE report details the criteria used by consumers to compare options, describes how those options compare to non-electrical choices, and estimates potential impacts to HCE in terms of both energy sales and capacity needs for 2035 and 2050.

The full report along with a set of summary slides was given to the Board prior to the Board meeting. [14:03]

- c. Revisions to Tariffs, Rules and Regulations—Net Metering. President and CEO Hannegan proposed changes to HCE’s Tariffs, Rules and Regulations with respect to net metered solar generation. Lisa Reed gave a verbal presentation and then answered questions from Board members regarding the proposed changes to the Tariff.

During its 2021 session, the Colorado General Assembly passed SB21-261, “Public Utilities Commission Encourage Renewable Energy Generation”, that made several changes to State law intended to increase the deployment of renewable energy generation facilities to meet Colorado’s energy needs.

Of most interest to HCE, SB21-261 made changes in four specific areas related to “net metered” generation, principally rooftop solar PV systems that generate more power than is consumed onsite by the consumer:

1. Statutory size limits on net metered PV arrays were increased from 120% of past energy usage of the home or business to 200% of past energy usage;
2. The use of “meter collar adapters” for interconnection of distributed energy resources (“DERs”) is now required;
3. Net metering consumers must be provided with the opportunity to rollover and bank all of their excess generation credits from one year to the next, unless they request an annual “true-up” or cancel their service;
4. Utilities must offer “virtual net metering” whereby a single facility can provide power to offset the consumption of other facilities owned by the same consumer; or a single facility can be used to power multiple meters on the same physical property.

Although HCE is statutorily exempt from the requirements of SB21-261, HCE has in general sought to meet or exceed the requirements of the PUC’s regulations regarding net metering.

The HCE Strategic Issues Committee met on December 20, 2021, to consider conforming changes to HCE’s Tariffs, Rules and Regulations that incorporate the requirements of SB21-261. After considerable discussion, the Committee recommended that the Tariffs be modified to address items 1 (maximum size) and 3 (credit banking) as follows:

- The system size limit be increased to 25 kW for all members for purposes of eligibility for the “Renewable Energy Net Metering Service – Optional” tariff.
- Systems shall be designed to produce no more than 200% of actual verified average monthly electric consumption of the service account (or projected average monthly consumption if new construction).
- Consumers on time-of-use rate options shall now be eligible for net metering.
- Consumers will be allowed to roll over and bank excess generation credits indefinitely, with an option for an annual true-up to continue if desired.

- HCE continues to reserve the right to make system size exceptions, for example, allowing larger system sizes if installed with battery storage.

The pertinent section of the HCE Tariffs, Rules and Regulations has been amended to reflect these changes and were presented to the Board in both “clean” and “redline” format. Upon motion duly made, seconded, put to a vote and unanimously carried, it was **RESOLVED**, that the proposed changes to the HCE Tariffs, Rules and Regulations regarding net metering service be approved as presented effective as of March 1, 2022. [14:13]

- e. Modify Budget regarding Carry Over of deferred revenue. Director Quinton raised the issue of how to spread the deferred revenue account in the Budget (one year—2022, or two years—2022 and 2023). President and CEO Hannegan described staff’s view of why the Budget showed a use of the deferred revenue in 2022 of \$2.5M and not 2023. Upon motion duly made, seconded, put to a vote and unanimously carried, it was **RESOLVED**, that the 2022 Operating Budget be amended to reduce the use of deferred revenue in 2022 from \$2.5 million to \$2.05 million, and to adjust the ECA accordingly.
- f. Remove Budget Item on Cards to Members. Director Gardner suggested that the line item for purchase and distribution of holiday cards to members be considered by staff on the issue of cost and effectiveness. Other Board members provided input on the line item. [14:27]
- g. Vice Chair Bertuglia announced that Holy Cross was the Founder’s Stewardship Award winner from the Walking Mountain Science Center. [14:30]

Agenda Item 9: 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 a potential litigation matter. All staff members remained in the Board room.

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. Direction was given on negotiations.

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

RESOLVED that the Board exit executive session. [14:37]

Agenda Item 10: Adjourn Board Meeting. Vice Chair Bertuglia continued the meeting at 14:37 p.m. until **February 16, 2022, at 9:00 a.m.** The next meeting will be held in person at Holy Cross’ main office at 0132 Buckhorn Valley Boulevard, Eagle County, Gypsum, CO. Depending on the status of the COVID-19 pandemic, the meeting may be conducted electronically.



Secretary – Robert H. Gardner

APPROVED:



Chair – David C. Munk

Holy Cross REA Board Meeting Schedule [Third Wednesday of each month]
February 16, 2022—in person—Cooley Mesa
March 16, 2022—WebEx
April 20, 2022—WebEx
May 17, 2022—WebEx
The Annual Meeting of Members will be held on June 2, 2022, at Lundgren Amphitheatre & Lawn, 789 Gypsum Creek Road, Gypsum, CO 81637
June 15, 2022—in person
July 20, 2022—WebEx
August 17, 2022 (strategic planning)—in person
September 21, 2022—WebEx
October 19, 2022—WebEx
November 16, 2022—WebEx
December 21, 2022—in person