

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

JANUARY 17, 2024

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 17, 2024, at 9:00 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 seven Directors were present being Robert H. Gardner, Kristen N. Bertuglia, David C. Munk, Adam Quinton, Keith E. Klesner, Linn Brooks, and Alexander DeGolia. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; David Bleakley, Vice President – Engineering; Cody O’Neil, Vice President—Operations; Trina Zagar-Brown, Vice President—Business Services; Sam Whelan, Vice President—Finance; and Jenna Weatherred, Vice President—Member and Community Relations. Also attending was General Legal Counsel Michael A. Westbrook, Jonathan Rosales, Christian Rosas, Kielee Alexander, Kristina Johnson, and Betsey Seymour. Rich Clubine, member of the public, was on the WebEx meeting. No others were on the web meeting.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on December 20, 2023, and then continued to today’s meeting. [09:00]

Agenda Item 3: Public Comment. Chair Munk asked for comments of members of the public present. No comments were received from Mr. Clubine. [09:01]

Agenda Item 4: Employee Recognition.

January Service Recognition:

Shannon Epp, Journey Lineworker, is celebrating 15 years of service.

Joanna Whiting, Member Services Representative II, is celebrating 5 years of service.

Recent New Hires, Promotions and Departures:

Ronne Stevens, Line and Meter Technician, retired from Holy Cross after 38 years of dedicated service. His last day was January 2, 2024. We wish him a long, happy retirement.

Connor Guest’s one-year IT Internship concluded. His las day was January 8, 2024.

John Villegas joined us on January 8, 2024, as an IT Tech Analyst II Glenwood Springs.

[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 20, 2023, Regular Meeting
- b. Treasurer’s Report
- c. Safety Committee Minutes

- d. Diversity, Equity, and Inclusion Committee Minutes
- e. Power Supply Report
- f. System Reliability Report
- g. Community Energy Systems Report
- h. Member Participation Report
- i. Legislative and Regulatory Report
- j. Attorney's Report
- k. Board Committee Reports
 - i. Communications
 - ii. Finance
 - iii. Governance
 - iv. Strategic Issues
- l. 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
 - v. Federated Rural Electric Insurance Exchange
 - vi. Touchtone Energy Cooperative

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 as amended be approved as presented. [9:55]

Agenda Item 6: Staff Reports. The Staff Reports had been delivered to the Board members prior to the meeting. Questions from Board members were answered by staff members. [10:32]

A break was taken. [10:32 to 10:47]

Agenda Item 7: Old Business. None. [10:47] Mike Sassman of NRECA joined the meeting.

Agenda Item 8: New Business.

- a. Member Satisfaction Survey.

Jenna Weathered and Mike Sassman shared the results of the Member Satisfaction Survey, and they answered questions from Board Members. The top-line findings based on the results of an online survey of 690 residential members of Holy Cross Energy conducted in late November to early December of 2023.

Member Satisfaction and ACSI

- Although satisfaction with HCE continues to be excellent, it is lower than in previous studies with a mean rating of 8.95. This is higher than the Co-op Norms mean rating of 8.90. Ratings of the other American Customer Satisfaction Index (ACSI) measures are also very good. The coop's ACSI is 85 and the retention estimate is 80%. While the ACSI is 3 points lower than 2022, it is the same as the Touchstone Energy 2022 score (85).
- **The mean ratings** for 16 of the 18 service attributes are evaluated above 4.00 on a 5- point scale, which is considered "good". 10 attributes receive mean ratings higher

than 4.50, the “excellent” threshold. Holy Cross receives the highest ratings for their employees being friendly/courteous and highly trained/professional.

- Compared to the 2022 study, 10 of the mean ratings are significantly lower and all but one are lower than in at least one of the studies prior to 2022.
- **Having members’ best interests at heart is by far the strongest key driver of overall satisfaction.** This means that this is the area that is the most likely to impact satisfaction. While this year’s score is lower than previous years at 4.33, it is almost identical with the Co-op norm at 4.34. Social responsibility has had the greatest impact on this rating.
- **Electric Cost:** This is the area that contains the two lowest-rated attributes in the study, charging reasonable rates and having reasonable monthly service fees. Mean ratings for both attributes dropped below 4.0 in 2023 for the first time since 2019.
- **Social Responsibility:** The two attributes that are included in this area are evaluated above 4.50. Community support is at 4.51, and environmental concern is at 4.48, both similar to Co-op norms but lower than last year.
- **Payments and Bills** is the next driver of satisfaction. Again, both attributes in this driver are evaluated as being good or excellent with mean ratings similar to the Co-op Norms. However, both are lower than in the 2022 study. Convenient payment options is at a 4.53 and Accurate, easy to understand bills is at a 4.39.
- The final two drivers of overall satisfaction are **Member Service** and **Electric Service**. These two drivers are identical in their impact on satisfaction.
 - **Member Service:** This is the area that contains the two highest rated attributes in the study, having friendly and courteous and highly trained and professional employees with a 4.63 and a 4.59.
 - **Electric Service:** The four attributes included in this driver are evaluated very well and are similar to or higher than the Co-op Norms, all at a 4.48 or above.
- **Eight programs/services** related to cost and paying bills were tested to measure members’ awareness and use of each. Members are by far most likely to be aware of and use bill autopay. Awareness and use is lowest for Western Union Quick Collect and use is also low for Vanilla Direct bill payment, bill pre-pay, and budget billing.
- **Awareness and use of four payment assistance/energy efficiency programs** were also measured. Members are most likely to be aware of the Colorado Low-income Energy Assistance Program (LEAP). Awareness of the other three programs is similar. While use is low for all four programs, it is highest for the IQ Weatherization Assistance programs and HCE IQ community solar array. There are a few significant changes in awareness and/or use from previous studies:
 - LEAP: Awareness is higher than in 2020
 - IQ Weatherization Assistance: Awareness is higher than in 2020
 - Energy Outreach Colorado: Use is lower than in 2021
- **Half of HCE members feel they are a member of the co-op** or both a member and customer. Total member identity is consistent with all of the previous studies. It is slightly higher than the Co-op Norms. There are a number of member groups that have higher member identity than do their individual counterparts. Some of the more notable groups are:
 - Seasonal residents

- Older members
- Longer-tenured members
- “Members” are more likely than “customers” to:
 - Be more satisfied with the co-op and give higher ratings on the performance attributes
 - Have higher member loyalty
 - Be aware of the various programs and services tested (although not all of the differences are significant)
 - Have participated in co-op events
- **The Member Loyalty Index (MLI)** is a statistically significant and reliable measure of customer engagement and loyalty. It measures a customer’s emotional attachment to his/her co-op. Increasing emotional attachment is the key to increasing customer trust in the co-op and willingness to take action on their behalf.
- The MLI consists of five measures in which survey participants are asked to evaluate their level of agreement on a 10-point scale.
- Members most strongly agree that they *have a good relationship with Holy Cross*. Conversely, agreement is lowest for the statement *I am proud to be associated with Holy Cross*. Agreement for all five statements is lower than in 2022 and most of the other previous studies. With statement agreement down from previous studies, it is not surprising that the MLI has also declined. HCE’s MLI is also lower than the Co-op Norms (85). [12:07] A break was taken. [12:07-13:00]

b. Annual Safety and Loss Report. Annual Safety and Loss Report. Mr. DeCrow presented the 2023 Annual Safety and Loss Report.

- The Total Recordable Cases Incident Rate (TRCIR) was 5.14 reflecting a total of 8 recordable incidents in 2023.
- The Days Away, Restricted, or Transferred (DART) rate was 3.21.
- There was one General Liability/Property Damage claim in 2023 for \$18,231.
- There were four Auto Liability/ Physical Damage claims in 2023 for a total of \$28,275.

Nearly all incidents occurred within Operations, split proportionately between districts. As in previous years, most common injuries are strains and sprains as well as lacerations (resulting from cutting wire).

Included a report on our 2023 Safety Improvement Plan, showing progress on its implementation during the calendar year. Mr. DeCrow responded to questions from Board members. [13:29] Mr. DeCrow left the meeting.

c. NRECA Colorado Director Election. President and CEO Hannigan provided information and statements from candidates to inform the Board’s consideration of candidates for the open NRECA Colorado Director position.

Background:

Joe Martin (Mountain View Electric Association) has represented Colorado on the NRECA board since 2014. Unfortunately, due to health concerns, Joe has announced that he will no longer be able to represent Colorado and will resign his seat at the March 2024 PowerX-change Conference.

Colorado will elect a new representative at the Colorado NRECA meeting to be held on January 31, 2024, preceding the CREA Annual Meeting. Five individuals are known to have announced their candidacy thus far:

- Jack Johnston, the Chief Executive Officer at Delta-Montrose Electric Association
- Deborah Rose, a Director from San Isabel Electric Association
- Bryan Ehrlich, a Director from Poudre Valley Rural Electric Association
- Dennis Herman, the General Manager at Highline Electric Association
- Creede Hargraves, a Director from San Luis Valley Rural Electric Cooperative

Discussion about the NRECA Colorado director position ensued. [13:52]

d. Amendment to Tariffs, Rules and Regulations.

President and CEO Hannegan and Mr. Whelan presented amendments to HCE's electric service tariffs, rules, and regulations to the Board for consideration. During 2021 and 2022, the Board and staff worked on developing a multi-year rate strategy for the purpose of:

- Managing the financial aspects of the transition to a clean energy future
- Better aligning rates with costs of service to members
- Collecting the necessary revenue to meet HCE's financial targets
- Keeping HCE's rates competitive with other Colorado utilities

The multi-year rate restructure plan was approved by the Board in January of 2023, and posted as proposed tariff changes in accordance with HCE's policies and applicable State law. Following considerable public comment, the plan was formally rescinded in September of 2023, to allow for staff to work with the Colorado Energy Office and various stakeholders on "net metering reform" that will accomplish four key principles:

1. Enable the State to achieve its climate and clean energy goals
2. Support a vibrant solar industry in Colorado
3. Ensure the financial sustainability of the State's electric utilities
4. Provide for affordability and equity for all consumers

At the December 2023 Board meeting, the Board reviewed the 2024 proposed operating budget. As a part of that process, the Board amended the operating budget to (1) assume an increased fixed charge (as previously proposed for the 2023 rate plan) and (2) incorporate the rounded resulting budgeted Energy Cost Adjustment of 0.525 cents/kWh into the energy charge in HCE's rates and tariffs.

Accordingly, HCE staff has prepared redlines of the rates and tariffs for the Board's review, as summarized below:

All Classes

- Rounded down ECA of 0.5 cents/kWh added to the energy rate

Residential

- Small Residential fixed charge from \$12/mo to \$16/mo
- Large Residential fixed charge from \$28/mo to \$45/mo

Commercial

- Small Commercial fixed charge from \$18/mo to \$20/mo
- Large Commercial fixed charge from \$28/mo to \$62/mo

Time-of-Use (TOU)

- Residential TOU fixed charge from \$12/mo to \$16/mo
- Commercial TOU fixed charge from \$12/mo to \$20/mo

Vail Resorts

- Maintain existing rate, roll ECA into kWh rate

Aspen Skiing Company

- Maintain existing rate, roll ECA into kWh rate

Street/Security Lighting

- Rate increased by 6.9% to align with added ECA

The proposed changes to the Tariffs, Rules and Regulations also include a number of other changes unrelated to the multi-year rate plan, but deemed desirable by staff based on past conversations with the Board regarding member programs and services:

Peak Time Payback

- Increase Critical from \$1/kWh to \$1.50/kWh
- Increase High from \$0.50/kWh to \$0.75/kWh

PuRE

- Update rates based on actual cost of Renewable Energy Credit purchases.
- Wind from \$1.25/100-kWh to \$0.25/100-kWh
- Hydroelectric from \$1.75/100-kWh to \$0.30/100-kWh
- Solar from \$2.00/100-kWh to \$0.35/100-kWh

AMI Opt-Out

- Cost will go from \$10 to \$15 per month to manually check the meter.

Late Fees

- In the collection process, remove \$5 charge when the final bill is issued as it requires minimal extra work and is counterproductive when the member cannot afford to pay the bill.
- 2023 late fee analysis

| Class | Late Fee | Avg # Customers/month |
|-------------|-----------|-----------------------|
| Commercial | \$ 6,890 | 82 |
| Irrigation | \$ 10 | 1 |
| Lighting | \$ 25 | 1 |
| Residential | \$ 52,960 | 840 |

Other Administrative Updates

- Clarifications to the DER Generation Service requirements
- Tax and insurance updates to both the DER Service Agreement Tariff and Distribution Flexibility Tariff
- Non-Sufficient Fund (NSF) processing fee for checks from \$35 to \$20
- Provide HCE staff discretion to require ACH deposits
- Move Budget Billing to a 9% average to align with billing system

After discussion among the Board members, and after questions from Board members to staff were answered, upon motion duly made, seconded and unanimously carried, it was **RESOLVED**, that the proposed changes to the Tariffs, Rules and Regulations of Holy Cross be approved as presented to the Board; and

FURTHER RESOLVED, that the effective date of such changes be April 1, 2024; and **FURTHER RESOLVED**, that staff is directed to publish the changes and take public comment on such changes as provided by law. [14:24]

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 employment and potential litigation 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.

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

RESOLVED that the Board exit executive session. [14:43]

Agenda Item 10: Items for Future Agendas. President and CEO Hannegan presented a list of subjects that will be considered in the upcoming monthly board meetings. Discussion about the subjects and any additions ensued. [14:58]

Agenda Item 11: Continuation of Board Meeting. Chair Munk continued the meeting at 14:58 p.m. until Wednesday, February 21, 2024, at 9:00 a.m. The next meeting will be held in-person at Cooley Mesa.



Secretary – Alexander DeGolia

APPROVED:



Chair – David C. Munk

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| 2024 Holy Cross REA Board Meeting Schedule [Third Wednesday of each month] |
| February 21, 2024—in person at Cooley Mesa |
| March 20, 2024—WebEx |
| April 17, 2024—WebEx |
| May 15, 2024—WebEx |
| The Annual Meeting of Members will be held on June 6, 2024, at 4 Eagle Ranch, 4098 Hwy 131, Wolcott, CO 81655 |
| June 20, 2024—in person |
| July 17, 2024—WebEx |
| August 14, 2024 (strategic planning)—in person |
| September 18, 2024—WebEx |
| October 23, 2024—WebEx |
| November 20, 2024—WebEx |
| December 18, 2024—in person at Glenwood |