

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

**OCTOBER 25, 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 Cooley Mesa office at 0132 Buckhorn Valley Boulevard in Eagle County, Gypsum, CO, on October 25, 2024, at 9:00 a.m. The meeting was also held on Webex. 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, Robert H. Gardner, Kristen N. Bertuglia, David C. Munk, Adam Quinton, Keith E. Klesner, Alexander DeGolia, and Linn Brooks. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; David Bleakley, Vice President – Engineering; Cody O’Neil, Vice President—Operations; Sam Whelan, Vice President—Finance; Jenna Weatherred, Vice President—Member and Community Relations; and Trina Zagar-Brown, Vice President—Business Services. Also attending was General Legal Counsel Randolph W. Starr [Webex], Jonathan Rosales Perez, Christian Rosas, and Betsey Seymour. No others were at the meeting or on the web meeting.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on September 18, 2024, and then continued to today’s meeting. [09:00]

Agenda Item 3: Public Comment. Chair Munk asked for comments from members of the public present. No members of the public were present in person or on the web. [09:00]

Agenda Item 4: Employee Recognition.  
September Service Recognition:

Dalton Long, Apprentice Lineworker IV is celebrating 5 years of service.

Recent New Hires, Promotions and Departures:

Conner Swatloski has been promoted to System Operations Engineer I, effective October 1, 2024.

Tyler Thomas joined us on October 7, 2024, as an Apprentice Lineworker I in Glenwood Springs.

Courtney Raab has been promoted to IT Tech Analyst I, effective October 21, 2024.

Jonathan Rosalez Perez has been promoted to IT Tech Analyst II, effective October 21, 2024. [09:08]

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 September 18, 2024, Regular Meeting
- b. Treasurer’s Report
- c. Safety Committee Minutes
- d. Cyber and Physical Security Committee Minutes

- e. Diversity, Equity, and Inclusion Committee Minutes
- f. Power Supply and Programs Report
- g. System Reliability Report
- h. Community Energy Systems Report
- i. Member Participation Report
- j. Legislative and Regulatory Report
- k. Attorney's Report
- l. Board Committee Reports
- m. Directors' Reports

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. [09:54]

Agenda Item 6: Staff Reports. The Staff Reports were delivered to the Board members prior to the meeting. Questions from Board members were answered by staff members. [10:09]

Agenda Item 7: Old Business.

- a. None. [10:09]

Agenda Item 8: New Business.

- a. RESAP Safety Review Results. Safety Coordinator Brian DeCrow provided a visual and verbal overview of the tri-annual Rural Electric Safety Achievement Program "RESAP" audit that was conducted by CREA on September 30 – October 2, 2024. The audit consists of 17 sections with ratings from "fails to satisfy" to "exceeds requirements" on each item, and the audit includes general comments and recommendations. The 2024 results show a significant improvement over the previous three audits (2021, 2018, and 2015) with no areas noted in which Holy Cross failed to satisfy the RESAP requirements. [10:10]
- b. Amendment to 2024 Operating Budget. Vice President Whelan gave a verbal and visual presentation about amendments to the 2024 Operating Budget intended to achieve a smooth ECA (Energy Cost Adjustment) transition from year to year. Staff proposed authorization of the deferral of revenue in the amount of the TIE true-up (\$1.7MM) to 2025, and to fix the ECA at -1.0 ¢/kWh for the remainder of 2024. This change will continue to pass back significant savings to our members in 2024 through the negative ECA, while providing deferred revenue to offset the expected increase in TIE costs in 2025. There still may be volatility with year-end sales and costs, and the Board will have an opportunity to make a final determination on deferred revenue at the year-end financial review in February of 2025. Due to the continued large, deferred revenue balance, the Board may wish to consider utilizing deferred revenue to decrease costs in 2025 (during the operating budget approval) or to provide a one-time patronage capital distribution (during the February 2025 financial review). Mr. Whelan, with input from President and CEO Hannegan, responded to questions from Board members. Further discussion among the Board members ensued. After the discussion, upon motion duly made, seconded, put to a vote and unanimously carried, the following resolution was adopted:

**RESOLVED**, that the Electric Cost Adjustment (ECA) be fixed at -1.0 ¢/kWh for the remainder of 2024, and the amended 2024 Operating Budget be approved as presented. [10:18]

- c. Amendment to Rates and Tariffs – Process for Proposed Changes. President and CEO Hannegan presented proposed amendments to Holy Cross Energy’s electric service tariffs, rules, and regulations to the Board for approval and to present public comments in response thereto. Section 5110A of the Holy Cross Tariffs, Rules and Regulations provides that:
- “Tariffs are subject to revision by the Board of Directors of HCE upon 30 days’ notice to consumers.”

In practice, the process for making changes to the Tariffs involved the following steps:

1. Board vote to approve or disapprove the proposed change
2. Provide the required 30 days’ notice
3. Collect public comments (if any)
4. Implement the tariff change (unless the Board decided to reconsider it based on public comments)

Following the proposal of tariff changes and rate restructuring in January 2023, Holy Cross received feedback from stakeholders that the above-described process did not allow sufficient opportunity for public comment to be considered in the Board’s final decision. In particular, the act by the Board to approve or disapprove the proposed change was deemed by many stakeholders to be a “final decision” that would not be changed by public comment. To address these stakeholder concerns, the Board Communications Committee met and considered a change in the tariff change process in order to allow for public comments *\*prior\** to any Board action to approve or disapprove a proposed tariff charge. As discussed at the Committee meeting, the revised tariff change process would proceed as follows:

1. Board vote to *\*notice\** the proposed change
2. Provide the required 30 days’ notice
3. Collect public comments (if any)
4. Board vote on whether to approve or disapprove the tariff change (taking public comments into account)

Although the proposed new process would require two Board votes rather than one, the Communications Committee felt that moving to a standard “notice and comment” approach typical of most government processes would provide transparency and value to members worth the extra process steps and Director and staff time and resources. To implement the proposed new process, Staff drafted the following amendments to Section 5110 of HCE’s existing Tariffs, Rules and Regulations (deletions struck through, additions in italics):

#### 5110 TARIFF SELECTION AND CHANGES

##### A. DEFINITION

Tariffs are the rates charged for electric energy and services. Tariffs are subject to revision by the Board of Directors of HCE ~~upon 30 days’ notice to consumers~~ ***at any time provided that:***

- 1. such proposed tariff revisions have been duly noticed to consumers and the public not less than 30 days in advance of the proposed revision date;***
- 2. consumers and the public are provided opportunity for public comment on the proposed tariff revisions during the 30-day notice period; and***
- 3. when considering the proposed tariff revisions, the Board shall review all public comments received during the 30-day notice period.***

As these amendments are to Holy Cross’s existing Tariffs, Rules and Regulations, Staff suggested that the proposed process be followed here (including opportunity for public comment), as it was in the most recent revisions to the Tariffs in May 2024 pertaining to Master Meters. Discussion among the Board members ensued. Questions were posed to President and CEO Hannegan, and other input was given by staff members. After the discussion,

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

**RESOLVED**, that the proposed changes to the Tariffs, Rules and Regulations of Holy Cross be approved as presented; and

**FURTHER RESOLVED**, that the effective date of such changes be December 1, 2024. [10:20] A break was taken. [10:20 to 10:35]

- d. Amendment to Bylaws – Director Terms. President and CEO Hannegan presented proposed amendments to the Bylaws making changes to the terms of office for Board Directors and Board officers, and to establish a regular review of district boundaries. Discussion about the proposed bylaw changes ensued among the Board members. As the change will need to be properly noticed, the proposed amendments will be included in the November Board Meeting Agenda. The proposed changes are summarized as follows:
- Director Terms: Article IV, Section 4 of the Holy Cross Electric Association, Inc. Bylaws (the “Bylaws”) specifies the Term of Office for Directors, currently four years on a staggered rotation with no limit on the number of terms an individual Director may serve so long as they meet the qualifications of Article IV, Section 2. Following considerable discussion, Staff was directed to draft a proposed amendment to the Bylaws establishing a limit of three terms for any Director.
  - Board Officer Terms: Article VI, Section 2 of the Bylaws describes the process for election and the terms of office for the Chair, Vice Chair, Secretary and Treasurer, with no limit on the number of terms an officer may serve. Following extensive discussion, Staff was directed to draft a proposed amendment to the Bylaws establishing a limit of three one-year terms for any specific Director to serve in a specific officer position (a Board member could serve another three terms in another officer position). [11:10]
- e. Round-Up Program Participation. Vice President Weatherred gave a verbal and visual presentation that requested a decision as to whether member participation in the Round-Up Foundation should be made “opt-out” rather than the present “opt-in” voluntary approach. Vice President Weatherred presented three options for consideration:
- Option 1: All new members and members transferring service will be automatically enrolled into the program beginning in 2025. If this option was put into practice in January 2025. The estimated amounts that could be expected to be collected each year, assuming an average donation per meter of \$ 0.50 per month with 75% of enrolled members staying enrolled and no major changes in the number of meters was presented.
  - Option 2: All current members of Holy Cross would be automatically enrolled beginning on a certain date and all new members would be enrolled from there forward. If this option was put into practice in January 2025. The estimated amounts that could be expected to be collected each year, assuming an average donation per meter of \$ 0.50 per month with 75% of enrolled members staying enrolled and no major changes in the number of meters was presented.
  - Option 3: Members are educated and encouraged to participate in a more focused and impactful manner, but it would remain completely optional. This would result in an estimated 50 new participating members each month. From July – September, Member Services implemented a new “New Service Request” form on the website.

77 of the 354 members that used the form signed up for Round Up. We would move the default on the application to agreeing to participate rather than leaving it blank (not participating).

Staff recommended adoption of Option 3. Discussion among the Board members ensued. Questions were posed to Vice President Weathered. After the discussion, upon motion duly made, seconded, put to a vote and unanimously carried, the following resolutions were adopted:

**RESOLVED**, that \$30,000 in funding be allocated to the Round-Up Foundation in the 2025 Operating Budget; and

**FURTHER RESOLVED**, that Holy Cross continue to match member and employee contributions to the Round-Up Foundation in 2025; and

**FURTHER RESOLVED**, that up to \$50,000 in Holy Cross staff time and expenses be allocated in the 2025 Operating Budget to support the work of the Round-Up foundation.

[11:23]

Agenda Item 9: Draft 2025 Capital Budget. Vice President Whelan provided provide a high-level overview. The existing 2025 capital plans incorporate known estimates on budget and incorporated expected inflation due to continued supply chain impacts on Holy Cross's business. The 2025 capital summary is below, compared to the 2023 and 2024 capital budgets.

	Jan-Sep 2024					
	2023 Actual	2023 Budget	Actual	2024 Budget	2025 Budget	Carryover
Subtotal Generation	\$1,212,330	\$1,711,543	\$3,441,211	\$3,727,323	\$404,936	\$0
Subtotal Distribution	\$12,372,212	\$15,240,000	\$8,337,955	\$12,525,000	\$11,865,002	\$2,550,000
Subtotal Substation and Transmission	\$427,261	\$3,138,000	\$374,732	\$4,350,000	\$200,000	\$500,000
Subtotal Information Technology	\$2,976,443	\$2,788,440	\$3,651,515	\$5,871,503	\$5,383,000	\$1,228,000
Subtotal General Plant	\$1,784,171	\$3,453,000	\$1,583,092	\$4,820,500	\$4,571,775	\$2,477,225
Subtotal Power Supply	\$3,070,843	\$8,556,383	\$1,759,886	\$6,700,000	\$160,000	\$4,245,000
Subtotal Special Projects	\$133,141	\$985,000	\$314,528	\$583,000	\$2,040,000	\$310,000
Grand Total	\$21,976,401	\$35,872,366	\$19,462,919	\$38,577,326	\$24,624,713	\$11,310,225

		Jan-Sep 2024				
	2023 Actual	2023 Budget	Actual	2024 Budget	2025 Budget	Carryover
<b>Generation</b>						
Comanche 3	\$1,212,330	\$1,711,543	\$3,441,211	\$3,727,323	\$404,936	\$0
<b>Subtotal Generation</b>	<b>\$1,212,330</b>	<b>\$1,711,543</b>	<b>\$3,441,211</b>	<b>\$3,727,323</b>	<b>\$404,936</b>	<b>\$0</b>
<b>Distribution</b>						
Reliability	\$1,411,530	\$1,470,000	\$13,880	\$775,000	\$1,950,000	\$100,000
Replacement	\$9,340,449	\$10,050,000	\$6,925,855	\$6,800,000	\$7,625,001	\$0
Smart Grid	\$918,962	\$1,500,000	\$505,928	\$850,000	\$890,001	\$0
Fire Mitigation	\$492,147	\$1,920,000	\$335,746	\$2,350,000	\$1,100,000	\$1,250,000
Resiliency	\$132,732	\$0	\$328,304	\$1,500,000	\$300,000	\$1,200,000
RFP Upgrades	\$0	\$300,000	\$228,242	\$250,000	\$0	\$0
Unclassified	\$76,392	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Distribution</b>	<b>\$12,372,212</b>	<b>\$15,240,000</b>	<b>\$8,337,955</b>	<b>\$12,525,000</b>	<b>\$11,865,002</b>	<b>\$2,550,000</b>
<b>Substations and Transmission (TIE)</b>						
Upper Eagle Valley Transmission	\$316,783	\$1,200,000	\$286,862	\$300,000	\$100,000	\$0
Wolcott - Second Station Power	\$0	\$0	\$0	\$0	\$100,000	\$0
Wolcott - Relay Upgrade	\$61,913	\$0	\$0	\$0	\$0	\$0
New Relays- 115 kV and 230 kV	\$0	\$0	\$87,870	\$3,400,000	\$0	\$0
RFP Transmission Upgrades	\$0	\$204,000	\$0	\$0	\$0	\$0
Other Transmission	\$48,565	\$1,734,000	\$0	\$650,000	\$0	\$500,000
<b>Subtotal Substation and Transmission</b>	<b>\$427,261</b>	<b>\$3,138,000</b>	<b>\$374,732</b>	<b>\$4,350,000</b>	<b>\$200,000</b>	<b>\$500,000</b>
<b>Information Technology</b>						
Fiber Expansion	\$1,878,742	\$1,500,000	\$3,132,353	\$4,835,000	\$4,140,000	\$928,000
IT Services	\$0	\$150,000	\$398,785	\$370,800	\$661,000	\$0
IT Infrastructure	\$723,102	\$704,880	\$110,809	\$360,975	\$582,000	\$0
Cybersecurity	\$374,599	\$433,560	\$9,568	\$304,728	\$0	\$300,000
<b>Subtotal Information Technology</b>	<b>\$2,976,443</b>	<b>\$2,788,440</b>	<b>\$3,651,515</b>	<b>\$5,871,503</b>	<b>\$5,383,000</b>	<b>\$1,228,000</b>
<b>General Plant</b>						
<b>Vehicles and Boom Trucks</b>						
Boom and Bucket Trucks	\$307,886	\$1,705,000	\$446,303	\$2,475,000	\$600,000	\$2,025,000
Vehicles and Trucks	\$773,606	\$605,000	\$194,155	\$357,000	\$798,000	\$0
ATVs, Trailers, Special Equipment	\$366,634	\$544,000	\$240,013	\$883,000	\$640,000	\$0
<b>Vehicles and Boom Trucks Subtotal</b>	<b>\$1,448,126</b>	<b>\$2,854,000</b>	<b>\$880,471</b>	<b>\$3,715,000</b>	<b>\$2,038,000</b>	<b>\$2,025,000</b>
<b>Other General Plant</b>						
Avon/Cooley Heat Pumps	\$0	\$150,000	\$0	\$0	\$0	\$0
High Sites Roof Replacements	\$137,264	\$160,000	\$0	\$0	\$0	\$0
PV Fencing	\$101,207	\$112,000	\$0	\$0	\$0	\$0
Generator	\$0	\$0	\$0	\$0	\$495,000	\$0
Other General Plant	\$97,574	\$177,000	\$702,621	\$1,105,500	\$2,038,775	\$452,225
Other General Plant	\$336,045	\$599,000	\$702,621	\$1,105,500	\$2,533,775	\$452,225
<b>Subtotal General Plant</b>	<b>\$1,784,171</b>	<b>\$3,453,000</b>	<b>\$1,583,092</b>	<b>\$4,820,500</b>	<b>\$4,571,775</b>	<b>\$2,477,225</b>

	Jan-Sep 2024					
	2023 Actual	2023 Budget	Actual	2024 Budget	2025 Budget	Carryover
<b>Power Supply/Programs</b>						
Clean Energy Collective	\$0	\$1,456,383	\$5,030	\$1,000,000	\$0	\$650,000
Power+	\$2,714,551	\$6,000,000	\$1,418,720	\$5,410,000	\$0	\$3,500,000
Power Supply Acquisitions - Generation	\$129,327	\$1,000,000	\$0	\$0	\$0	\$0
Software	\$226,965	\$100,000	\$292,972	\$180,000	\$135,000	\$0
Buttermilk Chargers	\$0	\$0	\$0	\$0	\$25,000	\$0
Campus EVSE	\$0	\$0	\$33,148	\$15,000	\$0	\$0
Cooley Mesa Energy Demo	\$0	\$0	\$10,016	\$95,000	\$0	\$95,000
<b>Subtotal Power Supply</b>	<b>\$3,070,843</b>	<b>\$8,556,383</b>	<b>\$1,759,886</b>	<b>\$6,700,000</b>	<b>\$160,000</b>	<b>\$4,245,000</b>
<b>Special Projects</b>						
Other Projects						
Mortgage Assistance	\$128,400	\$185,000	\$298,645	\$200,000	\$200,000	\$250,000
Thermal Energy Network	\$0	\$0	\$3,600	\$0	\$1,800,000	\$0
Wellness	\$0	\$0	\$0	\$10,000	\$0	\$0
Safety Trailer	\$0	\$0	\$0	\$60,000	\$40,000	\$60,000
GHG	\$0	\$0	\$12,283	\$50,000	\$0	\$0
Website	\$4,741	\$300,000	\$0	\$0	\$0	\$0
Community Energy Systems	\$0	\$500,000	\$0	\$0	\$0	\$0
Utility Marketplace	\$0	\$0	\$0	\$263,000	\$0	\$0
<b>Subtotal Special Projects</b>	<b>\$133,141</b>	<b>\$985,000</b>	<b>\$314,528</b>	<b>\$583,000</b>	<b>\$2,040,000</b>	<b>\$310,000</b>
<b>Grand Total</b>	<b>\$21,976,401</b>	<b>\$35,872,366</b>	<b>\$19,462,919</b>	<b>\$38,577,326</b>	<b>\$24,624,713</b>	<b>\$11,310,225</b>

Presentations and a detailed breakdown of the long-range Construction Engineering and IT capital workplans were given to the Board prior to the meeting for review. Staff gave a verbal and visual presentation about the budgets and workplans and answered questions of Board members. No action was required by the Board at this time. The full 2025 Operating and Capital Budgets will be presented to the Board for review and approval in December. [11:42]

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 litigation and personnel matters. 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 to negotiators.

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

**RESOLVED**, that the Board exit executive session. [12:35]

Agenda Item 11: Items for Future Agendas. Discussion about the items on the list ensued. [14:58]

Agenda Item 12: Continuation of Board Meeting. Chair Munk continued the meeting until **Thursday, November 21, 2024, at 10:00 a.m.** [Note: New Date and Time.] The next meeting will be held by Webex. [14:58]



Secretary – Alexander DeGolia

APPROVED:



Chair – David C. Munk

<b>2024-2025 Holy Cross Energy Board Meeting Schedule</b> [Third Wednesday of each month]
<b>November 21, 2024</b> —Webex <b>NOTE NEW DATE</b>
December 18, 2024—in person at Glenwood
January 15, 2025 – Webex
February 19, 2025—in person at Cooley Mesa
March 19, 2025—Webex
April 16, 2025—Webex
May 21, 2025—Webex
The Annual Meeting of Members will be held on June [TBD] 2025, at _____
June 18, 2025—in person at Glenwood
July 16, 2025—Webex
August 20, 2025 (strategic planning)—in person TBD
September 17, 2025—Webex
October 15, 2025—in person at Cooley Mesa
November 19, 2025—Webex
December 17, 2025—in person at Glenwood