

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

SEPTEMBER 17, 2025

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 September 17, 2025, 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 Adam Quinton called the meeting to order and reported that all seven Directors were present, Robert H. Gardner, Adam Quinton, Alexander DeGolia, Linn Brooks, and Kim Schlaepfer. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; David Bleakley, Vice President – Engineering; Cody O’Neil, Vice President—Operations; Jenna Weatherred, Vice President—Member and Community Relations; Trina Zagar-Brown, Vice President—Business Services. Also attending was General Legal Counsel Karl K. Kumli, III, Jonathan Rosales Perez, and Betsey Seymour.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Quinton adjourned the meeting of the Board of Directors originally convened on August 20, 2025, and then continued to today’s meeting.

Agenda Item 3: Public Comment. Chair Quinton asked for comments from members of the public present. Mr. Hannegan noted that there were no members of the public present.

Agenda Item 4: Employee Recognition.
August Service Recognition:

Brian DeCrow has been promoted to Safety & Security Administrator – effective August 1, 2025.

Nathalie Verellen’s summer Engineering Intern position has ended; her last day was August 14, 2025.

Stephen Dyer joined us on August 25, 2025, as a Material Handler.

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 Regular Meeting of August 20, 2025
- 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. Member and Community Relations Report

- i. Legislative and Regulatory Report
- j. Attorney's Report
- k. Board Committee Reports
- l. Directors' Reports

Questions posed by Directors were answered by staff. 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.

Agenda Item 6: Staff Reports. Staff reports were delivered to Directors prior to the meeting. Questions from Directors were answered by staff.

Agenda Item 7: Old Business. None.

Agenda Item 8: New Business.

a. Key Ratio Trends Analysis. Vice President Sam Whelan provided a brief review of key financial performance indicators for Holy Cross in comparison to other cooperative utilities, using Form 7 dad. The Key Ratio Trend Analysis (KRTA) is a tool provided by CFC to help staff and the Board comprehend a complete picture of our system performance. The KRTA provides 145 ratios and includes information on other state cooperatives and national data from all cooperatives that are CFC borrowers. The 2024 KRTA includes data from 815 cooperatives in the US, 22 in the state of Colorado and 6 within our Power Supplier category (wholesale customers of Xcel Energy/PSCo and Guzman).

Director Dave Munk joined the meeting.

A brief break was taken.

b. Electric Rate Comparison. Vice President Sam Whelan provided a comparison of Holy Cross' electric rates compared to the respondents to the CAMU rate survey.

Every six months (January and July) CAMU requests each electric utility in the state of Colorado to provide their electric bill for a fictitious customer with specific consumption for four types of electric consumer. HCE has provided the implied bill for three of those customers as HCE does not have an applicable rate for CAMU's Industrial customer class. Although this isn't a perfect comparison of rate amongst utilities, the survey provides a useful way to compare bills of an "average" Colorado customer. Staff provided the related graphs for those responses. Holy Cross's July rates and tariffs are shown by the green bar and with rankings against those that have responded to the survey regardless of the corporation's status (IOU, Cooperative or Municipal). Lines in orange indicate the results of HCE's proposed rate design. HCE continues to have lower rates than most of the utilities in Colorado, in line with our strategic priorities. HCE's rates include the addition of a franchise fee as well as the WeCARE rate rider, which may other utilities do not have.

John Rowley and Director Keith Klesner joined the meeting.

c. Transmission Project Update. Vice President David Bleakley provided the Board with an update on the status of the 115kV transmission line project that connects the Avon Substation to the Gilman Substation. Work began back in 2015 to find a buildable route for a 115kV transmission connection. The project evolved over the years to include both overhead and underground

transmission line. The update by staff provided some history of the project, discussed the challenges that are faced, the status of the project now, the anticipated permitting work to come, and the anticipated in-service date (ISD).

Phil Armstrong joined the meeting.

e. Health and Welfare Trust Renewal. Director of Human Resources John Rowley and Benefits Administrator Jenny Langhorst provided the Board with an overview of the HCE Health and Welfare Trust, and to make recommendations for plan changes and premiums for the 2026 calendar year.

In 2025, after receiving a very competitive bid from NRECA for their Fixed Annual Premium Plan (FAP), HCE moved from our long standing self-funded health insurance program to the NRECA's FAP. The total projected 2025 annual cost under the FAP is \$5,263,787. Adding this to our run-out expenses through June 30 of \$641,471 this will equate to a total plan cost this year of approximately \$5,905,258. Our reserve fund is currently approximately \$3,900,000.

Staff provided a presentation on the current state of our Health and Welfare Plan and recommended changes for 2026, including.

- Remain with NRECA Fixed Annual Premium (FAP) and move to alternate plan three for our PPO.
- Remain with Mutual of Omaha for Life, AD&D, STD, LTD, and PFML.
- Move from AFLAC to Guardian for voluntary Accident and Critical Illness insurance.
- Add voluntary Guardian Hospital Insurance and voluntary Spot Pet Insurance.
- Increase Annual HCE Health Plan funding by 7.4%.
- Increase employee premiums by approximately half of the difference between current premiums and 10% PPO/7.5% HDHP of overall premiums (rounded) with the remainder paid by the Trust. This equates to a 2%-13% increase depending on plan coverage type.

Impacts to Cost and Premiums. The projected 2026 Medical/Dental/Rx Plan total overall cost would increase from approx. \$5,263,787 to \$5,644,740 with HCE funding increasing from approx. \$4,645,123 to \$4,989,161. Actual costs will be dependent on employee count and plan type. If these plan changes and premium levels are adopted by the Board, Staff would incorporate these into the proposed 2026 budget that will be considered by the Board in December.

Board members posted questions and staff provided answers, upon motion duly made, seconded, put to a vote and unanimously carried, it was:

RESOLVED, that the Health and Welfare Trust proposal as presented by staff be approved.

d. Amendment to 2025 Operating Budget. Vice Presidents Sam Whalen and Cody O'Neil presented information to the Board in consideration of an amendment to the 2025 Operating Budget to allow for increased expenditures for contract tree trimming. Vegetation management plays a critical role in allowing Holy Cross to provide exceptional service reliability, which is our goal. We are experiencing two major factors that are influencing our effectiveness in managing the rights of way: tree mortality and "urban forest" growth. The overall health of the non-irrigated portion of the forest where overhead power lines exist has been declining for several years. This increase in tree mortality rate leads to an increase in danger trees, or trees which can strike the lines should they fall. The "urban forest" or areas of the system where the trees are watered by an irrigation system are growing

faster than our cut cycle has anticipated. We are seeing both of these situations clearly with the Overstory satellite platform, in addition to boots on the ground observation. An additional \$400k in operating budget will allow HCE to begin addressing this increased risk by extending the current service agreement with our contract right of way management service through the end of 2025. The contractor is currently scheduled to finish work on October 4.

With additional expected costs from a PSCo production formula rate true-up and an extended C3 outage driving the ECA back up to zero, the practical financial implication of this \$400k budget amendment would be to pull from HCE's \$8.4MM deferred revenue balance at year-end. Staff will continue to manage the ECA and deferred revenue consistent with the approach approved by the Board when setting the 2025 budget. The ECA will be capped at zero, and any shortfall in the target operating margin will be made up by drawing from our deferred revenue balance.

Board members posted questions and after receiving the answers, upon motion duly made, seconded, put to a vote and unanimously carried, it was:

RESOLVED, that the amended 2025 Operating Budget be approved as presented

Vice President Cody O'Neil also presented updates to the 2025 Wildfire Risk Mitigation Work Plan. He requested that task one be modified to a portion of the installation of the covered conductor, extension of the due date for task two to Q1 2026 for time to develop forecasting tools to aid identification of High, Severe, and Extreme risk days, and update to the deliverable for task three to include engineering, permitting and material compliance tasks for the DOE WARN project. He also updated the budget to reflect the change in tasks and deliverable.

Directors posed questions and staff provided answers. Support was given for the updates, and staff will proceed with changes.

David Manning and Brad Davis joined the meeting.

f. All-Source RFP Project Selection. Vice President Sam Whelan and Phil Armstrong provided information to the Board of the results of the 2025 Holy Cross energy all-Source Request for Proposals (RFP) for new power supply resources, and to provide a recommendation for next steps.

HCE issued its most recent All-Source RFP for power supply resources on May 22, 2025, and received bids in July. Staff selected an RFP administrator – National Renewable Cooperative Organization (NRCO) – to conduct the RFP and bring best practices along with an experienced team to run the RFP. NRCE is a not-for-profit organization itself, governed by a group of member owner cooperative utilities mostly in the eastern US. They proved to be very good to work with and ran a robust process.

HCE cast a wide net to 271 different developers and received responses from 20 power developers covering solar, solar+ storage, hydro, geothermal, VPP, and natural gas technologies. The requests in the RFP were largely tied directly back to HCE's recent resource planning through its Power Supply Roadmap. HCE staff were particularly interested in on-HCE-system solar + storage project opportunities and winter renewable energy purchase opportunities. Winter purchases between November and February represented the largest portion of HCE's remaining net load as we approach ~90% renewable energy annually.

HCE staff, along with NRCO staff, thoroughly evaluated the 20 proposals that were delivered through the RFP. In general, project pricing was notably higher than the last HCE RFP. This can be attributed to a number of factors, including import tariffs and tariff uncertainty, supply chain procurement issues and bottlenecks, supply chain inflation, and general turmoil in the renewable energy development industry this year. To best compare bids HCE asked developers to all price the

same current tariff and tax credit assumptions in effect at the time of bidding, which did include a full 30% Investment Tax Credit.

Bids came in quite highly priced and came from developers generally with less experience, creating significant execution risk. None of the three lowest price solar + storage bidders have ever completed a solar + storage project before. Given the challenges that AES and Ameresco (two very large and experienced development companies) have had with the CMC, High Mesa, and Mamm Creek projects on our system, HCE staff does not recommend working with a company that does not have good prior experience in their craft.

From a price perspective, all of the bids received would increase HCE's power supply costs over the term of a Power Purchase Agreement (PPA). The lowest price proposal for a 6 MW solar + storage experience, RWE Clean Energy, would add approximately \$12 million in power supply costs over the term of the agreement. For these reasons, HCE staff recommend that HCE not move forward with any of the bids that came out of this RFP because they are too high priced and with too much execution risk by inexperienced developers. Instead, staff recommend that HCE continue to evaluate other bilateral purchase options and the potential options coming out of the PSCo Near-Term Procurement RFP (NTP RFP) and PSCo Just Transition Solicitation (JTS).

Phil Armstrong, David Manning, Cody O'Neil, and Brad Davis left the meeting.

g. Public Advocacy Strategy. President and Chief Executive Officer Bryan Hannegan provided information to the Board to inform their discussion on the appropriate role for Holy Cross Energy (HCE) in public advocacy.

At its July 2025 regular meeting, following the receipt of updates on the final passage of the Federal budget reconciliation legislation, the HCE Board asked that the topic of "HCE's Role in Political Advocacy" be added to the list of Items for Future Agenda, with specific focus on Federal policy (including NRECA's Resolutions Process), State policy, and local policy. Information on the background on HCE's current public advocacy activities at each of the three levels (Federal, State and local policy) with the aim of informing the Director's discussion and exchange of views regarding these (or other) questions was provided prior to the meeting in.

Directors discussed, asked questions, and provided information on what should be done moving forward. Staff provided answers and additional information as needed. Directors supported the work being done on Federal and State level but would like to discuss local involvement further. Discussion will proceed at a regular meeting of the Board soon.

David Bleakley and Alex DeGolia left the meeting during the discussion of the above agenda item.

Agenda Item 10: Items for Future Agendas. Discussion about the items on the list ensued, resulting in changes to the allocation of subjects on future Board meeting agendas.

Agenda Item 11: Executive Session. In the interest of time this item has been deferred to the October regular meeting of the Board.

Agenda Item 12: Continuation of Board Meeting. Chair Quinton continued the meeting at 4:06 p.m. until **Wednesday, October 15, 2025, at 9:00 a.m.** The next meeting will be held in person at the Holy Cross office in Avon, Colorado.



Secretary – David C. Munk

APPROVED:



Chair – Adam Quinton

2025 Holy Cross Energy Board Meeting Schedule [Third Wednesday of each month]
October 15, 2025 – in person at Avon
November 19, 2025—WebEx
December 17, 2025—in person at Glenwood Springs

EARLY TENTATIVE 2026 Holy Cross REA Board Meeting Schedule [Third Wednesday of each month]
January 21, 2026—WebEx
February 18, 2026—in person at Cooley Mesa
March 18, 2026—WebEx
April 15, 2026—WebEx
May 20, 2026—WebEx
The Annual Meeting of Members will be held on June [?], 2025, at _____
June 17, 2026—in person at Glenwood
July 15, 2026—WebEx
August 19, 2026 (strategic planning)—in person TBD
September 16, 2026—WebEx
October 21, 2026—in person at Cooley Mesa
November 18, 2026—WebEx
December 16, 2026—in person at Glenwood