

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

**OCTOBER 20, 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 October 20, 2022, at 9:07 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. Vice Chair Kristen N. Bertuglia called the meeting to order and reported that six of the seven Directors were present by WebEx being Robert H. Gardner, Kristen N. Bertuglia, Adam Quinton, Keith E. Klesner, David S. Campbell, and Alexander DeGolia; and David C. Munk was absent [will join later]. Staff attending included Bryan J. Hannegan, President and Chief Executive Officer; David Bleakley, Vice President – Engineering; Cody O’Neil, Vice President—Operations; John Rowley, Vice President - Human Resources; Sam Whelan, Vice President—Finance; 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. Vice Chair Bertuglia adjourned the meeting of the Board of Directors originally convened on September 21, 2022, and then continued to today’s meeting. [09:07]

Agenda Item 3: Public Comment. Vice Chair Bertuglia asked for comments of members of the public present. No persons were present, and no comments were received. [09:07]

Agenda Item 4: Employee Recognition.

September Service Recognition:

John Rowley, Vice President Human Resources is celebrating 10 years of service.

Recent New Hires, Promotions and Departures:

Matthew Snyder joined us on September 6, as an Engineer I in our Construction Engineer Department in Glenwood Springs.

Maisa Metcalf joined us on September 19, as a Community Outreach Coordinator in our Communication Department in Glenwood Springs.

Helen Sandefer joined us on October 3, as a System Operations Technician in our System Operations Department in Glenwood Springs.

Casey Worthington joined us on October 10, as a System Operations Technician in our System Operations Department in Glenwood Springs.

Arely Holguin joined us on October 10, as a Member Services Representative I in our Member Services Department in Glenwood Springs.

Jessica Kuss has been promoted to Member Services Representative II. She previously held the position of Member Services Representative I.

Sheryl Miller has been promoted to Member Services Representative II. She previously held the position of Member Services Representative I.

Olimpia May has been promoted to Member Services Representative II. She previously held the position of Member Services Representative I.

Brittney Roberts has transitioned from the Lead Member Services Representative to that of a Member Services II.

Delwyn Fletcher, Contract Services Analyst, retired from Holy Cross on September 1.

Robert Maclaughlin, System Operations Technician departed from Holy Cross on September 1.

Levi Thaute, Journey Lineworker departed from Holy Cross on September 8.

Drew Schiller, VP-Finance departed from Holy Cross on October 6.

[09:23]

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 21, 2022, 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
- k. 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. 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. [09:50]

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. [10:00] Chair Munk joined the meeting and took charge of the meeting.

Agenda Item 7: Old Business. None. [10:00]

Agenda Item 8: New Business.

- a. Quarterly Safety and Loss Report. Vice President Rowley made a verbal and visual presentation on the Second Quarter Risk Management plan. Mr. Rowley advised the Board on the

progress implementing our ongoing Safety Improvement Plan, and to provide data on illnesses and injuries suffered by HCE employees in 2022.

Highlights Of 2022 Third Quarter Safety and Loss Report:

In 2022 Q3:

- Our Total Recordable Cases Incident Rate (TRCIR) was 1.8 reflecting 2 recordable incidents in the third quarter of 2022.
- The Days Away, Restricted, or Transferred (DART) rate was 0 for the third quarter of 2022.
- There were no General Liability/Property Damage claims in Q3.

The 2022 Safety Improvement Plan included an update on our three-year plan, annual plan, and current initiatives. Questions posed by Board members were answered by Mr. Rowley. [10:06]

- b. Bank Account Authorizations. Vice President Whelan made a verbal and visual presentation. After the presentation was concluded and questions posed by board members were answered, upon motion duly made, seconded, put to a vote and unanimously carried, it was **RESOLVED**, that the officers and employees of Holy Cross Energy designated in the October 19, 2022, Board Memorandum entitled “Bank Account Signatory Authorization” be authorized, within the limitations set out in that Memorandum, to draw, sign and deliver, in the name of Holy Cross Energy, checks or drafts against the funds of Holy Cross Energy on deposit in its bank accounts as so described in that Memorandum. [10:07]
- c. Draft 2023 Capital Plan. Staff provided a high-level overview of the draft 2023 capital budgets prior to a review of the detailed capital plans. Russ Winder, Guy Ryan, James Ray, and Jeff Wissing joined the web meeting. Vice President Whelan gave introductory comments about the Plans.

The existing 2023 capital plans incorporate either known estimates on budget items or a 15-20% inflationary adjustment for 2023 to incorporate expected inflation due to continued supply chain impacts. While other capital workplans do include long-term planning, our focus is on the higher-budgeted areas of Construction Engineering and IT.

Vice President Bleakley gave introductory comments about the Construction Work Plan. Russ Winder described the proposed 2023-2032 Construction Work Plan (CWP) and sought the Board’s feedback prior to its incorporation into future year operating and capital budgets.

The present 2023-2032 Construction Work Plan projects a need for \$213.2 million in investment in the following general areas:

- Replacement (\$91.8 million) – replacement of aging infrastructure
- Smart Grid (\$31.0 million) – distribution automation and smart devices
- Reliability (\$20.1 million) – increased capacity to support load growth in certain areas, reduced risk of contingencies and outages
- Transmission (\$64.3 million) – expansions and upgrades to our assets at voltages >115kV
- Fire Mitigation (\$5.6 million) – efforts to harden our system and reduce ignition sources
- RFP Upgrades (\$0.3 million) – system improvement projects to support Power Supply

A 10% contingency fund is also required, bringing the entire total to \$234.5 million over the ten-year period. Note that expenditures in Transmission assets are covered by our Transmission Integration and Equalization “TIE” Agreement with Public Service Company of Colorado / Xcel Energy. In that agreement, HCE and Xcel each are responsible for their respective shares of total combined system investment between the two parties. In general, this results in HCE being paid back a large portion of its transmission expenditures in future years. A break was taken. [10:49 to 11:05] Messrs. Winder, Ryan, Ray, and Wissing left the meeting.

President and CEO Hannegan informed the board about the proposed 2023-2032 Information Technology Capital Plan and sought the Board's feedback prior to its incorporation into future year capital budgets.

The 2023-2031 Capital Budget request for Information Technology is \$38.0M, an increase of \$5.0M (15.1%) over the previous year budget request. The increase is due to an observed 20% increase in labor and materials costs generally compared to last year (resulting from global supply chain shortages) expected to continue into 2023 and beyond, with inflation returning to historic levels of 3-4% per year in 2024 and thereafter.

The ten-year request includes the following programs:

- Cybersecurity (\$2.6M), an increase of 20.5%, for investments in access control and site cameras to maintain and expand existing cyber and physical security systems
- Fiber (\$24.2M), an increase of 11.8%, for construction of a broadband fiber backbone between key HCE facilities and substations to support a variety of critical functions
- Infrastructure (\$8.4M), an increase of 23.2%, to maintain and expand high-site facilities, networks, voice, wireless, and two-way radio systems
- Services (\$2.8M), an increase of 17.2%, to maintain existing compute and storage systems and to improve disaster recovery capabilities

The full 2022 Operating and Capital Budgets will be presented to the Board for review and approval in December. [11:31]

- d. PURPA 111(d) Standards. Attorney Starr gave verbal and written comments about the need to set a hearing date for the Board to review HCE's existing demand response and EV charging programs considering new PURPA 111(d) standards established by the Infrastructure Investment and Jobs Act (IIJA). Attorney Starr responded to questions, and after discussion, upon motion duly made, seconded, put to a vote and unanimously carried, the following resolutions were adopted:

**RESOLVED** that a public hearing of the Holy Cross Energy Board of Directors will be held for consideration of the new PURPA 111(d) standards on January 18, 2023, at 1:00 p.m.; and

**FURTHER RESOLVED** that such hearing will be held at the Association's conference room located at 3799 Highway 82, Glenwood Springs, Colorado 81602, with a remote participation option available to any member of the public; and

**FURTHER RESOLVED** that the President and CEO in consultation with Counsel is hereby directed to develop and implement a process to take written testimony on the new PURPA 111(d) standards with a deadline for filing such testimony of December 31, 2022. [11:45]

- e. Corporate Policy 4.8 Board Committees. President and CEO Hannegan presented proposed changes to Policy 4.8. Discussion about the proposed changes ensued among the Board members. Changes to the wording of the changes to the Policy were made based on the discussion. After concluding the discussion, upon motion duly made, seconded, put to a vote and unanimously carried, the following resolutions were adopted:

**RESOLVED** that Corporate Policy 4.8, as amended during the Board meeting, was adopted. [12:01]

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. [12:21]

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 personnel 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 the meeting except President and CEO Hannegan.

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

**RESOLVED** that the Board exit executive session. [12:45]

Agenda Item 11: Adjourn Board Meeting. Chair Munk continued the meeting at 12:45 p.m. until **Wednesday, November 16, 2022, at 9:00 a.m. The next meeting will be held by WebEx.**

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Secretary – Alexander DeGolia

APPROVED:

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Chair – David C. Munk

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| Holy Cross REA Board Meeting Schedule<br>[Third Wednesday of each month] |
| November 16, 2022—WebEx  |
| December 14, 2022—Glenwood Springs<br>NOTE NEW DATE                      |
| January 18, 2023—WebEx   |
| February 15, 2023—Gypsum   |
| March 15, 2023—WebEx   |
| April 19, 2023—WebEx   |

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| May 17, 2023—WebEx<br>The Annual Meeting of Members will be held on June ??, 2023, at ??? |
| June 21, 2023—Glenwood Springs  |
| July 19, 2023—WebEx   |
| August 16, 2023—in person TBD   |
| September 20, 2023—WebEx  |
| October 18, 2023—WebEx  |
| November 15, 2023—WebEx   |
| December 20, 2023—Glenwood Springs  |