

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

JANUARY 18, 2023

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 16, 2023, 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, David S. Campbell, 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; John Rowley, Vice President - Human Resources [absent]; Sam Whelan, Vice President—Finance; and Jenna Weatherred, Vice President—Member and Community Relations. Also attending was General Legal Counsel Randolph W. Starr and Manuel Gomez. Also present on WebEx was Brian DeCrow and Kristina Johnson. During the meeting employees Brittany Roberts, Jessica Kuss, and Tiffany Cote entered the meeting and then left the meeting.

Agenda Item 2: Adjourn Previous Board Meeting. Chair Munk adjourned the meeting of the Board of Directors originally convened on December 14, 2022, 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 written comments were received. [9:00] Neil Pollock entered the Board room [9:19] and gave comments about reliability of service at his residence. [09:28] Louise Mead entered meeting by remote telephone [09:55] and gave comments about early refund of capital credits to former members. [10:04]

Agenda Item 4: Employee Recognition.
January Service Recognition:

None.

Recent New Hires, Promotions and Departures:

Kyle Lord joined us on December 27, as a Smart Electric & Building Specialist in our Power Supply and Programs Department in Glenwood Springs.

Brad Davis has been promoted to Power Supply Analyst II. He previously held the position of Power Supply Analyst I. His promotion took effect on December 1, 2022

David Manning has been promoted to Market Operations Specialist. He previously held the position of Resource Scheduling Analyst. His promotion took effect on December 1, 2022.

Jena Thompson, Power Supply & Program Coordinator departed from Holy Cross on December 15. We wish her all the best.

Joe Hisel, Senior Equipment Operator, retired from Holy Cross on December 29. We wish him happiness in his new adventure. [09:05]

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 14, 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
- 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

Questions posed by Board members were answered by staff members. Colorado Legislative matters were discussed by President and CEO Hannegan with input from Director Quinton. 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. [9:44]

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. [10:20] A break was taken. [10:20-10:38]

Agenda Item 7: Old Business.

- a. 2023 Work Plan Initiatives.

President and CEO Hannegan sought Board reconsideration of the 2023 Energy Assistance Work Plan initiative. At its November 2022 meeting, the Board reviewed nine proposed 2023 Work Plans developed by the HCE staff to guide its strategic activities intended for the year. Feedback obtained from the Board at that meeting was incorporated into the finalized Work Plans presented to the Board in December for review and approval. The Energy Assistance Work Plan presented to the Board in December 2022 included a significant expansion of scope and budget to include outreach and program development specifically for HCE's senior members, in addition to previously identified work to assist HCE's Spanish-speaking population. Following discussion at its December 2022 meeting, the Board directed staff to modify the Work Plan further to remove the specific focus on senior members, and instead conduct research to identify "vulnerable populations" more broadly

before developing focused outreach and program development activities. The final approved Energy Assistance Work Plan was provided to the Board prior to the meeting.

Following the December Board meeting, President and CEO Hannegan received a request from Chair Munk to reconsider the Board's decision and have additional discussion regarding outreach and program development specifically for HCE's senior members in this Work Plan.

In his communication Chair Munk noted that: "... the basis for the recommendation of researching IQ HCE seniors is that they are particularly at-risk because they:

- are typically on fixed incomes with no realistic potential for additional income
- face deteriorating housing and increasing energy costs
- can be unfamiliar with available assistance resources from HCE and others
- unable to access information on assistance options from existing sources, including websites and social media
- do not have the same ability to relocate or find employment as other segments
- may have additional vulnerabilities like medical conditions which rely on electricity"

Chair Munk provided information from Luke Ilderton at Energy Outreach Colorado that stated the following:

"[Across all three counties,] 5,163 residents are over 65 years old and are living below the Federal Poverty Level. 4,426 of these seniors reside in Garfield and Eagle with the rest living in Pitkin. 9.2% of the total population in Garfield and Eagle are living below the federal poverty level and 6.7% of the total population in Pitkin a living below the poverty level.

For many senior households, safety concerns about allowing several contractors or even several individuals from a weatherization agency entering their home have become a barrier since COVID. Many seniors are concerned about the number of individual workers who now know they live alone, and this is an area that a strong relationship with HCE would help overcome that barrier. Another point we discussed was during many of the homes completed through the CARE program, we were contacted by several children with elderly parents in the area who participated in the program in order to maintain the livability of the home. Their main concern was moving the elderly occupant to an assisted living facility and accelerating the memory loss process when an older adult leaves a home environment they have lived in for decades.

Many seniors are particularly vulnerable if they are on a budget billing program with their utility. I am not sure if HCE has budget billing, but Xcel and Black Hills offer this billing structure and the true up bill that comes in the fall can be very hard for seniors on a fixed income to afford. With the significant increase in gas bills, EOC is experiencing more and more seniors on budget billing needing arrearage assistance to afford these unexpected high true up bills and avoid being shut off from their gas service.

Another topic we discussed is how HCE might be able to message around the IRA point-of-sale rebates for low income and moderate-income households. Since I know many households in the area are earning more than the average area median income, this might be an opportunity for HCE to promote the federal electrification rebates to more moderate-income households. The point-of-sale electrification rebates will be available at half the rebate level for households with annual income between 80-150% AMI. So the heat pump rebate goes from \$8k to \$4k for those households. Since these households have never been eligible for weatherization or other government assistance program, it will be a barrier to participating and submitting an income verification application to the state."

Chair Munk also provided information from Mary Kenyon at Valley Meals and More as follows:

"The number of older adults in western Colorado is elusive and misunderstood.

There are HUGE discrepancies between these numbers and those being reported in the new Census ... frustrating but there are all kinds of explanations being offered as to the reasons. None are very helpful to the older adults, themselves, who are woefully under-reported.

Research reveals that the age where more needs occur is 75, so I also wanted to see how much of my region's population was over 75. So, in September 2022, I asked the County Clerk for the number of registered voters who lived-in the precincts located in my service region. Then I asked her to break out the population over 75. See attached PDF for the results.

Last year, I asked the County GIS department to "map" the older adult population based on the voter registration records (not including Glenwood as we were not serving them at that time). I have attached that map. I was demonstrating "isolated older adults" to the BOCC in a visual way."

The data referred to by Ms. Kenyon was provided to the Board prior to the meeting ("Garfield County Older Adults Voter Data") along with two reports from Eagle County regarding the challenges faced by seniors. These materials were provided to the Board for any discussion.

No other Work Plans are anticipated to be discussed. There was no staff recommendation on this item. Chair Munk made initial comments and then members of the Board made additional comments. A motion was made to focus Tasks 2 and 5 of the Energy Assistance Work Plan solely on vulnerable elderly members. The motion was seconded, and discussion ensued among the Board members. A vote was taken, and the motion failed on a majority vote. [11:45]

Agenda Item 8: New Business.

- a. Annual Safety and Loss Report. Annual Safety and Loss Report. Mr. DeCrow presented the 2022 Annual Safety and Loss Report. In 2022 Q4:

- Our Total Recordable Cases Incident Rate (TRCIR) was 2.04 reflecting a total of 3 recordable incidents in 2022.
- The Days Away, Restricted, or Transferred (DART) rate was 0 for all quarters of 2022.
- There were no General Liability/Property Damage claims in Q1, Q2, or Q3. There was one Auto Liability/ Physical Damage claim in Q4, an auto collision in the amount of \$733.76.

Included was the 2023 Safety Improvement Plan containing an update on HCE's three-year plan, annual plan, and current initiatives. Mr. Rowley responded to questions from Board members. [12:05] Mr. DeCrow left the meeting. A break for lunch was taken. [12:05 to 13:05] Mike Sassman and Jane Sanstead of NRECA joined the meeting.

- c. Member Satisfaction Survey.

Jane Sanstead shared the results of the Member Satisfaction Survey, and she and Mr. Sassman answered questions from Board members. The top-line findings based on the results of an online survey of 525 residential members of Holy Cross Energy conducted in November of 2022.

- Overall satisfaction with HCE continues to be excellent, with a mean rating of 9.20. This is higher than the Co-op Norms mean rating of 8.97 and consistent with the co-op's previous studies. Ratings of the other American Customer Satisfaction Index (ACSI) measures are also very good. The coop's ACSI is 88 and the retention estimate is 83%. While the ACSI is 1 point lower than 2021, it is higher than the Touchstone Energy 2021 score (85) and much higher than industry leaders and Cooperative Energy Utilities.
- The mean ratings for all 18 service attributes are evaluated above 4.00 on a 5-point scale, which is considered "good". Thirteen 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 2021 study, none of the mean ratings are significantly higher and eight have decreased.
 - However, all the attributes are similar to or higher than the Co-op Norms.
- 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. An increase should cause a corresponding increase in overall satisfaction ratings. Conversely,

- a decrease in the mean rating should cause a decrease in overall satisfaction. With a mean rating of 4.53, HCE should focus on maintaining this excellent score to avoid possible decreases in overall satisfaction.
- Electric Cost and Social Responsibility are the next two strongest key drivers and are almost identical in their impact on satisfaction:
 - 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. While mean ratings for both attributes are above 4.0, they are lower than in the 2021 study which could reflect higher-than-usual nationwide inflation. The value members feel they get for their money is also lower than in 2021 although ratings remain well above 4.0. Despite inflation, fewer HCE members report having had difficulty paying their electric bill since the beginning of the COVID pandemic than in the 2020 study.
 - Social Responsibility: The two attributes that are included in this area are evaluated above 4.50. Operating with concern for the environment continues to be higher than in the 2018 study as well as the Co-op Norms.
 - Payments and Bills is the next driver of satisfaction. Again, both attributes in this driver are evaluated as being excellent with mean ratings similar to the Co-op Norms. However, both are lower than in the 2021 study.
 - 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. Approximately one-third of the members have contacted HCE in the past year and evaluations of that contact are good.
 - Electric Service: The four attributes included in this driver are evaluated very well and are similar to or higher than the Co-op Norms. Additionally, mean ratings for all four continue to be higher than in 2020.
 - Awareness of the various programs designed to help members with their electric bill or to help decrease their electric bill is similar to the 2021 study although awareness for the IQ Weatherization Assistance Program has increased from 2020. Likewise, use has not changed significantly from previous studies with the exception of Energy Outreach Colorado. Use of this program has decreased from 2021.
 - Four in ten see themselves as a member of the co-op or both a member and customer. While this is consistent with the Co-op Norms and recent studies, it is lower than in 2018. HCE's Member Loyalty Index is 85 on a 100-point scale, which is in the upper end of the healthy range. While this is 2 points lower than in 2021, the difference is not significant.
 - This year we asked our members about their interest in visiting our offices in person for the first time.
 - Few members have visited one of HCE's office locations in the past year. Of the 14 respondents who indicated they did, seven visited Avon, seven visited Glenwood Springs, and just one visited the Gypsum office.
 - Two others said another location would have been more convenient (Edwards and Gypsum).

- Among the members who either did not contact HCE in the past year or did not visit an office, 17 indicated they would visit an office if it were in another location, most frequently Edwards. [13:43]

b. Amendments to Tariffs, Rules, and Regulations.

Mr. Hannegan and Mr. Whelan presented amendments to HCE's electric service tariffs, rules, and regulations to the Board for consideration. The Board and staff have been working on a multi-year rate strategy as a part of the Financial Sustainability Workplan 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

Based on HCE's Cost of Service model, and multiple rate design discussions and further iterations with the Finance Committee, staff drafted redline revisions to the rates and tariffs, which are included in the attachment to the minutes of the meeting. Staff is proposing a three-year phase-in to get to the final rate structure, as shown on the attachment to the minutes of the meeting. Other minor administrative tariff updates are included. HCE staff provided an overview presentation of the proposed changes and answered questions from the Board. These proposed changes were reviewed by the Finance Committee on January 12 and made no recommendation for or against adoption.

After discussion among the Board members, and after questions from Board members to staff were answered, upon motion duly made, seconded and unanimously carried, the following resolution was approved:

RESOLVED, that the proposed changes to the Tariffs, Rules and Regulations of Holy Cross as presented to the Board be approved effective on September 1, 2023, and staff is directed to publish the changes as provided by law. [15:15]

- d. Consideration of early retirement of accrued capital credits. Board members discussed the request for early retirement of capital credits made during public comments. A motion was made to give a discounted retirement of accrued capital credits to Louise Mead based on a discounting methodology provided by staff. The motion was withdrawn and the concept was referred to the Finance Committee for consideration. [15:31]

Agenda Item 9: Executive Session. None. [15:31]

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. [15:37]

Agenda Item 11: Continuation of Board Meeting. Chair Munk continued the meeting at 15:37 until Wednesday, February 15, 2023, at 9:00 a.m. The next meeting will be held at the Association's Cooley Mesa Office, at 0132 Buckhorn Valley Boulevard in Eagle County, Gypsum, CO.

Secretary – Alexander DeGolia

APPROVED:

Chair – David C. Munk

2023 Holy Cross REA Board Meeting Schedule [Third Wednesday of each month]
February 15, 2023—in person—Cooley Mesa
March 15, 2023—WebEx
April 19, 2023—in person—Glenwood
May 17, 2023—WebEx
The Annual Meeting of Members will be held on June 15, 2023, at The Arts Campus at Willits [TACAW], 400 Robinson Street, Basalt, CO 81621
June 21, 2023—in person—Glenwood
July 19, 2023—WebEx
August 23, 2023 (strategic planning)—in person
September 20, 2023—WebEx
October 18, 2023—WebEx
November 15, 2023—WebEx
December 20, 2023—in person—Glenwood