

CORDOVA ELECTRIC COOPERATIVE, INC.  
BOARD MEETING  
March 24, 2021

The Regular Meeting of the Board of Directors of Cordova Electric Cooperative, Inc. was called to order at 6:00 p.m. by Chairman Pegau. Due to the COVID-19 pandemic Directors and staff have the option of participating via gotomeeting. Directors Pegau, Cook, Cooper, Ranney, Phillips, and Campbell participated via gotomeeting. CEO Koplun, Manager of Generation and Distribution Newlun, Manager of Administration and Finance Merritt, Executive Assistant/HR Bailer (Recorder), and Technology Manager Kudrna participated via gotomeeting.

#### MEMBERSHIP PARTICIPATION

Kristy Andrew was virtually present for the meeting.

#### APPROVAL OF AGENDA

Pegau moved to approve the Agenda including changes to move the *Certification of Election Results* after the *Approval of the Agenda*, to move *Accept Audit* after *Audit Presentation*, and to remove item D under *New Business*, and add an Item under *New Business* for *Purchase Order for EPS in the amount of \$50,000* seconded by Phillips. Roll call vote: Unanimous. Motion passes.

Certification of Election Results – Pegau said the Tally Committee tallied the Annual Meeting ballots.

Phillips moved and Cook seconded to certify the election results as follows:

Candidates:

Kristy Andrew	103
M. Robbe Gilmour	64
Sarah Kathrein	60
Steve Namitz	81
Scott Pegau	162
Stephen Phillips	125

Bylaws:

Proposition #1	164 Yes	13 No
Proposition #2	171 Yes	9 No
Proposition #3	178 Yes	14 No

Roll Call vote: Unanimous. Motion passes.

Pegau welcomed Andrew to the Board and welcomed back Phillips. Andrew joined the meeting in her roll as Director. Director's introduced themselves.

AUDIT PRESENTATION – Julie Desimone and Sydne Jacoby with Moss Adams LLC conducted the audit presentation via gotomeeting. She said the audit received an unqualified opinion and no significant journal entries were found. Desimone reviewed the audit saying the CEC Team worked well with them throughout the audit.

Accept Audit - Cook moved to accept the audit as presented, seconded by Cooper. Roll call vote: Unanimous. Motion passes.

#### CONSENT AGENDA

Phillips moved to approve the consent agenda that includes the following:

a) Minutes of Meeting of February 24, 2021  
seconded by Campbell. Roll call vote: Unanimous. Motion passes.

#### MANAGEMENT REPORTS

##### CEO REPORT

##### CEO Written Report

Human Resources/Staffing update: We are conducting interviews for a power production apprentice. The executive assistant / human resources coordinator position has been filled.

Diesel System Upgrade: We have completed enough preliminary engineering and design to capture all the pieces and their approximate costs. The completed initial engineering confirms the urgency and impact of the project and our estimates are fairly accurate. All the necessary elements of the projects have been included, broken into the individual pieces that exceed \$25,000 per the Board's policy. It is essential to proceed with purchasing of parts and materials immediately and complete the detailed engineering and design. Delaying the procurement process may put the project out of reach for this year and allow another year of degradation, risk, and inefficiency.

Staff provided a comprehensive overview of the Diesel Upgrade project during budget development explaining the high positive impact and urgency. This is the #2 priority for providing reliable, affordable electricity and meeting the strategic goal of reducing fuel use. I have attached a copy of the December Cat Diesel Move Memo and the 2021 capital budget which ranks projects by priority.

Capital Budget Update: As a reminder and for any new Board members, the #1 priority is hydro unit 5 renovation at Power Creek. This was budgeted for \$750,000 but after technical review by the manufacturer has reduced in overall scope to be nearer \$400,000 and renovates both hydro unit 5 and the bushings causing the leaking for hydro unit 4 (more for less). The AMI project is lower priority and was planned to be complete over a two-year timeframe, with \$75,000 budgeted for this year and \$200,000 for next year. Due to new Department of Energy and National Lab procurement rules this year, the Board approved accelerating the project to a one-year timeframe, accelerating CEC's investment to \$275,000 this year. This allows half the project to be paid by national labs otherwise we lose the funding this year. The project upgrades nearly the entire system in 2021-22 instead of a 5-10-year transition like most utilities and at an estimated cost to CEC nearer \$1,000,000.

MHK Grant Application Update: The grant was not awarded to The Eyak Corporation/CEC.

FAA Johnstone Point Line Extension Assessment: The FAA management staff have verbally approved a \$61,170 contract for CEC to assess the feasibility of extending grid power to Johnstone Point and develop 10% design and rough order of magnitude (ROM) cost options. I expect a written contract in the next few days and seek Board pre-approval for the contract so I can award the work before fishing season and our local contractors get too busy as most of this work will be subcontracted.

Sandia Maintenance Contract: I am working with Sandia labs on a \$50,000 maintenance contract to help offset the time and cost of CEC collecting Battery Energy Storage System (BESS) data for CEC and National Laboratory use for 2021.

Pacific Northwest Lab (PNNL) – CEC BESS Project Grant Update: We received \$10,000 this month and I billed an additional \$50,000 that we expect to arrive soon for a total to date of \$655,000 of the \$825,000 in grant funding staff was able to secure for the \$2,000,000 project. We have applied for a follow-on project for \$400,000 for CEC and contractors to continue upgrading our system and using the BESS to add more value to the community and industry.

CEC Kayle-N-Thyme Solar Partnership: We are working with CoBank to determine if the Sharing Success program can work for private CEC businesses, and considering a new program that CoBank has indicated might be a better fit.

#### CEO Additional Tasks:

- HR tasks - Position Interviews and hiring processes.
- IBEW pre-negotiations and opening letter exchange
- Work Order review and close-out and process overhaul
- Diesel Upgrade project engineering (transformer)
- Hyper networking (unsolicited) the last two weeks: Sandia Labs Puerto Rico, NRECA new technology director, Pacific Northwest National Labs, Isle Au Haut Cooperative in Maine, Denali Commission, Alaska Center for Energy and Power, Governor's Office. Most inquiries are seeking expertise and feedback on topics like underground or submarine power lines, energy storage, hydropower, and Alaskan energy project funding and policy. This is time consuming but positions CEC for the funding and partnerships that help us.
- Annual Meeting and Regular March Meeting preparation
- AMI project meter specifications and project calls
- Cybersecurity assessments and Dragos technology upgrade
- Met with NVE in Anchorage to review, advise, plan, and design for Shepard Point Road

Board Plan Overviews (update): The Board requested longer-term and more comprehensive overviews of four primary items for 2021. Neither me nor CEC staff have the human resource capacity to complete these tasks, and need Board guidance on the priority of Board requests like these:

- Diesel plant aging mitigation plan
- Headquarters building plan.
- Distribution aging/replacement plan
- Communications plan.

CEC Staffing: We will be down to 13 full-time employees as we go into April; by far our lowest staffing levels as we work to fill positions and keep projects moving. I included more detail in the operations and technology reports to characterize the actual workload.

Power Creek Hydro 5 Refurbishing (Scott please review): We are hopeful that the CEC turbine inlet valve repairs will be the permanent repair to leaky valves. If so, we will do the same with hydro 4 at Power Creek. The nozzles, rods, and larger components appear to be in good working condition, and just need replacement bushings, seals, and seal upgrades.

Dragos Industrial Cybersecurity: Trever and I have taken a deeper dive into Dragos technology and competing cybersecurity solutions and met with our RADIANCE cybersecurity team. The consensus is that the Dragos network security project for protecting our automation system is an excellent fit for CEC, will require very little effort or cost on CEC's part to install, and will significantly improve our system protection. It complements and adds protection to the upgrades provided through the RADIANCE project. I have accepted Dragos' offer to provide their hardware, software, monitoring services, and annual license updates all to CEC at no cost. We will share our findings with our CEC network of partners and Cooperatives and feature them in our communications and/or conferences.

Rate Study: Significant progress was made after completing the audit. Depreciation review, revenue requirement study, and cost of service study are still in progress. Fuel surcharge and rate design models have been drafted and are awaiting inputs from the remaining items. When the study is complete, we will schedule a special meeting to discuss the results and options, likely in the third quarter.

#### Technology Management Report (Feb-Mar):

- Gen7 reverse power testing and verification
- Created network diagram for Eyak
- Battery kvar test with Nate and Clay
- Add Pcs serial interfaces to comm screen
- Add 651R at Eyak to comm screen
- Test using battery to correct pf. Run manually with 0 baseload and change var/voltage setting
- Work with pp guys to get Network Addressable Switches installed
- Get with Logic about TC cards for Cat move
- Check inadvertent energization relay settings on Gen3. Installed
- Add metering for pwrc kwh in head level ctrl
- Use dev to test new monthly reads to other plcs
- Removed old employee credentials from vpn for scada and office networks
- Install Owl modem. Worked with Jeremy Baca to configure
- Update NAS dsm
- Automated backups for Orca, Pwrc, Dev, and Rad-Data vm's
- Create fuel piping overview
- Work on report automation with Emma - NO TYPING
- Tested VM restoration to verify we have good backups
- Helped spec equipment for cat move

- Spun up Win10 Eng workstation for relay/meter/governor programming
- Upgraded Win7 Dev machine to Win10
- Ongoing work on new cat PLC programming
- Automated the ACEP Data uploads

#### Operations Management Report (Feb-Mar):

- Review the materials and mapping of the airport upgrade WO 17-08.
- Review several staking sheets, maps, material sheets for new service WO's.
- Install conduit into a transformer at Camtu's new service.
- Review a customer request for a new service with the distribution foreman. Meet with the customer and Clay to discuss and explain options.
- Work with the line crew on the AMI project.
- Assist with installing a significant project on the alleyway project. (PWS Motel upgrade)
- Hold a Safety meeting with the line crew.
- Review equipment and discuss replacement needs with the line crew.
- We are still working on some new services. (usually, we stop in October)
- Work with line crew on several customer power quality issues.
- Work on estimates for new services to begin this spring.
- Assist GCI with an emergency fiber crossing.
- Work on the electrical design for the new science center with their engineers/contractors.
- Work on the design for a new ARFF site at the Airport.
- Talk with Erin Whitney of ACEP and agree to collaborate in an advisory role on a developing solar project.
- Review the fueling process that we have revised at the ORCA plant.
- Work on replacing the ORCA server rack with upgraded equipment. (ongoing)
- Research issues with the SAFT system.
- Assist SAFT employee with work on the system, arrange apartment, transportation, work schedule, operator assistant, training for our operator, and departure.
- Begin clearing office space.
- Verify the condition of computers that are stored in the area.
- Staff meeting to go over projects.
- Assist EPS employees with work on the system and CAT move. Arrange apartment, transportation, work schedule, operator assistant, training for our operator, and departure.
- Collaborate with Management on labor issues and projects.
- Consult employees on a local outbreak of COVID cases.
- Manage schedule of the employees affected by COVID issues.
- Submit Federal EIA information reports.
- Assist our consultants (HMH) with Air Quality reporting requirements.
- Follow up with consultant (SANTEC) on the EYAK Remediation project and report to DEC.
- Notify our contractor (Wilson construction) to plow the Power Creek facilities.
- Work with Operators on the apprentice program we are developing.
- Hiring process for bringing in a new Production Operator.
- Participate in RADIANCE meetings.
- Participate in CECESI meetings.

- Work on an issue with engine five intermittent trip problem that developed.
- Hold a Safety meeting with the production crew.
- Verify the avalanche forecast before sending people to Power Creek.
- Appoint a new Production Foreman. (Allen Roemhildt)
- Move the Production crew to Four ten-hour days shift.
- Work on components of the CAT move.
- Meet with Meridio and establish training time.
- Work with DOT on several projects. Culvert project, Whitshed Rd bike path project, second street upgrade.
- Work with Bristol Engineering, EPS, and NVE on Shepard Point project.
- Develop quotes for our annual EMD engine inspections.
- Manage the H5 TIV repairs.
- Correspond with ACEP on their SAFT BESS issues.
- Send information to Iceland on the ORC unit.
- Work with Gilkes on repair materials for H5.
- Work with HMM on Air Quality regulations on the CAT move.
- Work with production crew to repair/replace a broken pulley on the radiator fan on engine three.
- Repair the fuel filter on engine four and have it ready to run while engine three is down.
- Day-to-day paperwork and personnel management

Summary of Cat Van Move: Aging Diesel Plant Mitigation – included in packet.

#### CEO Verbal Report

Koplin discussed the diesel plant upgrade and Purchase Orders listed under that item on the Agenda. Discussion on Work Plan projects.

#### Administrative Reports

Merritt reviewed and answered questions on the following reports and discussed depreciation:

- Financial Reports for February
- Revenue Report for February
- Cash Flow Report for February
- Cash Disbursements for February
- Purchase Order Report
- Generation & Sales Statistics
- Long Term Debt Summary

#### NEW BUSINESS

Certification of Election Results – completed earlier in meeting

Election of Officers – Pegau opened nominations for Board Chair and said any member may nominate another Board member for office. Cook nominated Pegau, who said he is willing to serve as Chair. Pegau asked if there were additional nominations. There were none. With only one candidate being nominated Pegau declared the nominee elected by acclamation.

Pegau opened nominations for Vice Chair. Ranney nominated Cook, who said he is willing to serve as Vice Chair. Pegau asked if there were additional nominations. There were none. With only one candidate being nominated Pegau declared the nominee elected by acclamation.

Pegau opened nominations for Secretary/Treasurer. Cooper nominated Ranney, who said he is willing to serve as Vice Chair. Pegau asked if there were additional nominations. Ranney nominated Cooper who gracefully declined. With only one candidate being nominated Pegau declared the nominee elected by acclamation.

FAA Line Extension Assessment Contract – Phillips moved to direct CEO Koplín to call a special Board meeting to review and consider FAA contract to perform a feasibility assessment for extending power to Johnstone Point, seconded by Cook. Discussion ensued on the FAA document. Koplín said if the contract arrives close to the regular meeting he may add it to that agenda, however, it may still be something the Board wishes to review separately and discuss at a special meeting. Roll call vote: Unanimous. Motion passes.

As discussed during the Approval of Agenda, Item D – Diesel Plant Upgrade Purchase Orders was pulled from the Agenda and a new Item D – Purchase Order to EPS for \$50,000, was added.

Purchase Order for EPS for \$50,000 - Ranney moved to approve a Purchase Order to EPS for an additional \$50,000 with \$25,000 allocated for the EPS Electrical Engineering and \$25,000 allocated for the EPS Mechanical Engineering on the diesel plant upgrade seconded by Campbell. Discussion on the motion. Roll call vote: Unanimous. Motion passes.

Accept Audit – completed earlier in meeting

#### UNFINISHED BUSINESS

None

#### INFORMATION ITEMS

Board attendance at regular meetings - Noted

#### OTHER ITEMS

##### Policy Review:

- Policy #6C – Services of Consultants – Board suggested changes to this Policy
- Policy #7C – Operational Policy – noted. No changes.

#### EXECUTIVE SESSION

None

#### PENDING AGENDA

- Review Board Evaluation Quarterly (January/April/July/October)
- Discuss priorities of Work Plan - May
- Rate Analysis – Pending for 3<sup>rd</sup> Quarter

BOARD PENDING EVENTS CALENDAR

Noted

SUMMARY OF BOARD DIRECTION TO CEO

- Send Conflict of Interest Policy to all Directors prior to April meeting for completion
- Review Policy 6C suggested changes

BOARD COMMENTS

Cooper – Is excited to have a new member on the Board. Welcome to Andrew and welcome back Pegau and Phillips.

Phillips – Welcome to Andrew. Good meeting.

Campbell – Dito of what Cooper and Phillips said. Great job to staff for send off video for Bailer at Annual Meeting.

Ranney – Thank you to Bailer for all that she’s done. Thank you to Merritt for a great audit. Johnstone Point extension may be great for CEC. There’s exciting changes coming up for CEC.

Cook –The Annual Meeting went real well including the send off for Bailer. It’ll be tough not to see her here.

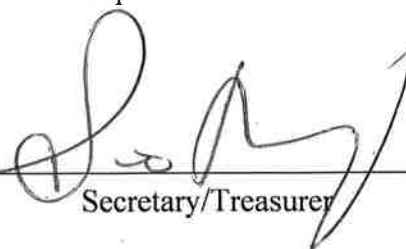
Andrew – Happy and excited to be on the Board. Thank you.

Pegau – Says he’ll miss Bailer and her continued help with meetings and organization, and her valuable input. Congratulations to Merritt on another clean audit. Appreciates Koplín’s continued work and Newlun for stepping in and participating in the Annual Meeting. Congratulations to Andrew for her election.

There being no further business the meeting adjourned at 7:20 p.m.

4/28/21

Date Approved



Secretary/Treasurer