

ALGER DELTA COOPERATIVE ELECTRIC ASSOCIATION
Minutes of the Regular Meeting of the Board of Directors

May 18, 2022

A regular meeting of the Board of Directors of Alger Delta Cooperative Electric Association was held on May 18, 2022.

Call to Order and Roll Call:

The meeting was called to order by President Lawless at 1:00 p.m. EST.

Directors present: District 1-Darryl Small, District 2-Karen Alholm, District 3-Mike Lawless, District 5-Steve Wery, District 6-Jesse Betters, District 7-Kirk Bruno, District 8-Don Johnson, District 9- Doug Bovin.

Directors absent: District 4-Dave Prestin,

Also present were (General Manager) Mike Furmanski, (Finance Manager) Lynn Labadie, Office Manager (Shannon Priebe) and (Operations Manager) Troy Tiernan.

Approve the Agenda:

Moved by Director Alholm to approve the agenda with changes in Grand Marais to new business, support by Director Bovin. Motion carried.

Member Comments: Member noticed a large increase in usage in February and wondered if it was connected to the meter that had been replaced.

Minutes:

Moved by Director Wery to approve minutes of April 20, 2022 meeting as read, support by Director Johnson. Motion carried.

Public Hearing on Rates:

Finance and Rates Committee Report:

- Meeting to address rate structure since the beginning of the year.
- Focused on following policy and not having cross subsidization between classes, while keeping it equitable for members.
- Hired a consultant for a Cost of Service study.
- 50% of costs are variable costs.
- 50% of costs are fixed costs (half of these are operating costs and half depreciation, interest, & taxes).
- Proposing a three year phase in to fixed cost with a \$10/month increase each year.
- Variable costs will also be adjusted.
- Approximately half of the membership will see a reduction.
- The other half will see about a \$15/month increase.

- Power purchased from WPPI varies by month.
- Proposing using the Power Cost Adjustment with a six month moving average to determine the adjustment.
- Continue billing by the meter.

Introduction to Rate Structure Plan:

- Furmanski provided information about what led to looking at changes.
- Explained what the service fee is designed to cover.
- Fixed costs should be paid as a 'fair share' by each member.
- Current 14.9 cent energy cost reduced to 10.1 cent at the end of the three years.
- Farm & Home and Seasonal Residential to be combined into one rate class.
- Pending Board approval new plan will be in effect July 1, 2022.

Member Comments:

- Member understands costs have gone up.
- Member asked about poles down during previous storm, but they were not Alger Delta poles.

Approve the Administrative Items:

Motion to approve the administrative items (membership applications, director's expenses, check register, manager's expenses, and estate retirements) as submitted in the board packet was made by Director Johnson, with support by Director Small. Motion carried.

Old Business:

- Safety Update
 - Safety meeting last week.
 - No incidents to report.
 - Furmanski announced the Pineau Substation dedication today.
- Aquila Resources
 - Court case to be in the beginning of June.
 - Nothing new to report.
- Aclara
 - Communication issue tied to outages.
 - About 10% have been replaced.
- Office Backup Generator
 - Code Electric was the only return call Tiernan received.
 - He has a meeting with them tomorrow.

New Business:

- December Meeting
 - Moved to December 14, 2022 by Board consent.

- RUS Call with Robyn
 - Treasury Direct Plus replaces the old program
 - It should be coming out soon.
 - If a new project comes up, form 740C Cost Estimate & Loan Budget would need to be amended.
 - The other six forms are required for every program for government loans and are not specific to electric co-ops.
 - ***Moved by Director Bruno to approve application required for the RUS loan, support by Director Bovin. Motion carried.***
- Audit Review with Eide Bailly
 - Audit objectives, assessments, procedures and timelines were reviewed.
 - Two Internal Control Deficiencies were identified.
 - Eide Bailly stated that this year's audit process went well.

Staff Reports:

Operations Manager Report-Tiernan

- Work Plan Projects
 - Projects include Isabella 34.5 and Deerton/Autrain tie line project.
- Maintenance Items
 - Crews have been busy with the recent storms and new service orders coming in. It appears we will have another busy construction season.
- Vegetation Crews
 - Bugle crews continue to work in the Harvey, Seney/Grand Marais areas.
- Warehouse/Facilities
 - Working at the Pineau Substation installing pole bunks, material storage site.
- Safety
 - No near misses/accidents to report.
- Equipment
 - We are scheduled to demo a Versalift bucket truck on Tuesday May 17th. Will update on what we find out.

Office Manager Report-Priebe

- Tech/IT
 - DSTech /NISC Servers upgrade.
 - Clean vault, relabel and rewire.
 - Disaster relief plan is in progress.
 - Battery vs generator.
 - Restoring servers.
 - Who's responsible for restoring what servers.

- Outages
 - Total consumer outages for April-140.
 - Billable/member caused outages-0
- Social/community
 - Summer hours updated.
 - Plant trees safely.
- Annual Meeting
 - Wednesday June 15th. Doors open at 5:00 p.m.
 - Location-Island Resort & Casino.
 - Registration is open.
 - Maximum of 420 guests.
- Billing
 - Total estimated meters for billing-19.
 - Total meters billed in April=10,341.
- Rate Restructure Meetings
 - Postcards notifying membership rate discussion mailed to all members.
 - Listed meeting dates, times and locations.
 - Rate discussion information is available on the website.
- Expense Report
 - Provided link to expense report.
- Service/Work orders
 - Construction season is starting/New service applications and calls on the rise.
 - Total closed service orders-205.
 - Continued GIS Updates/Inspections.
 - Retirements.

Finance Report-Labadie

- NISC Workshop
 - Participated in the NISC Plant Accounting workshop held virtually the week of 4/25/22.
- Form 7
 - Form 7 is complete.
- 2021 Audit
 - 2021 Audit is complete.
- Line of Credit
 - Was paid off with a draw down from AR8.
- New Work Plan
 - Wrapping up the several requests for information.
- Finance Reports
 - Various reports were provided to the Directors via Call to Order.

General Manager-Furmanski

Updated power supply costs by Month

- Continue planning for the annual meeting, which will be held June 15th at the Island Resort & Casino.
- Continue working with MBLP on possible collaboration at the Pineau Sub.
- Continue to work on the rate restructuring.
- Attended the Invest UP Summit.
- Working on gathering information on geothermal heating systems for possible Energy Optimization program.
- Working with AT&T on our AVL system.
- There needs to be a plan in place if power supply needs to be limited.
- Scholarship winners have been announced and invited to annual meeting.

Committee Reports & Agendas:

- Finance & Rates
 - ***Moved by Director Bruno to proceed with implementing rate changes as presented in the General Manager's worksheet, support by Director Wery. Motion carried.***

Board Comments:

- Director Bovin expressed his thanks for the Pineau Substation dedication and relayed his experience in trying to find out how the EV charge stations work.
- Discussion on all Board members visiting all the Alger Delta areas.

Adjourn:

- ***Moved by Director Johnson to adjourn, support by Director Alholm. Motion carried.***
- Meeting adjourned at 3:46 p.m. EST.



Mike Lawless - President



Doug Bovin-Secretary/Treasurer