

MINUTE RECORD – BOARD OF DIRECTORS – GRAND VALLEY RURAL POWER LINES, INC.

Regular Meeting

March 15, 2017

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, March 15, 2017 at 845 22 Road, Grand Junction, Colorado. President Gormley called the meeting to order at 9:00 a.m. Attendees recited The Pledge of Allegiance.

ROLL CALL:

Don McClaskey	present
S. James O'Connor	present
Robert Saunders	present
Sylvia Spangler	present
John Gormley	present
Dennis Haberkorn	present
Rod Martinez	present
Bill Rooks	present
Carolyn Sandeen-Hall	present

Others present: Tom Walch, CEO; Sherry Fix, IT Manager; Karen Allen, Network Administrator; Cathy Gledhill, Manager of Finance and Administration; Pat Kanda, Staff Accountant; Steve Don, Manager of Engineering; Matt Williams, Staff Engineer; Mike Birch, Operations Manager; Bill Byers, Consumer/Public Relations Manager; Derek Elder; Member Services Manager; Gregg Kampf, Attorney.

Minutes:

MOTION: Motion by Saunders second by Sandeen-Hall to approve the minutes of the February 15, 2017 regular meeting; carried.

Walch requested the agenda be amended to include discussion and approval of application to DOE/NRECA for Rural Cooperative Cyber Security Capabilities program.

MOTION: Motion by Sandeen-Hall second by Haberkorn to approve the agenda as amended; carried.

I. CEO's Report

1. Elder relayed to directors staff has completed the interview process for the new Communications Specialist position and extended an offer to one of the candidates. Elder reported that Walch visited with the Beloit University students working on the final phase of GVP's low income community solar facility March 9-10. He further reported that volunteers will install the remaining panels March 24-25. GVP, GRID and the Colorado Energy Office will mark the final steps in the installation process with a "capstone" ceremony this summer. Details will be provided when they become available. Elder updated the directors on negotiations with Utility Sales and Service, contract meter reading company, noting that GVP agreed to a 2% increase effective with

the March revenue billings. The projected impact to the 2017 financials is \$4,976 in additional expense. Kanda presented the January 2017 financial reports, and summarized delinquent account and write-off activity. Kanda informed the board the current balance in GVP's ICS sweep accounts is \$600,000, and reported the accounting staff at GVP established parameters establishing a minimum of \$250,000 and a maximum of \$750,000 in general funds checking at Alpine Bank. He also reported \$1,322,000 of the \$1.4 million capital credit refund checks have been cashed. Kanda reported that financial forecast will be presented to the board in April; the forecast will include the projected impact of the Orchard Mesa substation project and AMI deployment. Fix reported that representatives from NISC and PSE will be on site March 20-22 for implementation of SmartTrack and continued development of the Work Flow Management process. She also informed directors of a Rural Cooperative Cyber Security Capabilities program (RC3) sponsored by NRECA and the U.S Department of Energy to assess cyber security in small to medium size distribution cooperatives. The sponsors are selecting a minimum of ten cooperatives for the study and IT staff recommends that GVP submit an application to participate in the program.

MOTION: Motion by Martinez second by Sandeen-Hall to approve application for RC3 program; carried.

Allen thanked the directors for the opportunity to attend the Tech Advantage conference and reported a primary focus at the conference was cyber security. She relayed to board GVP has a good baseline on cyber security, but there are areas for improvement. Don reported to directors regarding changes in street lighting and area lighting practices due to transition to LED lighting. Don noted that if a consumer requests change-out from existing mercury vapor or high-pressure sodium area light, a \$60.00 service charge will apply. Walch reviewed the Technology Work Plan developed with the guidance of consultant PSE, as proposed at the February meeting. Management is recommending adoption of the plan, including engaging PSE to assist in bid packet preparation and proposal analyses for AMI deployment. Rooks expressed concerns regarding maintenance of microwave towers and cost of additional personnel. Walch responded it is most likely implementation will result in one additional full-time equivalent employee. Haberkorn commented that he had surveyed directors at the NRECA Annual Meeting, and received only positive comments on the benefits of AMI deployment at their respective cooperatives.

MOTION: Motion by Haberkorn second by O'Connor to adopt the Technology Work Plan; carried.

Williams presented to the board a rate comparison showing the difference between GVP and Xcel Energy retail residential rates for 2016. Walch noted that Xcel's rates will always be lower than GVP's, due to economies of scale, density, and GVP's cost to serve consumers in remote mountain, canyon and desert locations. He also pointed out that the rate comparison presented does not account for financial benefit GVP consumers receive in the form of capital credit retirements. Walch affirmed that GVP will continue to take all reasonable steps to control variable costs, and will continue to distinguish itself from Xcel with superior "hometown" service. Directors requested a quarterly update on the residential rate comparison, including projections indicating the

impact of capital credits. Walch reported to directors that Williams made a presentation at Tech Advantage concerning limited-scale SCADA system Williams implemented here at GVP. Birch informed directors the RESAP inspection date has been scheduled. The inspection will be unannounced, requiring GVP to be ready for the inspection team's visit at any time. Birch also reported the loss of a consumer's mule, which stepped into live line after a pole went down. Walch indicated that Federated Insurance delivered excellent service in handling the claim and ensuring continued good member relations. Byers distributed information regarding GVP scholarship recipients. The scholarship committee met on March 14 and reviewed 20 applications for GVP scholarships, five for Jack Broughton/CMU scholarship and two applications for WECC scholarship. He reported that the committee applauded GVP for its scholarship program, and Martinez encouraged staff to continue promotion of the program at local high schools. Walch recognized Byers, who is retiring March 31, after 27 years as GVP's Consumer and Public Relations Manager.

2. Walch updated directors on introduction of state legislation to implement retail choice. It was the consensus of the board that CREA should be urged to be more active in shaping legislation, and communicating the value of cooperatives. Walch also informed directors CREA has hired Dale Kishbaugh as the new Director of Safety and Loss Control.
3. Walch reviewed details of the planned construction of a nuclear power plant in Green River, Utah. Blue Castle Holdings is planning two units totaling 2200 megawatts. Colorado utilities will have opportunities to participate in the project, but transmission issues will need to be addressed.
4. Walch updated directors on Xcel's planned participation with Tri-State, Black Hills Energy, and Colorado Springs Utilities and other transmission providers to form a regional transmission organization (RTO) administered by the southwest Power Pool (SPP). The collaboration will provide more efficient dispatch of generation resources, which could benefit GVP.

MOTION: Motion by McClaskey second by Martinez to approve the CEO report; carried.

MOTION: Motion by O'Connor second by Spangler to approve the consent agenda items, which includes approval of uncollectible account write-offs; carried.

II. Legal

Kampf reported his firm is assisting engineering staff with communication with Union Pacific Railroad concerning property owners' objections to use of road easement for electric service line extension to a tower on Horse Canyon Road. GVP will proceed with contract which specifies that GVP will not be able to provide service if easements are not valid, and confirming that the railroad will pay legal costs associated with obtaining valid easements, including costs of litigation.

III. CREA/Western United

Martinez informed directors CREA staff member, Liz Fiddes, is requesting directors and cooperative staff members provide input regarding topics for the CREA Annual meeting and Energy Innovations Summit.

IV. Continuing Business

Directors attending CREA statewide and NRECA Annual meeting shared their observations with the board.

V. New Business

None

MOTION: Motion by Martinez second by Haberkorn to convene executive session to discuss succession planning and CEO evaluation process; carried.

Executive session convened at 11:30 a.m.

Regular session reconvened at 12:44 p.m.

MOTION: Motion by McClaskey second by Haberkorn to adjourn; carried.

Meeting adjourned at 12:46 p.m.

Cathy Gledhill, Asst. Secretary

John Gormley, President