

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

Regular Meeting

November 16, 2022

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, November 16, 2022 at 845 22 Road, Grand Junction, Colorado. President Sandeen-Hall called the meeting to order at 9:00 a.m. Attendees recited The Pledge of Allegiance.

ROLL CALL:

Joe Burtard	present
Kyle Coltrinari	present
Gary DeYoung	present
Don McClaskey	present
Jesse Mease	present
Bill Rooks	present
Carolyn Sandeen-Hall	present
Janie VanWinkle	present
Brian Woods	present

Others present: Tom Walch, CEO; Derek Elder, CAO; Matt Williams, COO; Joe Michalewicz, CFO; Rita Sanders, Director of Marketing & Communications; Pat Kanda, Finance Manager; Bill Barlow, Operations Manager; Karen Allen, Information Technology Manager; Sarah Wheeler, Controller/Benefits Administrator; Dan Reid, Warehouse and Purchasing Manager; Zeb Birch, GVP Journeyman Lineman; Jeff Hurd, Attorney.

**MOTION:** Motion by VanWinkle second by Woods to approve the minutes of the October 19, 2022 regular meeting; unanimously carried.

**MOTION:** Motion by Rooks second by McClaskey to amend the agenda by tabling the agenda item addressing a Request from Member Kathy Joseph until the April 2023 board meeting; discussion ensued. Walch recommended keeping the agenda item on this month's agenda so the board could discuss a response to Ms. Joseph. Rooks withdrew his motion. McClaskey withdrew his second.

**MOTION:** Motion by Woods second by Mease to approve the agenda as printed; unanimously carried.

I. Guests and Public Comments

Rod Martinez, GVP member, was in attendance.

II. CEO's Report

Staff Reports

Guatemala Electrification Project - Zeb Birch, GVP lineman who was selected as a Colorado delegate for the 2022 Energy Trails Guatemala project, provided a report on his experience. Birch shared the mission behind the project, to bring electricity to a remote village in Guatemala. Birch highlighted the fact that he was part of a team that provided electricity and a brighter future for this village, he believed that it was the village and team members that gave so much more back to him. Birch shared appreciation to GVP and CREA for providing this opportunity and shared that the humanitarian effort of this project brings rewards beyond measurement. Martinez shared appreciation to GVP's board for supporting this project and CREA for continuing to be involved in this project. Walch thanked the organization for supporting Zeb and CREA on this project.

Communications – Sanders shared that communications continue for GVP’s Youth Tour and Camp. Sanders noted that the deadline for applications is January 7. Sanders shared upcoming events including the company Christmas party and the Fruita Parade of Lights.

Finance – Michalewicz provided a summary of the monthly financials. Michalewicz reported on the disconnects and write-offs.

Operations - Barlow provided an update on recent outages. Barlow shared that snowstorms during the last week of October and first week of November caused multiple outages due to snow loading on the power lines and trees. Barlow stated that an outage affecting the DeBeque area on November 8 was caused by a broken crossarm on the transmission line feeding the DeBeque substation. Barlow noted that Xcel Energy switched the transmission feed to restore power. Walch noted that Barlow provided a report last month relating to an outage that affected Glade Park consumers. Walch stated that he included recent correspondence with a Glade Park consumer regarding that outage in this month’s board packet.

Michalewicz led the review and presentation of GVP’s preliminary 2023 budget. Department managers provided a review of each department budget.

Walch provided an overview of the timeline to review the budget ahead next month’s board meeting. Walch asked the Audit and Finance Committee to identify a date and time during the week of December 5 to review the proposed budget ahead of the December board meeting.

Member Services – Elder provided a summary of the discussion that took place during GVP’s Empower Hour on October 27, 2022. Elder stated that most of the discussion was focused on the “why” behind GVP’s rate restructure. Elder noted that the board identified four main goals as it evaluated rates in 2021; limit the amount of the rate increase, require consumers to bear the costs they impose on the system, create a rate structure that is easy to understand and adopt, and reduce the impact of increasing wholesale power costs associated with transmission and generation or demand. Elder stated that six consumers attended the Empower Hour. Elder shared that consumer comments and questions ranged from distributed generation to energy efficiency.

Power Supply Update – Walch stated that key issues concerning power supply will be covered during the committee-of-the-whole meeting following the board meeting. Walch shared that Enervision has recommended that GVP identify the key risk factors that should be used to build the framework for evaluating power supply options.

Legislative Report – Walch shared that resource adequacy continues to be a topic of discussion among Colorado cooperatives. He stated that several cooperatives have concerns with the reporting requirements falling to the distribution cooperatives rather than the wholesale power suppliers. Walch shared that GVP should support a resource adequacy bill that places transparency requirements with the wholesale power providers and one that expires when the organized market establishes resource adequacy rules and requirements.

Walch asked for input regarding the board’s willingness to give authority to GVP staff and legal counsel to meet with lobbyist and evaluate the options to draft a resource adequacy bill that would be in the best interest of GVP and its members. Hurd shared that there may be opportunities to share resources and gain support from other cooperatives. Mease inquired about the timing of a draft bill. Walch shared that Xcel Energy and other utilities are working on draft bills and if GVP feels it would be beneficial to draft a separate bill, the bill should be drafted by year’s end.

Walch provided a timeline for evaluating a rate increase due to increased distribution costs and increased transmission costs from Xcel Energy. The impact to consumers from the increasing distribution costs would result in an average 1.1% increase for the average consumer. The increased transmission costs from Xcel Energy would increase the average consumer’s bill by an additional 5.3%.

Walch shared that staff would present overall impacts at the December board meeting for review with a decision expected at the January board meeting. DeYoung shared support to review the rate increase at the December board meeting with any approved changes being reflected on the bills that consumers receive during the month of April. Sandeen-Hall shared support to approve the budget and a proposed rate increase at the December board meeting. Walch stated that the proposal would be to implement any rate increase effective with the March revenue month – April billing statements.

Elder provided a review of the proposed revision for Policy Bulletin No. 92 – Consumer Complaint Procedures. Elder noted that the board discussed the policy in December 2021 and decided to discuss possible revisions the following year. Elder shared that GVP staff and legal counsel sought out other cooperative sample complaint policies that might serve as a reference for GVP. Members of the Policy and Governance Committee discussed the timeline for review and agreed to facilitate email communications amongst the committee members.

**MOTION:** Motion by Mease second by Woods to approve the CEO report; unanimously carried.

**MOTION:** Motion by McClaskey second by Mease to approve the consent agenda items; unanimously carried.

### III. Approve 2022 Cash Back Credits

Kanda reviewed GVP's equity management policy which provides a target of retiring 3-5% of the member capital account on an annual basis. Kanda shared management's recommendation that the board approve retirement of 3.25% of the outstanding unretired member capital balance. This would trigger payment of Cash Back Credits of \$1,003,387.92 to members in the month of December.

**MOTION:** Motion by VanWinkle second by Woods to authorize 2022 member capital retirement of \$1,003,387.92, representing 3.25% of the total outstanding unretired member capital; unanimously carried.

Elder shared that historically GVP has scheduled in-person Cash Back Credit check presentations for a couple of the larger consumers. Elder asked for director input to see if the board is interested in continuing this practice. The consensus of the board was to identify one consumer to schedule an in-person check presentation. Elder shared that GVP staff will email the directors once the consumer and date are identified so directors could let staff know would be in attendance during the presentation.

### IV. Adopt Wildfire Mitigation Plan

Walch shared that an updated Wildfire Mitigation Plan was included in the board packet. Walch noted the only change from the version presented at the October board meeting is the addition of a paragraph referencing the role of livestock grazing for wildfire fuel reduction.

**MOTION:** Motion by Burtard second by Coltrinari to adopt GVP's Wildfire Mitigation Plan as presented; carried 7-0 with DeYoung abstained.

**MOTION:** Motion by Coltrinari second by Woods to temporarily recess this November board meeting so that we may convene a power supply meeting by a committee of the whole; unanimously carried.

The November board meeting was recessed at 1:46 p.m.

Burtard had prior commitments and left the committee of the whole meeting at 3:00 p.m.

The November board meeting reconvened at 3:30 p.m.

### V. Approve 2023 Director Travel Request

Sandeen-Hall noted that directors were provided a schedule of training opportunities and conferences for

2023 during last month's meeting. Sandeen-Hall asked each director to identify the training opportunity and/or conference that they would like to attend. Discussion was held.

VI. Consider Request from Member Kathy Joseph

Sandeen-Hall shared that member Kathy Joseph's letter to the board was included in the board packet. Ms. Joseph is asking the board to consider revising the method for banking and using banked on-peak and off-peak kilowatt hours. Sandeen-Hall shared that the concern raised by Ms. Joseph is essentially the same as that raised by GVP consumer Greg Randall at the September board meeting.

Walch stated that management has considered the position advanced by Mr. Randall and Ms. Joseph but concludes that this would defeat the objective of controlling demand costs during on-peak hours. The higher costs for power during on-peak periods would remain and would be borne by other consumers. This arguably would be discriminatory and incentivize installers to over-size the systems that they sell to consumers, increasing the costs for everyone.

DeYoung shared disagreement with the points made concerning oversizing and the value of the excess generation during the off-peak hours. Mease expressed concern for discriminating in favor of one group of consumers if GVP allowed those consumers to offset usage during on-peak hours with off-peak credits.

**MOTION:** Motion by VanWinkle second by DeYoung to review Ms. Joseph's letter during the review of time-of-use rates when appropriate in 2023 as recommended by staff and approved by the board; discussion was held.

**MOTION:** Motion by VanWinkle second by McClaskey to end discussion and call for the question; unanimously carried.

Sandeen-Hall called for a vote on the original motion made by VanWinkle and seconded by DeYoung; unanimously carried.

Sandeen-Hall shared that she would provide a response to Ms. Joseph's letter explaining the board's decision and identifying a timeline going forward for the evaluation.

VII. Executive Session – Personnel Issues and Legal Update

**MOTION:** Motion by Woods second by Mease to convene an executive session for the purpose of discussing personnel issues and receiving a privileged legal update; unanimously carried.

Executive session convened at 4:01 p.m.

McClaskey had prior commitments and left the meeting at 4:30 p.m.

Regular session reconvened at 4:56 p.m.

**MOTION:** Motion by Mease second by VanWinkle to approve revised organizational chart and the salary factor adjustment for management staff as discussed in executive session; unanimously carried.

VIII. Attorney's Report

Hurd reported that key legal issues had been covered in executive session.

IX. CREA Report

Woods shared appreciation for the value and support that CREA provides to GVP and its members.

X. WUE Report

Mease shared that transformer prices and lead times continue to increase due to a shortage of core steel.

Mease reported that WUE continues to have over \$110M in backlog orders with 45% of the lead times over 90 days. Mease shared that 84% of all sales are to member cooperatives. Mease noted that GVP received a capital credit retirement check from WUE in the amount of \$174,000.

XI. Continuing Business

Walch asked for director input on scheduling a future power supply committee of the whole meeting. The consensus of the board was to schedule a meeting for Tuesday, December 13 at 2:30 p.m.

XII. New Business

None.

**MOTION:** Motion by Mease second by Rooks to adjourn; unanimously carried.

Meeting adjourned at 5:05 p.m.

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Derek Elder, Assistant Secretary

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Carolyn Sandeen-Hall, President