

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

Regular Meeting

August 16, 2023

I. Call to Order, Pledge of Allegiance, Roll Call

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, August 16, 2023, 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
Joe Landini	present
Jesse Mease	present
Bill Rooks	present
Carolyn Sandeen-Hall	present
Janie VanWinkle	present
Brian Woods	present

Others present: Tom Walch, CEO; Derek Elder, Chief Administrative Officer; Joseph Michalewicz, Chief Financial Officer; Matt Williams, Chief Operating Officer; Rita Sanders, Director of Marketing & Communications; Bill Barlow, Operations Manager; Karen Allen, Information Technology Manager; Tonya Archuleta, IT Applications Analyst; Sarah Abbott, Attorney.

Sandeen-Hall welcomed newly elected board member, Joe Landini.

II. Approve Minute Record of July 26 Regular Board Meeting

MOTION: Motion by Woods second by Coltrinari to approve the minutes of the July 26, 2023, regular meeting; carried 8-0, with Director Landini abstaining.

III. Approve Agenda

MOTION: Motion by Burtard second by Mease to approve the agenda with an addition by DeYoung under continuing business to bring forth a data request; unanimously carried.

IV. Guests and Public Comments

None.

V. Staff Reports

Communications – Sanders shared that the Communications Specialist position has been posted on cooperative.com, the website, and social media, and that notices have been emailed to professional communications organizations both in the Grand Valley and statewide. The posting closes August 23. She also invited directors to participate in the August 17 fundraiser for Go Baby Go at Kannah Creek Brewery for the GVP employees' Community Impact Project.

Annual Meeting – Sanders reported that the annual meeting went very smoothly. She was impressed by the employees who jumped right in and knew what to do to make the meeting a success. There were 425 registered attendees, including 230 members. This is a 15% increase in registered attendees over 2022. The total estimated attendance with special guests and employees was 475. A group of staff members were debriefed about the meeting, and identified a few areas, including registration, scholarship presentation, and the script, where they could streamline the processes even more. Sanders noted that the CMU Meyer Ballroom capacity for an event of this type is 530.

The board agreed with a staff suggestion to require scholarship recipients to attend the annual meeting, as well as any school-sponsored awards ceremony where scholarship recipients are recognized.

Directors discussed the venue's capacity and price increases in meal costs and possible changes to help streamline next year's meeting. Directors noted that only one other venue in the Grand Valley, the Grand Junction Convention Center, has a higher capacity. There was general consensus to continue to hold the meeting at the CMU Meyer Ballroom.

Information Technology – Allen reported that IT has been working to set up new network switches and other hardware that will replace some of the infrastructure that has reached end of life after moving into the headquarters building more than 10 years ago. GVP also is testing new, powerful cameras for security and is evaluating a cloud-based voice solution for its telephone service. Allen reported that phones were down last week due to an outage in Denver that affected Grand Valley Power's voice provider. GVP rolled the phones to DMEA, so most members would not have been aware of the outage.

Operations – Barlow shared that GVP will work with CREA to conduct pole top rescue and bucket truck trainings next week, and pole inspectors will be working in Loma and the high country to assess the integrity of GVP poles beginning September 1. A Federated representative will be present September 13 for a visit and inspection. Barlow noted that outages in general have decreased, even with the digging and fiber installations that are going on around the valley.

Engineering – Williams reported that GVP hit a new system peak load in July. At 63.246 MW, it was a little more than 1.4 MW higher than the previous peak established in July 2021. Williams also noted that the peak occurred at 7:00 p.m., later in the day than past peaks (which normally occur between 5:00 and 6:00 p.m.).

Member Services – Elder reported that Destry Smith sent invitations for the inaugural workshop for the Preferred Solar Installer Program, which will be held August 30. Elder noted that GVP receives numerous calls from members having trouble working with vendors to connect their new solar systems. The Preferred Solar Installer Program will be a member resource that will identify reputable solar installers. So far, six vendors have indicated that they will take part in GVP's program.

Directors discussed how some solar vendors are misinforming members and failing to provide an accurate picture of the costs of distributed solar. They also discussed how the Preferred Solar Installer program will help address that by creating a better understanding of GVP processes and how solar impacts GVP members' electric bills.

Elder also said he attended the NRECA Interact Conference for Human Resource professionals, which highlights best practices, trends, and changes in the industry, including the impacts of increased federal regulation.

Elder noted that COSSA, the statewide solar vendor association, has been hosting online utility engagement workshops with co-ops that focus on unprofessional vendors (bad actors) selling solar in Colorado. He and Smith have been attending, and Elder shared that he has been invited by the organization to present on "Understanding Renewable Energy Disinformation" at an upcoming event, Solar in Your Community – Western Slope, in Grand Junction.

Finance – Michalewicz provided a summary of the June financials. He reported on the disconnects and write-offs. June was a cooler month by seven degrees compared to last year, which equates to lower kilowatt hour sales and less revenue compared to prior years. Year-to-date purchased power as a percent of revenue is 51%, which is lower than usual, partially because GVP has had a deferred revenue surplus. GVP tariffs require that any surplus be reconciled against power costs billed to consumers over a rolling 12-month rolling period. Distribution equity has climbed over the last four years and is currently 37.41%. It hit a high in 2013 before Grand Valley Power used capital to implement its Advanced Metering Infrastructure.

VI. CEO Report

Power Supply Update – Walch shared that Grand Valley Power and Guzman Energy have been working with Xcel Energy to negotiate terms of a Network Integrated Transmission Service Agreement (NITSA) for transmission service with the transition to Guzman as GVP’s new wholesale power provider. The process is proceeding smoothly thus far, as Xcel acknowledges that GVP has historically provided accurate load forecasts and is in a strong financial position. Walch also reported that Xcel has expressed interest in letting GVP out of its wholesale power contract prior to the expiration of the five-year notice term required in the contract.

Legislative Report – Walch shared that the Colorado Energy Office has scheduled listening sessions for 10 - 11:30 a.m. on August 30 for co-ops to provide input on its review of solar and net-metering requirements and policies.

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

VII. Consent Agenda

MOTION: Motion by DeYoung second by Burtard to approve the consent agenda items; unanimously carried.

VIII. Discuss 2023-2024 Board Calendar

Walch noted that it is good practice to review the board calendar for the 12-month period beginning after the annual meeting. He reminded the board that the September meeting will begin at 5:00 p.m. He said the November board meeting is currently scheduled to occur on Tuesday, November 14. The normal meeting day is November 15, but it had been changed due to a conflict with the CFC Independent Borrowers Executive Summit. Since Walch and other GVP staff members no longer plan to attend the conference, a conflict no longer exists that week if the board would like to hold it on the normal Wednesday. The board agreed to hold the meeting on Wednesday, November 15.

Walch confirmed that the board would like to have a financial workshop and Key Ratio Trend Analysis (KRTA) review with CFC in October. The session typically takes place in conjunction with the October board meeting. However, CFC Regional Vice President Eric Anderson, who leads the discussion, has a conflict on that date. There was board consensus to try to schedule the session for another date in October.

Moving into 2024, Walch noted that he would like to conduct strategic planning with the board and key staff and is looking at a spring timeframe. He also said GVP plans to offer another Empower Hour focused on SmartHub and educating members about paperless billing. GVP should consider an incentive to promote paperless billing and electronic bill payment.

Sandeem-Hall asked board members to be cognizant of the conference and workshop calendar as the board heads into budget season.

IX. Review Legal and Fiduciary Duties of Directors and Conflicts of Interest Policy

Abbott reviewed the general and fiduciary duties of directors and Conflicts of Interest Policy as a director to ensure GVP follows relevant laws and regulations and articles of incorporation, bylaws, and policies. Sandeen-

Hall noted that CREA offers a course and additional resources on director duties.

X. Election of Officers

Abbott conducted the election of officers for the Grand Valley Power Board of Directors. Officer terms begin with the September 2023 meeting and end at the adjournment of the August 2024 meeting following the Annual Meeting. The board elects officers: president, vice-president, secretary, and treasurer. GVP bylaws provide that the offices of secretary and treasurer may be held by the same person, and this has historically been the practice at GVP.

Abbott asked for nominations for the office of President. Sandeen-Hall moved to nominate Janie VanWinkle for President with a second by Mease. DeYoung objected to the nomination. There were no other nominations.

MOTION: Motion by Sandeen-Hall second by Coltrinari to elect Janie VanWinkle for President; carried 8-1 with DeYoung opposing.

Abbott asked for nominations for the office of Vice-President. Woods moved to nominate Jesse Mease for Vice-President with a second by Burtard and no objections. There were no other nominations. Mease was elected Vice-President.

Abbott asked for nominations for the office of Secretary/Treasurer. Mease moved to nominate Brian Woods for Secretary/Treasurer with a second by Sandeen-Hall and no objections. There were no other nominations. Woods was elected Secretary/Treasurer.

Walch thanked Sandeen-Hall for her service as president of the board for the past four years.

XI. Appoint Delegates to Affiliated Organizations

Sandeen-Hall asked for nominations for delegates to affiliate organizations.

She said Brian Woods is the current delegate for CREA and has voiced that he is willing to continue in this role.

MOTION: Motion by Burtard second by Mease to have Woods continue as the board delegate to CREA; unanimously carried.

Burtard said that he would like to relinquish his role as the alternate delegate to CREA.

MOTION: Motion by Woods second by Coltrinari to have Sandeen-Hall be the alternate board delegate to CREA; unanimously carried.

Sandeen-Hall said that Mease is the current delegate to Western United Electric Supply and is willing to continue.

MOTION: Motion by Landini second by Rooks to have Mease continue as the board delegate to WUE; unanimously carried.

Coltrinari and DeYoung both expressed interest in serving as the alternate delegate to WUE. Abbott conducted a vote by secret ballot with Coltrinari being elected to serve as the alternate delegate to WUE with 6 votes and DeYoung receiving 3 votes.

Sandeen-Hall asked for volunteers to serve on Board Committees. The Committees are:

- **Finance and Audit:** Jesse Mease, Bill Rooks, and Brian Woods
- **Compensation and Benefits:** Carolyn Sandeen-Hall, Bill Rooks, and Kyle Coltrinari

- **Policy and Governance:** Joseph Burtard, Gary DeYoung, Janie VanWinkle, and Brian Woods
- **Member and Community Relations:** Joseph Burtard, Jesse Mease, Carolyn Sandeen-Hall, Kyle Coltrinari, and Joe Landini

XII. Executive Session – Personnel Matters, Power Supply RFP Update, Legal Update

MOTION: Motion by Mease second by Coltrinari to convene an executive session for the purpose of discussing personnel matters, for receiving a privileged power supply RFP update, and for receiving a privileged legal update; unanimously carried.

Executive session convened at 12:23 p.m.

Regular session reconvened at 1:44 p.m.

MOTION: Motion by Woods second by Mease to authorize CEO Walch to file a motion for a rehearing on the fuel cost adjustment FERC filing and for a document review, as discussed during executive session; carried 8-0 with DeYoung abstaining.

MOTION: Motion by Rooks second by Landini to review certain policies as discussed in executive session; carried 7-0 with Mease and DeYoung abstaining.

XIII. Attorney’s Report

Abbott reported that legal counsel was working on the annual meeting and election process and also spent time analyzing the FERC ruling and examining various contracts.

XIV. Colorado Rural Electric Association Report

CREA Board Meeting – Woods shared that the CREA managers’ association reported to the CREA board regarding concerns about Colorado net-metering rules. The board is planning an in-depth review of the subject in advance of the Colorado Energy Office Net-Metering Group Listening Session scheduled for later in August.

XV. Western United Electric Supply Report

Mease reported that Western United received its audit report, which will be shared at the next meeting. He noted that WUE has seen reduced sales the past two months, and that a backlog of more than \$100 million in items on order remains.

XVI. Continuing Business

DeYoung stated that he has been requesting data from staff so that he can conduct his own separate analysis of GVP’s cost of power during peak periods. He expressed his opinion that a report presented by staff at the July 2023 board meeting summarizing the cost of power during on-peak and off-peak periods was not accurate. He further noted that the report, which was derived from GVP’s most recent Cost-of Service Study, relied on data from 2020, and that a more accurate cost allocation could be determined by using current data. DeYoung indicated that if he had hourly demand data in tabular form for every hour during the month, he would be able to determine GVP’s cost of power during on-peak periods. He stated that this data is currently included in monthly reports to the board in a graph included with System Demand Reports and should also be made available in tabular form. He said that this information is necessary in order for him to meet the fiduciary obligations of a director, as described in counsel Sarah Abbott’s review of director duties and obligations. If provided the data, DeYoung indicated that he would make available to the board a tool that would allow directors to calculate the price of power for each hour.

MOTION: Motion by DeYoung second by Rooks to direct staff to provide DeYoung hourly demand data in tabular form for every hour during each month from March 2022 through March 2023, and every month going

forward.

During discussion, DeYoung said his goal is not to oppose the Time of Use rates, but to better understand them and get better data so directors can make better, more informed decisions on the cost per hour of power.

Mease noted that during counsel's review of director duties earlier in the meeting, it was pointed out that DeYoung's proposed analysis falls outside the scope of a director's duties, and expressed concern that DeYoung was overstepping the bounds of appropriate director conduct.

Walch said the demand detail being requested by DeYoung shows only hourly demand and does not include any cost information. He said that the cost of power is set in GVP's wholesale power contract and is based upon energy sales and monthly peak demand. Walch indicated that the cost of power during on-peak and off-peak periods—including demand costs—cannot be determined from the data requested by DeYoung, but instead requires a more in-depth analysis by a qualified Cost-of-Service consultant.

Sandeen-Hall said that GVP policy requires the board to consider hiring a consultant to conduct a Cost-of-Service Study every four years. The most recent study was conducted in 2021 as the board prepared to look at rate restructuring. Mease noted that GDS, the cost-of-service consultant engaged by the board, was selected after a thorough vetting process. Mease participated with staff members in reviewing proposals from a number of prospective consultants, and joined the recommendation to the full board to engage GDS.

VanWinkle said she has confidence in the data presented by GVP staff and asked DeYoung what it would take to resolve Time of Use rate structure issues for him personally.

DeYoung requested that GVP provide the Detail Demand graph included with the Board Packet to directors each month in tabular form, as he would like to understand the cost of power including demand for each hour in a 24-hour period.

Coltrinari referred to counsel's presentation regarding the role of a director and said this type of examination, particularly a director conducting a separate analysis of data, goes beyond a director's duties.

MOTION: Motion by Woods second by Coltrinari to close the debate and call for the vote on the pending Motion; the board proceeded to a vote.

MOTION: The motion to direct staff to provide DeYoung hourly demand data in tabular form for every hour during each month from March 2022 to March 2023 and every month going forward was defeated 1-8, with DeYoung voting in the affirmative.

XVII. New Business

None.

XVIII. Adjourn

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

Meeting adjourned at 2:05 p.m.

Rita Sanders, Assistant Secretary

Janie VanWinkle, President