

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

Regular Meeting

February 15, 2023

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, February 15, 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 De Young	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; Joseph Michalewicz, CFO; Matt Williams, COO; Rita Sanders, Director of Marketing & Communications; Pat Kanda, Finance Manager; Bill Barlow, Operations Manager; Karen Allen, Information Technology Manager; Jeff Hurd, Attorney.

MOTION: Motion by Mease second by Woods to approve the minutes of the January 18, 2023 regular meeting; unanimously carried.

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

I. Guests and Public Comments

None.

II. Staff Reports

Information Technology – Allen provided a review and summary of the RECAP (Rural Electric Cybersecurity Assessment Program) tabletop exercise facilitated by Bob Farmer in January.

Operations – Barlow reported Josh Burbridge started employment with GVP as a journeyman lineman on February 6. Barlow shared pictures from a construction site along 10 Road where Ward Construction is rebuilding and reconductoring overhead lines. Barlow then provided an update on five different vehicle accidents that broke GVP poles during the previous month.

Barlow stated that Ward Construction has approached GVP regarding their construction contract with GVP. Walch reviewed the value that Ward Construction provides to GVP. Walch shared that the existing contract was last renewed in 2020. Woods asked how often GVP requires Ward's services. Barlow shared that GVP crews have taken on a larger workload of construction jobs that involve upgrades to GVP's system while Ward is typically used a couple of times a year to perform larger upgrades that require a larger time commitment and more specialized equipment. Discussion ensued.

MOTION: Motion by VanWinkle second by Mease to authorize the CEO to execute a one-year extension of the existing contract with Ward Construction to include a 3% increase for labor; unanimously carried.

Walch shared that Asplundh Tree Experts has also approached GVP regarding an increase in their contract prices to include a 4% labor and 3% equipment increase for two years. Coltrinari inquired about the date the contract was last bid. Walch shared that the contract was updated in 2019. VanWinkle share appreciation for GVP's contractors and their support of GVP and willingness to work with GVP members when working on private property.

MOTION: Motion by Mease second by Woods to authorize the CEO to execute a two-year extension of the existing contract with Asplundh Tree Experts to include a one-time 4% increase for labor and 3% increase for material; unanimously carried.

Walch provided a review of the 2023 Safety Improvement Plan (SIP). Walch shared that the leading cause of injury in the workplace is slips, trips, and falls. Walch noted that two items listed in the SIP are designed to limit these hazards. Other SIP initiatives include the development of procedures during emergency and power restoration events, as well as infrastructure design changes to support better clearance procedures. These initiatives were suggested by front line employees.

Finance – Kanda provided a summary of the monthly financials and reported on disconnects, collections, and write-offs. Kanda highlighted that GVP finished 2022 \$34,000 ahead of budget projections. Kanda reported that \$776,000 in checks have cleared from the distribution of CashBack Credits in December.

De Young inquired if the fuel cost adjustments are anticipated to be leveled in the coming year. Walch indicated that it is difficult to predict the cost of natural gas, and the extent to which natural gas will be needed to meet generation requirements, which are the primary variables driving higher fuel cost adjustments. He noted that natural gas costs have moderated in the last few weeks. He also noted that the base fuel cost is a component of the formula rate approved by the FERC and does not change from year to year. Kanda shared that the original formula rate was approved by FERC in 2012. Walch presented a summary of GVP's wholesale power costs from 2013 through 2022.

Engineering – Williams provided an update on distributed generation applications with 56 applications received to date in 2023. Williams noted that two commercial installations in the past month have interconnected near the 100 kW level.

Communications – Sanders provided an update on rate increase communications. Sanders noted that the customer support representatives have received some questions and comments, but the number of inquiries has been minimal. Sanders shared the results of GVP's 2022 Consumer Satisfaction Survey, highlighting that GVP received an overall satisfaction rating of 4.88 out of 5.0. Sanders highlighted that the survey results reinforce the importance of providing hometown service. Sanders reported that the communications department is working to develop a distributed generation consumer information packet to help consumers make good decisions regarding distributed solar interconnections.

Sanders shared that GVP employees will be selecting a new Employee Impact partner that the company and employees will support for the next three years. Sanders noted that GVP will be participating in the Mesa County Safety Fair on February 22 and 23. Sanders shared that the GVP Scholarship Committee will be meeting to review scholarship applications on March 13. Dave Bristol noted that Lita Hill may be willing to serve in his place on the Scholarship Committee since he has prior commitments and is unable to serve this year.

Member Services – Elder reported that GVP continues to receive requests for home energy audits from members. Elder stated that GVP will be hiring an Energy Services Administrator to help meet the growing demand of consumer requests for energy audits in addition to other responsibilities that include program development and administering GVP's Net-Metering Policy.

Power Supply Update – Walch noted that GVP is still waiting for a structured term sheet from Xcel Energy for an amended power supply arrangement. Walch shared that Xcel originally promised a term sheet by the end of January. Walch read headlines from recent news articles about Xcel Energy that focus on the rising costs of energy for retail customers. Walch stated that additional information regarding wholesale power supply will be shared during the Executive Session.

Legislative Report – Walch shared that a copy of the CREA Legislative Summary was included with the board material. Walch stated that he and Jeff Hurd, along with GVP’s lobbying team, have participated in discussions with other stakeholders and legislators about a bill that would impose limitations on investor-owned utility cost recovery from ratepayers for certain items. He shared that the concept is getting considerable traction.

Walch provided a summary of the results from the Great Co-ops Employee Satisfaction survey. Walch noted that the results are less favorable than those reported at the time of the last survey in 2021. Walch stated that he will work to address issues by communicating with small employee groups. Further details will be presented at the March board meeting. Coltrinari inquired if the results are provided to staff and employees. Walch stated that the results have been shared with staff and will be shared with the employees.

MOTION: Motion by Woods second by De Young to approve the CEO report; unanimously carried.

IV. Consent Agenda

MOTION: Motion by Mease second by Rooks to approve the consent agenda; unanimously carried.

V. Policy Committee Report

Committee Chair Woods reported that the committee has communicated via email, reviewed policies for consistency, and provided input to staff regarding proposed changes to GVP’s Election Policy and amendments to bylaws. Woods stated that the committee met prior to this morning’s board meeting to review the final proposal and was recommending that the board adopt proposed changes to the policy.

MOTION: Motion by De Young second by Coltrinari to adopt proposed changes to Policy Bulletin No. 50 Voting and Elections and Attachment A to Policy Bulletin No. 50 Cooperative Election Disclosure Requirements; unanimously carried.

Woods noted that the committee was also recommending amendments to GVP bylaws to provide consistency with the changes to the election policy. Since bylaw amendments require posting of notice and a special board meeting for adoption of amendments, the committee recommends taking that action on the date of the next GVP regular board meeting in March.

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

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

Executive session convened at 11:26 a.m.

Jesse Mease had prior commitments and left the meeting at 1:02 p.m.

Regular session reconvened at 2:00 p.m.

MOTION: Motion by Rooks second by Woods to (1) authorize GVP’s CEO and legal counsel to negotiate terms

of a power supply agreement, consistent with the discussion in executive session, (2) authorize appropriate due diligence with respect to notice of termination and arrangements for new power supply, and (3) direct the CEO to report progress on diligence and contract negotiations at the March 2023 board meeting; unanimously carried.

MOTION: Motion by VanWinkle second by Coltrinari to approve the management staff salary structure adjustments consistent with the discussion in executive session; unanimously carried.

MOTION: Motion by Burtard second by McClaskey to appoint Rita Sanders as the Assistant Secretary for Grand Valley Power effective March 1, 2023; unanimously carried.

VII. Attorney's Report

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

VIII. CREA Report

Woods noted the revamped CREA board meeting agenda is effective and comprehensive. Woods shared a legislative update provide by CREA. Woods stated that CREA continues to explore collective grant writing opportunities for Colorado's Rural Electric Cooperatives.

Walch reported on the round-table session held during the CREA meeting. Walch noted that Kent Singer is providing timely and informative updates to CEOs across the state.

MOTION: Motion by Rooks second by Coltrinari to appoint Carolyn Sandeen-Hall as the delegate and Brian Woods as the alternate delegate for the Colorado Rural Electric Association Annual Meeting; unanimously carried.

IX. WUE Report

Walch noted that the Western United board minutes were emailed to Directors last night.

MOTION: Motion by McClaskey second by Coltrinari to appoint Carolyn Sandeen-Hall as the delegate and Brian Woods as the alternate delegate for the Western United Electric Annual Meeting; unanimously carried.

X. Continuing Business

De Young raised concern regarding a letter that was sent to Walch from GVP consumer Tom Benton regarding distributed generation and the grid connectivity fee charged to GVP consumers. Walch shared that he responded to Benton's communications noting that Benton's calculations regarding the amount of the grid connectivity charge did not account for recovery of a portion of GVP's distribution costs in variable components of the rates.

XI. New Business

None.

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

Meeting adjourned at 2:22 p.m.

Carolyn Sandeen-Hall, President