

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

Regular Meeting

July 26, 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, July 26, 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
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, Chief Administrative Officer; Matt Williams, Chief Operating Officer; Rita Sanders, Director of Marketing & Communications; Bill Barlow, Operations Manager; Karen Allen, Information Technology Manager; Destry Smith, Energy Services Administrator; Lauren Phelps, General Accountant; Jeff Hurd, Attorney; Sarah Abbott, Attorney.

II. Approve Minute Record of June 28 Regular Board Meeting

MOTION: Motion by Woods second by Coltrinari to approve the minutes of the June 28, 2023 regular meeting; unanimously carried.

III. Approve Agenda

MOTION: Motion by Mease second by VanWinkle to approve the agenda with the executive session moved to immediately follow staff reports; unanimously carried.

IV. Guests and Public Comments

None.

V. Staff Reports

Tom Walch noted that Joe Michalewicz and Sarah Wheeler are attending the national Tax, Finance and Accounting Conference for Cooperatives (TFACC), and Derek Elder will present the financial reports. Also present is Lauren Phelps to help answer questions. Walch reported staff changes, including that Hunter Henderson advanced from an apprentice to a journeyman lineman; Cole Crider interviewed for and accepted a new apprentice lineman position; Jennifer Barela changed roles to accounting specialist, which is a promotion and not an additional position; and Dana Pogar has given notice that she is resigning her position at GVP. Pogar is taking another opportunity in the energy industry that will allow her to work from home. Walch said Pogar is very talented and has done a fantastic job at Grand Valley Power and will succeed at whatever she chooses to do.

Communications – Rita Sanders reported that ballots and the annual report were mailed the first week of July. GVP has seen a steady stream of RSVP cards for the annual meeting and ballots being returned. Sanders also covered the logistics of the annual meeting for directors.

Walch noted that directors and counsel with a speaking role at the annual meeting are invited to participate in the annual meeting soundcheck and rehearsal at 11:00 a.m. on August 3. This preparation ensures smooth delivery, good pacing, and minimizes mistakes and glitches, which all contribute to a successful event. Walch also reviewed some of the questions that GVP has received from members as part of the annual meeting RSVP process. The questions have centered around the topics of rebates, net metering, and rates, and will be addressed at the meeting.

Sanders reported that more people have RSVPed online this year for the annual meeting. GVP is offering an exclusive drawing for a \$150 bill credit to those who RSVP online as a way to encourage people to use technology and to save on the cost of paper processes. Sanders invited directors to attend upcoming events, including Glade Park Movies Under the Stars on July 28, PBS Kids Fest on July 29, and a fundraiser for Go Baby Go at Kannah Creek Brewing on Aug. 17.

Operations – Bill Barlow reported that Hunter Henderson did well on the journeyman lineman exam and is now a journeyman. Cole Crider, GVP's current warehouseman and facilities technician, will start as our next apprentice lineman on September 1. Barlow also said that Mark Shaffer, Caleb Monger, and Nick Jones attended the CREA Loss Control Seminar, where they accepted our no lost-time accident award for 2022 on behalf of GVP.

Barlow said that with the hot weather, crews are starting work at 6:00 a.m. to end work earlier in the day. Mesa County has moved into Stage 1 Fire restrictions, and GVP is in Fire Prevention Mode. This means the system will only trip once to attempt reenergizing and there could be longer outages. Earlier in the month, hot and dry conditions contributed to two small fires near our lines. One of these was related to a tree in a line and one from equipment. He also noted a lightning strike caused a recent outage.

Walch noted that Barlow has been named to the board of the Mesa Hotline School. Additionally, Barlow has addressed concerns about GVP's apprenticeship program and changes the cooperative can make to provide additional support for apprentice linemen. Walch also reported that Ethan Schaecher has been working with operations to fly our drone to examine lines more closely, which will help with reliability and fire prevention, as well as to collect video footage for a virtual tour of the GVP distribution system.

Information Technology – Karen Allen noted that Grand Valley Power is considering a third-party solution to harden security at headquarters and substations with a video camera system.

Engineering – Matt Williams reported that with the hot temperatures and increased load, GVP's distribution system has remained stable. Crews have replaced a few overloaded transformers, but otherwise, there have not been any voltage problems, and reliability has not been affected. He also shared that GVP has received a necessary railroad permit for a system improvement project being constructed by Ward Electric on 12 Road. Williams noted that GVP submitted its initial Network Integrated Transmission Service (NITS) application to PSCO in early July. PSCO is reviewing the application data and GVP's financial statements.

Finance – Elder provided a summary of the monthly financials.

Member Services – Elder reported that he will be reaching out to the Compensation Committee in advance of upcoming bargaining unit wage re-opener negotiations.

Destry Smith reported that Grand Valley Power's new Preferred Solar Installer Program will launch with an installer workshop on Aug. 30. The program will identify preferred solar installers to help

members who are exploring solar solutions. Grand Valley Power will provide a workshop for installers to share the cooperative's processes for solar and how net metering works with Grand Valley Power's Time-of-Use rates. Grand Valley Power has received 184 distributed generation applications so far this year.

Directors discussed the Preferred Installer Program and how it will benefit members by creating a consistent process and improved communications and partnerships with installers and other entities in the process and provide a source of reputable installers. Walch brought up and directors also discussed the possibility of marketing, selling, and installing solar panels.

Time-of-Use Rate Review and Analysis – Staff provided a report on their Time-of-Use (TOU) Rate Review and Analysis as requested by the board at the June board meeting.

Walch addressed the threshold question as to whether the rate restructuring generated the appropriate levels of revenue. Walch reported on the cooperative's revenue requirements and the cost of power. The board concluded from the results that the cooperative is collecting the appropriate amount of revenue to cover power costs.

Williams addressed whether the correlation between the consumption of power during peak periods and the cost paid by consumers who used power during those periods was appropriate. Williams showed the allocation of GVP's expenses from the most recent Cost of Service Study: 23% Connectivity/Fixed Costs; 24% Distribution System Costs; 27% Power Supply Energy Costs; and 26% Power Supply Demand Costs. This data served as the basis for allocation of costs in GVP's rate restructuring. Williams reported that the Cost-of-Service Study concluded that 82% of power supply demand costs are incurred during the peak period of 4:00-9:00 p.m. Williams also showed that prior to Time-of-Use Rates, the revenue collected from members for the energy they used 4:00-9:00 p.m. did not appropriately cover the costs incurred 4:00-9:00 p.m. According to Williams, under the old rates, the revenue collected during off-peak hours paid for a substantial portion of the costs incurred during on-peak hours. Since the implementation of Time-of-Use Rates, the revenue collected during on-peak hours has shifted some of the costs of demand incurred during those hours to those consumers who are driving higher demand. This has reduced rate inequity. Williams provided his opinion that under Time-of-Use Rates, consumers are more appropriately paying for the cost of electricity according to what it costs when they use it.

The board concluded that the cost paid by consumers who used power during each TOU period is appropriate, and the objectives of the rate restructure have been achieved.

Elder looked at the third objective of the TOU Rate Review and Analysis: Addressing the impact of the rate restructure on members' individual energy costs and examining alternatives to reduce those impacts (including allowing net-metering customers to offset banked off-peak kilowatt hours against on-peak consumption). Elder shared that prior to the implementation of TOU rates, the Board looked at the impacts across different consumer bases such as farmers, irrigators, solar distributed generation, working families, and those on fixed incomes.

For his analysis, Elder reported that he looked at the accounts of four net metering consumers who raised concerns to the board to determine how their costs have changed since the rate restructuring. Before TOU, 3 of the 4 paid only the base Grid Connectivity Fee each month. Over the course of 12 months, all of these consumers use energy during on-peak hours when the production from their distributed generation systems decreases. According to Elder, this shows that prior to the restructuring, these consumers used electricity during on-peak hours when energy costs are higher but had enough banked kilowatt hours from off-peak generation to cover the on-peak usage. Because the cost of electricity is higher during on-peak hours, these consumers were using electricity generated at a lower cost to cover usage that occurred during on-peak hours when electricity costs more. This means that prior to TOU rates, other consumers were paying more during on-peak hours to cover the cost of net-metering consumers who used electricity during this time but did not generate it in this

time period. Elder said that consumption is what drives costs. GVP's TOU rates seek to recover that cost more equitably.

Elder shared that one of the Board priorities in evaluating a new rate structure was to have those members who impose costs on the system pay their share of those imposed costs. Elder said that his personal account saw a 13% year over year increase after TOU rates were implemented. Elder noted that this meant prior to TOU rates, another member was paying for the additional cost that he imposed on the system. He stated that he didn't feel right continuing to expect other members to cover his cost to the system.

Elder also explored whether it would be fair to offer a 2 to 1 ratio offset for electricity generated by distributed generation systems during off-peak hours to on-peak hours. Elder shared that GVP purchases annual excess generation according to its policy, which can be used by the consumer to offset future on-peak purchases. Elder noted that this exchange rate under current rates is 4.7 : 1. He shared that if GVP were to consider changes to this policy, the company would need to engage a rate consultant to study and identify a trade ratio that would not adversely impact other consumers.

Elder said that Grand Valley Power has no incentive to overcharge consumers as a not-for-profit and strives to charge what it needs to operate at appropriate margin levels.

Elder also said that any changes to Grand Valley Power's rate structure and resulting billing would require changes to the billing software, as well as continuous maintenance, which would be an additional cost to Grand Valley Power.

Elder provided his recommendation that without an additional rate study focused on board objectives identified in evaluating and considering TOU rates, Grand Valley Power should not allow offsets of banked kilowatt hours between time of use periods.

MOTION: Motion by DeYoung to allow off-peak banked kilowatt hours to be used for on-peak kilowatt hour purchases at a ratio of 2.7 : 1; the motion did not receive a second and was not considered.

MOTION: Motion by McClaskey second by Woods to accept the staff report that GVP's TOU rates are meeting objectives, and to further accept staff recommendations to not allow offsets of banked kilowatt hours between TOU rate periods and to communicate this to consumer members who have requested consideration of the matter; motion carried 8-1 with DeYoung opposed.

Directors said they appreciate the information presented by staff and believe the cooperative is going in a direction that matches its values; that is, to have equitable rates for all consumers such that each consumer covers the cost that they impose on the system.

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

MOTION: Motion by Mease second by Burtard to convene an executive session for receiving a privileged power supply RFP update and for receiving a privileged legal update; unanimously carried.

Executive session convened at 12:36 p.m.

Regular session reconvened at 1:09 p.m.

Amended MOTION: Motion by Rooks second by DeYoung to direct staff to work with Guzman Energy to explore opportunities for locally sited utility-scale solar and storage resources; and to issue letters of interest to the appropriate agencies to participate in the PACE and New ERA programs; unanimously carried.

VII. CEO Report

Legislative Report – Walch reported on the Colorado Energy Office working group meeting with stakeholders to address concerns that rooftop solar vendors have with recent distribution cooperative rate-making efforts. CREA, Holy Cross Energy, and United Power have been invited to participate in these sessions, but Grand Valley Power and other interested cooperatives are not being allowed to join the discussion. Walch expressed concern that one of the stated objectives of the working group is to ensure the viability of the rooftop solar industry – and its many bad actors – by requiring cooperative ratepayers to subsidize the industry. Since our participation is limited, Walch is encouraging cooperative CEOs, directors, and key staff members to participate in upcoming listening sessions sponsored by the Energy Office.

Grand Valley Power was sponsor of McConnell Science Museum and they have an annual fundraiser on Sept. 15. Any directors interested in attending were asked to contact Walch.

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

VIII. Consent Agenda

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

IX. Attorney's Report

Hurd reported that fellow attorney Sarah Abbott has been helping with corporate documents and election matters and the NITS application. Sanders and Elder met with the post office to resolve a minor issue with ballots being delivered to GVP's PO Box instead of the designated ballot return PO Box. Hurd and the Election Supervisory Committee have been working on a matrix for sorting ballots and determining how to handle any election issues that come up. Abbott will be present at the ballot counting with the Election Supervisory Committee in place of Hurd as he has a conflict. Hurd will participate remotely.

Walch noted that during the ballot tabulation process, the role of the Election Supervisory Committee is to: Review ballot envelopes (are they signed, and do they otherwise comply with legal requirements); review individual ballots (e.g., Did the member vote for too many people and/or did they clearly express who they are voting for), conduct ballot recounts as necessary, and certify ballot counting.

X. Colorado Rural Electric Association Report

Woods reported on CREA business and said the legislative session went well regarding CREA's initiatives. He noted that past Director Rod Martinez supported auctions for CARE, and GVP will once again be asked to contribute to the fund-raising auction. Woods encouraged directors to participate in the listening sessions on solar in Colorado.

Sandeen-Hall said that ACRE, the NRECA-sponsored Political Action Committee (PAC), has changed its name to America's Electric Cooperatives.

XI. Western United Electric Supply Report

Mease reported that Western United is still logging record sales and experiencing delays in delivery due to supply shortages.

XII. Continuing Business

Sandeen-Hall requested that directors wanting to attend the Colorado CFC Directors Conference let her know.

XIII. New Business

None.

XIV. Adjourn

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

Meeting adjourned at 1:44 p.m.

Rita Sanders, Assistant Secretary

Carolyn Sandeen-Hall, President