

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

Regular Meeting

June 28, 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, June 28, 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; 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; Destry Smith, Energy Services Administrator; Jeff Hurd, Attorney; Sarah Abbott, Attorney.

II. Approve Minute Record of May 17 Regular Board Meeting

MOTION: Motion by Burtard second by Coltrinari to approve the minutes of the May 17, 2023 regular meeting; unanimously carried.

III. Approve Agenda

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

IV. Guests and Public Comments

None.

V. Staff Reports

Member Services – Elder reported that The Election Supervisory Committee met on June 6 and certified the petitions of five candidates to be placed on the 2023 director election ballot. The certified candidates are Joe Landini, Thomas Lake, Joseph Burtard, Mike Moran, and Janie VanWinkle. The Committee chose to rotate the positions of the candidates on the ballot this year, so that each candidate will occupy each position on the ballot an approximately equal number of times.

Elder reported that he has also communicated with candidates regarding election campaign financial disclosure requirements as set forth in recent amendments to GVP Bylaws and Director Election Policies.

Elder said he attended the Northwest Colorado Energy Summit held in Craig, CO June 2-3 and the

Colorado Capital Conference in Washington, D.C. June 13-15. He noted that the Capital Conference afforded him the opportunity to hear from Colorado's congressional delegation and network with 116 fellow Coloradans, including a GVP member who serves on the University of Colorado Board of Regents.

Communications – Sanders reported that the Annual Report and ballots for the Director Election will be mailed to members the week of July 3. The annual report contains an RSVP card for this year's annual meeting; however, Grand Valley Power is encouraging members to RSVP online with a drawing for a \$150 bill credit for those who register this way. The ballot materials contain instructions, candidate bios, photos, and the ballot, along with a postage-paid, return envelope. The July issue of Colorado Country Life also will include election information, as well as information about the annual meeting. The information directs members to our website, where they can read director bios and RSVP for the annual meeting.

Sanders also shared that Branson Padgett has been selected to receive the 2023 Lineworker Scholarship. On July 28, GVP is sponsoring the Bee Movie at Glade Park Movies Under the Stars, and on July 29 the cooperative will host the Energy Lab at PBS Kids Fest in Longs Memorial Park.

Walch recognized the communications team for developing and executing an effective communications plan for the Power Supply Transition announcement.

Operations - Barlow shared that a wind event earlier this week caused an outage for 630 people for about 90 minutes on the Grand Mesa. Crews found that some breakers owned by Xcel in Molina may need to have their settings adjusted. Many consumers calling in the outage mentioned seeing smoke, which turned out to be the Spring Creek Fire near Parachute, Colo. Barlow also reported that 120 kids visited GVP last week from the D51 Extended Hours summer program to learn about dispatch, see a high voltage demonstration, and check out a bucket truck and lineworker equipment.

Walch commended Barlow for the job he did on the Rural Electric Safety Achievement Program (RESAP) certification at the end of June.

Information Technology – Allen reported that the computer server room air-conditioning unit that has been in service since the building was constructed failed in late May. This critical unit has had issues from the outset. Fortunately, an in-room AC unit (brought over from the old GVP headquarters building) kicked on and kept the room cool. Fournety Heating and Cooling and Purchasing and Warehouse Manager Dan Reid expedited the delivery and installation of replacement units. Allen also shared that IT has been continuously updating patches on network systems and the department will be updating network switches later this summer. Allen reported that IT is evaluating solutions for a new Access Control System to update the obsolete system currently in place. Jimmy Weber completed his first course towards a BA in Cybersecurity and Information Assurance.

Energy Services – Smith reported that he conducted an energy audit for a household in De Beque which has several livestock heaters contributing to high winter bills. He provided information about how timers could help reduce energy use in this situation. Smith also provided a summary on Distributed Generation. Grand Valley Power currently has 166 applications in process. In 2022, the cooperative received 255 applications total. Over the past two years, GVP has been experiencing a 29% growth rate in distributed generation consumers per year, and the penetration rate is now 5.2%. If this level of growth continues, Smith projects that by 2028 GVP will have more than 4,000 distributed generation interconnections and about 20% penetration among members. Smith said he worked with Mesa County to prepare a report on the average appraised value of GVP residences with distributed generation (DG) installations and compared this to the average appraised value of Mesa County residences and found that the value of residences in GVP's service territory with DG installations is almost 17% higher than the average appraised value of homes in Mesa County.

Finance – Michalewicz provided a summary of the monthly financials and reported on the disconnects and write-offs. Michalewicz shared that Grand Valley Power sold \$85,000 in Renewable Energy Credits

(RECs) in April to add to its margins. The cooperative is required by regulations to source 10% of its power from renewables. GVP is permitted to sell RECs beyond the 10% to benefit members, for example, by using the funds to reduce fuel cost adjustments and helping to maintain healthy margins.

Michalewicz said he attended the Cooperative Finance Corporation (CFC) Forum with Walch and Sandeen-Hall. He learned the organization is rolling out a new software model for forecasting and budgeting, and GVP has been asked to participate in beta testing.

Engineering – Williams reported that Grand Valley Power has reclosers on order that will allow the cooperative to adjust fire settings remotely and provide better control of electricity distribution when equipment failures occur in our power supplier's system. Williams also said that the City of Grand Junction and Mesa County have moved the proposed 29 Road Interchange to the west side of 29 Road. In previous designs, the 29 Road Interchange proposed location was in the area of GVP's Highline substation. Williams said he is working on submitting GVP's transmission application to Xcel Energy for the period beginning in 2028 after the power supply transition to Guzman Energy.

VI. CEO Report

Review GVP Rural Electric Safety Achievement Program (RESAP) Report – Walch reported that among the many things that occurred in May was Grand Valley Power's onsite RESAP inspection. A Team of inspectors from other cooperatives and the Colorado Rural Electric Association inspected Grand Valley Power's facilities and crews, and reviewed safety processes and documentation on 170 criteria the week of May 21. GVP did very well with the cooperative meeting or exceeded all requirements for 167 of the criteria and received a passing mark on the remaining three items. Walch noted that "exceeds requirements" marks were concentrated in warehouse and facilities categories, and recognized Warehouse Manager Dan Reid for his exceptional management of the warehouse, yard, and facilities.

Preliminary Review and Discussion – Time-of-Use Rate Analysis – Walch introduced a discussion of the Time-of-Use Rate analysis by noting that the underlying factor in Grand Valley Power's 2022 decision to revise its rates was the desire to implement a more equitable rate structure. The move to equitable rates began ten years ago with a concept embraced by the GVP Board of Directors following a seminar on ratemaking and a Cost-of-Service Study conducted by consultant Marty Blake. Blake emphasized that equitable rates are those that require consumers to pay the cost that they impose on GVP and its distribution system. The desire for more equitable rates, as described by Blake, was subsequently incorporated into strategic plans and initiatives adopted by the GVP Board. Time-of-Use rates were seen as one way to meet this strategic objective. The need for metering devices that would enable time-of-use and/or demand billing for residential consumers and support a more equitable rate structure was one of the drivers leading to GVP's investment in Advanced Metering Infrastructure (AMI).

Walch noted a key objective of GVP's 2022 rate restructuring was to recover sufficient revenue to meet the financial requirements identified in GVP's Financial and Equity Management Policy. Among other things, these requirements were necessary for GVP to meet covenants made to lenders. He also indicated that the rates should require members who consume more energy during peak periods – when power costs are higher – to pay more. He expressed his view that the "art" of effective ratemaking is to find a way to accomplish these objectives in a way that is accepted by the broad GVP consumer base. Staff members reported that a detailed review of the time-of-use rates would require engagement of GVP's Cost-of-Service consultant, at a cost estimated at \$10,000 to \$12,000.

With this background, Directors then turned to how GVP might evaluate the effectiveness of its Time-of-Use Rates, whether the rates have achieved their intended goals, and what specific questions or determinations would drive this assessment. Following a discussion among various Directors and questions to Walch and staff members, it was the consensus of the board that consultant engagement was not necessary. GVP's management staff was given general direction to evaluate: (1) whether the rate restructuring generated the appropriate levels of revenue; and (2) whether the correlation between consumption of power during peak periods and the cost paid by consumers who used power during those periods was appropriate. Walch indicated that staff would also review how allowing net metering offsets across on-peak and off-peak periods

would impact rate restructuring objectives. Staff reports on these items will be presented at the July Board Meeting.

Adjust Start Time for September Board Meeting – Walch proposed moving the September board meeting to an evening start time due to a conflict with a national industry conference in Denver that will be attended by several Grand Valley Power staff members.

MOTION: Motion by Mease second by DeYoung to move the start time of the September board meeting to 5:00 p.m.; approved 8-1.

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

VII. Consent Agenda

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

VIII. Executive Session –Power Supply, Personnel Matters, Legal Update

MOTION: Motion by DeYoung second by Mease 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 1:33 p.m.

Director Joseph Burtard excused himself from the meeting at 2:10 p.m. due to a prior commitment.

Regular session reconvened at 3:01 p.m.

IX. Attorney's Report

Hurd reported that in February the board adopted a revision to election policy 50, Voting and Elections, and he reviewed the financial disclosure aspect of these changes. Hurd said the implementations are going well. The committee also chose to rotate the names of the director candidates on ballots so they each have an equal position on ballots. Hurd shared that all appropriate election information is posted on the Grand Valley Power website, and that disclosure reports will soon be posted on the website as well.

X. Colorado Rural Electric Association Report

CREA Annual Meeting – Woods shared that director representatives to CREA met in Fort Collins and toured a dairy with a methane conversion project. The group also toured Morgan County REA, which demonstrates a great deal of pride in ownership. Woods noted that Grand Valley Power has a beautiful, well-maintained facility and should be proud as well. Woods said the group also discussed potential legislation impacting net-metering and additionally, changes cooperatives must make due to recent legislation.

Walch reported that the CREA executive board is seeking new leaders as Joe Redetzke, who was vice president of CREA, was not re-elected to the board of his local cooperative; and another officer is expected to reduce commitments due to health issues.

XI. Western United Electric Supply Report

Mease reported that Western United has \$141 million in order backlog. Lead times are growing for some equipment such as transformers. WUE has two new facilities open to help serve its customers.

XII. Director Reports

Sandeen-Hall reported the Cooperative Financial Corporation Forum is a valuable event for directors and co-op leaders alike in that it offers networking opportunities, realistic speakers, and classes.

MOTION: Motion by Woods second by VanWinkle to engage LDR Leadership to provide training for Grand Valley Power staff.

XIII. Continuing Business

None.

XIV. New Business

None.

XV. Adjourn

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

Meeting adjourned at 3:21 p.m.

Rita Sanders, Assistant Secretary

Carolyn Sandeen-Hall, President