

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

Regular Meeting

October 18, 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, October 18, 2023 at 845 22 Road, Grand Junction, Colorado. President Janie VanWinkle called the meeting to order at 9:05 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; Sarah Wheeler, Controller/Benefits Administrator; Destry Smith, Energy Services Administrator; Lauren Phelps, General Accountant; Sarah Abbott, Attorney; Jeff Hurd, Attorney.

II. Approve Minute Record of September 20 Regular Board Meeting

**MOTION:** Motion by Sandeen-Hall second by Mease to approve the minutes of the September 20, 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

Information Technology – Allen provided cyber awareness training to the board. The board watched the KnowBe4 Deepfake Awareness video, which addresses malware threats.

Operations - Barlow shared that Grand Valley Power donated a pole to the Friends of Highline Lake State Park and helped install an osprey nesting platform on the north side of the lake. He also reported that a grounding class will be held at Grand Valley Power next week for linecrews. Barlow also said that Scott Bradley will represent Grand Valley Power at a community Halloween trick or treat event in Loma at the Cattleman's restaurant on October 28 in the afternoon, 1:00-4:00 p.m.

Walch provided an update on the outage that occurred last month in Xcel's substation. Walch reported that he contacted Xcel about their response and failure to communicate with Grand Valley Power in advance of the planned outage, and asked the company to take the necessary steps to make sure this type of outage doesn't happen again. He pointed out to Xcel contacts that hundreds of GVP consumers had to deal with a lengthy power outage caused by Xcel's failure to follow good procedures in communicating with GVP before the planned outage.

Member Services – Elder reported that he presented at a Colorado Solar and Storage Association (COSSA) meeting to help increase understanding of how Grand Valley Power and other utilities manage applications for solar generation projects. He encouraged vendors to contact the local electric utility early in the process to increase efficiency and reduce the need for project revisions after a project is well underway. Elder said that compared to residential construction, utility scale solar development is approached backwards in that the infrastructure required to connect to the grid is considered at the end of the project rather than at the beginning. Elder discussed the process in the context of the Nanny Blain solar project, which was announced one year ago and approved by County Commissioners before the company making the proposal sought information from the local utility about the grid connection.

Elder also reported on his attendance at a Citizens Climate Lobby (CCL) presentation at Mesa County Library. He noted that CCL's perspective is that all forms of energy – including fossil fuel generation – are needed to manage the transition to clean energy and support increased loads from electric vehicles and beneficial electrification.

Smith reported that he attended a presentation made to the City of Grand Junction by Zero Point Energy for distributed generation at a fire station. He said the company misled the city on several points, including the amount that the city would save with solar and when the project would break even. The proposal overestimated kilowatt hour charges and did not include anticipated demand charges that the city pays. Smith provided accurate information to city representatives.

Smith also said he attended the Rocky Mountain Utility Exchange conference in Vail. Presenters talked about rates, battery storage, EV charging technologies and other timely topics.

Communications – Sanders reported that Tanya Marchun, who has been working in the City of Grand Junction's Parks and Recreation department, has accepted the Communications Specialist position and will start at GVP on November 6. Sanders noted that Marchun was a GVP Student of the Month while a high school student at Plateau Valley.

Sanders said that communications and IT are working together to plan for the transition to the new version of SmartHub, which has a new, modern look and feel. Other cooperatives who have already upgraded to the new version report it is a seamless transition for both end users and the technology department. Sanders also shared that GVP will host its annual GLOW Halloween event on October 31 and that Youth Program applications will open November 1. She thanked the board for attending the breakfast fundraiser for Go Baby Go.

Engineering – Williams reported that Grand Valley Power has been waiting for and is set to receive a transformer that will allow it to add capacity to the Highline substation in 2025. An engineering consultant will start on the project this month. Williams also updated the board on the Network Integrated Transmission Service (NITS) Agreement with PSCo, saying that it is still in queue, but that Guzman will need to identify the location of resources designated to serve GVP's load. Guzman expects that this information will be available in late 2023 or early 2024.

DeYoung asked about September's peak demand noted in board materials. The peak occurred at 4 p.m. before on-peak hours. Directors discussed what might have contributed to an earlier peak, including weather, households shifting their energy use to off-peak hours, and distributed generation. Walch noted that GVP will continue to track incidences of shifting peaks, including steps to determine why these shifts may be occurring. If the causes can be identified, GVP will take appropriate steps to

account for the issue as necessary.

Williams provided an overview of the Special Equipment Summary Form and RUS Form 219 Inventory of Construction Work Orders.

Walch noted that Governor Jared Polis appointed Williams to the Colorado State Electrical Board, which governs electrical building codes and electrician licensure. Williams will be the board member representing all Colorado utilities. Walch also noted that Williams and Elder have been accepted to participate in NRECA Executive Leadership Program at Kellogg's School of Management.

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

Michalewicz reported that he and Smith recently visited with Collbran elected officials and discussed the recent outage, along with other topics. The town representatives expressed their gratitude for Grand Valley Power's efforts toward ensuring reliability and thanked crews for excellent response times when outages occur in the high country.

Michalewicz reported that the Finance department has been working to reduce expenses associated with paper and credit card payments. Recently the department and Smith worked with the City of Grand Junction to convert its 192 accounts to paperless billing through SmartHub, reducing the cost of paper and postage and the workload that comes with processing paper payments for both the city and GVP. Michalewicz noted that the department is reviewing its process for automatic bank payments with plans to encourage people to choose this form of payment over credit cards. GVP incurs fees for credit card payments and currently does not pass these fees along to consumers.

Michalewicz presented Grand Valley Power's five-year financial forecast. He said that under specific economic assumptions, including the estimated cost of power, interest rates, inflation, and wage expectations, that GVP's costs are anticipated to increase across all departments and areas of the organization.

Walch said Grand Valley Power anticipates that it will be a tight year, but that it should be able to maintain current rates in 2024. He acknowledged that a rate increase will probably be necessary in 2025 and noted that GVP should consider giving members more options in how they are billed for the power they use; for example, GVP could offer members a choice between a Time-of-Use rate, a demand rate, or a more conventional rate with a higher access charge.

The board discussed the potential for future rate increases. DeYoung commented that smaller, annual rate increases might be considered. Directors also discussed that cooperative members have seen rate increases for two consecutive years and GVP should pause increases in 2024 if GVP can maintain appropriate margins.

## VI. CEO Report

Staffing Update – Walch provided information on upcoming trainings that will be held at Grand Valley Power. He said a grounding class will be held next week, and a performance coaching and leadership course will be held next month for 12 participants, 9 of whom are from operations and engineering. Both initiatives grew out of the listening sessions that followed an employee survey and are designed to help ensure the success of the organization going forward.

Walch also noted that the warehouse inventory report demonstrates the outstanding achievement of Dan Reid and the warehouse team. The report variance was minimal in relation to the amount of inventory. He said that GVP regularly receives compliments as one of the top warehouses in the state of Colorado.

Walch noted that he is impressed by staff members showing initiative. For example, Sanders participated in the Rocky Mountain Utility Exchange and presented on rates and has joined an advisory group at Touchstone,

Michalewicz and Smith visited Collbran to develop relationships, Elder has met with and presented to COSSA, and Williams was named to the Colorado State Electrical Board and asked by Eaton to be on an advisory board. Walch said that these acts will reap benefits for the membership of Grand Valley Power.

Legislative Report – Walch reported that he received information from Kent Singer regarding net metering developments and strategy, Colorado Energy Office activities, and Governor Polis’s drive toward 100% renewable energy. The group representing Colorado utilities will continue to discuss a net-metering structure that it can present to the legislature in 2025.

#### Review Financial & Equity Management Policy

Walch led a review of GVP Financial and Equity Management Policy No. 80. Walch highlighted the objectives, which are designed to ensure the financial integrity of the cooperative so that it can provide reliable electric service now and into the future. No changes were recommended.

Walch noted that the policy goal set by the board is to retire 3-5% of total unretired patronage capital on an annual basis. He said that GVP’s practice changed a few years ago from retiring patronage capital on a 15-year First-in First-out basis to retiring it from the previous year up to 20 years ago based on margins. Based on recent retirements, Grand Valley Power has been on a 17-year cycle and is in the top 25% of cooperatives nationally for returning patronage capital to consumers. This year he is considering asking the board to retire 3.1-3.5% of the unretired patronage capital balance as CashBack Credits for GVP members.

Walch also said that under Policy No. 80 the board should consider commissioning a Cost-of-Service Study in 2024.

**MOTION:** Motion by Sandeen-Hall second by Landini to approve the CEO report; unanimously carried.

#### VII. Consent Agenda

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

#### VIII. Review Director Compensation

The board reviewed Director Compensation and Travel Reimbursement for Meeting Attendance Policy No. 33. Walch stated that director compensation and travel reimbursement recognizes the fact that being a director on a co-op board requires time, commitment, sacrifice, and travel. Grand Valley Power wants to provide directors the opportunity to get training needed to effectively carry out their responsibilities as board members.

#### IX. Review 2024 Director Travel Requests

Directors discussed opportunities for director training offered by national and state cooperative organizations. VanWinkle asked that directors review training options and be prepared to discuss their schedules at the November board meeting.

#### X. Compensation and Benefits Review

Walch reviewed the compensation and benefits report in advance of November’s budget presentation.

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

**MOTION:** Motion by Mease second by Woods 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 12:40 p.m.

Regular session reconvened at 1:27 p.m.

**MOTION:** Motion by Sandeen-Hall second by Rooks to approve the tentative agreement regarding the wage reopener negotiation on Appendix A to the production unit agreement; unanimously approved.

**MOTION:** Motion by Sandeen-Hall second by Woods to approve the tentative agreement regarding the wage reopener negotiation on Appendix A to the clerical, engineering, and warehouse unit agreement; unanimously approved.

XII. Attorney's Report

Abbott reported that she met with cooperative attorneys at a state meeting. They discussed new case law regarding the high voltage safety act after a case involving holiday lighting and a personal injury. She also participated in discussions around legislative issues that could come up in the future and how to respond to rogue directors. Hurd noted that the expense of Abbott's participation in the statewide meeting was shared across several co-ops, including Grand Valley Power, that retain the firm.

XIII. Colorado Rural Electric Association Report

CREA Annual Meeting – Woods shared that CREA is preparing year-end reports.

XIV. Western United Electric Supply Report

Mease reported that Western United sales are down again.

XV. Continuing Business

Walch indicated that GVP should name a director to replace Don McClaskey on the Ute Water Subdivision Board of Directors. Rooks indicated that he would like to serve in that capacity.

XVI. New Business

None.

XVII. Adjourn

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

Meeting adjourned at 1:40 p.m.

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Rita Sanders, Assistant Secretary

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Janie VanWinkle, President