

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

Regular Meeting

June 26, 2024

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 26, 2024 at 845 22 Road, Grand Junction, Colorado. Vice-President Jesse Mease 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	arrived following approval of agenda
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; Jimmy Weber, Network and Systems Administrator; Sarah Abbott, Attorney. Guest Kent Singer, Executive Director of Colorado Rural Electric Association (CREA) was also present.

II. Approve Minute Record of May 15 Regular Board Meeting

MOTION: Motion by Woods second by Coltrinari to approve the minutes of the May 15, 2024 regular meeting; unanimously carried.

III. Approve Agenda

MOTION: Motion by Carolyn Sandeen-Hall second by Joe Landini to approve the agenda with the additions of agenda items for (1) a power supply update during executive session and (2) consideration of Resolution R24-05, Submission and Certification of Data to RUS; unanimously carried.

IV. Guests and Public Comments

Kent Singer provided an update on CREA business, staffing, and efforts to drive legislative outcomes. He said the organization had a successful 2024 legislative session, during which it advocated for and saw seven bills amended and seven bills killed. He also reported that Jenna Hirsch, CREA Director of Safety and Loss Control, will be leaving CREA to accept a similar position at United Power.

Singer also updated directors on the state Net-Metering Working Group organized by Governor Polis through the Colorado Energy Office. He said the group has met seven times and GVP CEO Tom Walch has helped working group members and facilitators understand what the impacts and issues are for cooperatives in regard to the net-metering statute.

V. Staff Reports

Information Technology – Walch thanked Karen Allen for her 16 years of service to Grand Valley Power. He said she has always been a model of professionalism.

Allen reported that Jimmy Weber led the implementation of the new building security and video surveillance system. The department also installed a new cloud-based phone system and is preparing to conduct a penetration test, which will help identify vulnerabilities that need to be addressed.

Communications – Sanders reported on preparations for the annual meeting and presented the Annual Report, which will be mailed to members July 8. She said ballots will be mailed July 9 to members. Information about the meeting and election and an RSVP form are on the GVP website.

Member Services – Elder reported that he will be at the 4-H Livestock auction at the Mesa County Fair July 20 and will reach out to Guzman Energy to participate and support local youth.

Elder said that he was recently contacted by Colorado Solar and Storage Association (COSSA) Executive Director Mike Kruger with complaints from solar vendors about GVP's process for sharing members' consumption history. Elder said Grand Valley Power requires members' verbal confirmation before sharing this history. After the call from Kruger, GVP's member support representatives were armed with talking points to use during this confirmation process. These talking points include information about billing impacts, ongoing access charges and the effects of GVP's time-of-use rates. Elder noted that feedback from GVP members has been positive about the additional information provided by the member support representatives.

Board members discussed personal experiences with misinformation spread by door-to-door solar salespeople.

Operations - Barlow reported that while Grand Valley Power experienced a few outages due to the storms that came through last week, line crews safely restored power. Barlow noted that Extended Hours students will visit GVP for a tour on July 10.

Engineering – Williams provided an update on GVP's network integration transmission service agreement (NITSA) application with Xcel.

Williams referenced May's load graph showing demand went up 7 MW over four days at the end of May, increasing power supply costs by \$125,000. He noted that Grand Valley Power does not charge residential customers a demand rate, and that this power supply expense is recovered in fixed and kWh charges. He said that typically in May, demand is not high, but neither are kWh sales. The May wholesale power bill will be influenced heavily by peak demand, and the result is that GVP's cost per kWh for the month of May will be higher than it typically is.

Directors discussed how one day in a shoulder month can mean a big difference in power supply costs.

After a short break President VanWinkle presided over the meeting.

Finance – Michalewicz provided a summary of the April 2024 financials and reported on the disconnects and write-offs. He noted that Grand Valley Power has seen kWh sales level out over the past year even as it has seen growth in the number of new consumers. Staff and directors discussed explanations for stagnant sales, including mild weather, distributed generation, and a trend in the completion of home energy efficiency projects during the pandemic.

Michalewicz reported that GVP's member support representatives have successfully completed the transition of several industry and commercial accounts to electronic bill payments, increasing efficiencies and reducing the cost of paper processes. Additionally, he said the cooperative is planning

to move members to one billing cycle to better align retail billing with monthly power supply costs. GVP will communicate the change with customers in advance.

Michalewicz reviewed the five responses received to Grand Valley Power's Requests for Proposal (RFP) for a Cost-of-Service Study consultation services. Staff recommended interviewing four of the five firms and asked if the board would like to have a representative on the interview team. During the last process, Jesse Mease was involved as secretary/treasurer of the board.

Secretary/Treasurer Woods and Director DeYoung requested to be involved. President VanWinkle appointed Woods to participate.

Directors discussed the process for choosing the firm that will conduct a Cost-of-Service Study and how the board could provide input.

MOTION: Motion by Sandeen-Hall second by Burtard to authorize management staff and the secretary/treasurer to interview the Cost-of-Service Study consultants and make a recommendation to the board, and unless a written objection is received from a director within three days after the report, then management is authorized to engage the recommended consultant. In event there is an objection, the executive committee will set up a special meeting or work with the director that has an objection to resolve the issue.

Directors discussed how rates were determined after the last Cost-of-Service Study was conducted and how directors decided rates based on members' needs and the consultant's recommendations. Directors discussed the need to trust the individuals on the interview team and provide for director input.

President VanWinkle called for the question.

MOTION: Failed 2-6.

MOTION: Motion by Coltrinari second by Burtard to authorize management staff and the secretary/treasurer to interview four Cost-of-Service Study consultants, report to the board, and proceed to engage the recommended consultant; carried 7-1 with DeYoung opposing.

VI. CEO Report

Net-Metering Working Group Report – Walch reported on the challenges of helping organizations and legislators to understand the issues that cooperatives face in regard to net-metering. He said it's important for cooperatives to be involved with the state working group and advocate for changes that will benefit cooperative members by ending cost shifts associated with Colorado's net metering scheme. Walch said that in 2023, Grand Valley Power had the highest percentage of solar distributed generation penetration outside of the Denver metropolitan area. He said net-metering legislation is important to Grand Valley Power because while time-of-use rates and the grid connectivity fee have helped decrease the solar subsidy, GVP saw a cost shift of about \$650,000 in 2023. Walch said this cost shift will increase as the distributed generation penetration rate continues to grow and kWh sales trend down. Walch said that it has become apparent during discussions that the solar industry does not assign a value to the grid, which is critical in the distribution of electricity both to and from consumers' homes, and has a cost to build, expand, and maintain.

Power Supply Update – Walch reviewed the 2023 Production and Transmission Formula Rate True-up notifications from Xcel Energy. Staff noted that this is the first time Grand Valley Power will have to pay a surcharge on the production side; however, a profit-sharing check received from Xcel combined with funds allocated to GVP's Power Cost Adjustment (PCA) Surplus account, will help to offset the production surcharge.

MOTION: Motion by DeYoung second by Sandeen-Hall to approve using the profit-sharing funds from Xcel to offset the cost of the true up charge from Xcel; unanimously carried.

CREA – Directors discussed the information provided by Singer about CREA business as well as associate memberships in CREA.

VII. Consent Agenda

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

VIII. Discuss Development of Rate Philosophy

Walch recommended that the board discuss a rate philosophy. He said that during the last rate study, the board adopted the philosophy that rate payers should bear the cost that they impose on the system, as that is the best practice for arriving at equitable rates. Walch offered his view that rates should be as simple as possible, but no simpler; consumers need to be able to look at their bill, see the data, and understand the calculation that determines the amount owed.

Walch said the philosophy should also keep in mind the impact on low-income consumers. Walch said the best rate is one that members can afford.

Directors DeYoung, Coltrinari, Rooks, Landini, Woods, and Mease said simplicity and transparency are important. People need to understand their bill so they can change their behavior if they choose. They would like to see GVP help people understand their rates and why they are set the way they are.

Director DeYoung and Sandeen-Hall discussed how members could have a choice in the process by way of choosing their rate from among options. Walch said while offering multiple rate options is good customer service, it also adds to the complexity. He noted that at similar sized cooperatives that have offered rate alternatives, the vast majority of consumers select one rate.

Director Burtard reiterated that GVP front-line staff members should be supported throughout the process and be able to help members understand rates.

Directors DeYoung, Sandeen-Hall, Mease and Coltrinari said equity and fairness are important; the amount consumers pay should reflect how much they use the system.

Director DeYoung offered that if a rate targets load shaping, then it must be sufficiently targeted. He also said that unless a business requires more infrastructure, they should have the same or similar rates.

Director Coltrinari said that a rate structure should consider the financial needs of the co-op as well.

Walch said that certain forms of revenue recovery are diminishing, and GVP needs to account for that in a rate structure. He offered that simplicity and choice might not go together.

Directors summarized the discussion, putting simplicity of rates as the highest priority, followed closely by equity, transparency, and financial stability.

Walch said that if the primary objective is to keep rates simple, there will be sacrifices in other areas.

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

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

Executive session convened at 1:10 p.m.

Regular session reconvened at 1:49 p.m.

MOTION: Motion by Sandeen-Hall second by DeYoung to accept the CEO report; unanimously carried.

MOTION: Motion by DeYoung second by Woods to approve Resolution R24-05 Authorization to Submit and Certify Data to the Rural Utilities Service; unanimously carried.

MOTION: Motion by Sandeen-Hall second by Landini to authorize management staff to engage a consultant as necessary for the New Era funding application; unanimously carried.

X. Attorney's Report

Abbott reported that they are working on an employee handbook for Grand Valley Power. She reminded the board that the board and co-op are not to endorse or oppose any candidates during the election. Directors and employees can take positions regarding the election as long as (1) it is clear that they are not acting in any official capacity as cooperative representatives; and (2) they are not using cooperative resources or facilities in endorsing or opposing a candidate. Abbott said the Election Supervisory Committee met June 11 and certified the six candidates and decided to rotate candidate names on the ballot. Each candidate will be in each position on an equal number of ballots. Disclosure forms will be sent weekly to candidates and posted on the GVP website.

XI. Director Reports on Conference and Training Activities

Director DeYoung said that he recently gave a presentation that was recorded, and he can share the link. Director Coltrinari attended an impactful training on leadership, "The Muster" by Echelon Front, on behalf of the city. Coltrinari said he is attending a director summer school next month.

XII. Colorado Rural Electric Association Report

Already reported.

XIII. Western United Electric Supply Report

Mease noted that as described in the Western United report, the Colorado market has experienced declining sales, but sales in New Mexico, Arizona and Utah have stayed strong.

XIV. Continuing Business

None.

XV. New Business

Director Burtard disclosed that his family, which has a ranch in Pitkin County, uses the firm Ireland Stapleton; however, they are represented by a different attorney in the firm.

XVI. Adjourn

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

Meeting adjourned at 2:00 p.m.

Rita Sanders, Assistant Secretary

Janie VanWinkle, President