

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

Regular Meeting

February 19, 2025

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, February 19, 2025 at 845 22 Road, Grand Junction, Colorado. President Brian Woods called the meeting to order at 9:04 a.m. Attendees recited The Pledge of Allegiance.

ROLL CALL:

Joe Burtard	present
Kyle Coltrinari	present
Gary De Young	present
Lindsay Gray	present
Joe Landini	present
Jesse Mease	present
Carolyn Sandeen-Hall	present
Janie VanWinkle	present
Brian Woods	present

Others present: Tom Walch, CEO; Derek Elder, Chief Operating Officer; Joseph Michalewicz, Chief Financial Officer; Mike Kansgen, Director of Information Technology; Rita Sanders, Director of Member Services & Communication; Bill Barlow, Manager of Operations; Walter Fees, Manager of Engineering; Sarah Wheeler, Manager of Accounting and Human Resources; Destry Smith, Energy Services Supervisor; Kobi Webb, Attorney (virtual). Mark Shaffer, Operations Supervisor; Tanya Marchun, Communication Specialist.

II. Approve Minute Record of January 22 Regular Board Meeting

MOTION: Motion by Sandeen-Hall second by Coltrinari to approve the minutes of the January 22, 2025 regular meeting; unanimously carried.

III. Approve Agenda

MOTION: Motion by Gray second by Sandeen-Hall to approve the agenda; unanimously carried.

IV. Guests and Public Comments

Present: Tyler McDermott of Western Colorado Alliance for Community Action; Pasquale Verrastro, member from Orchard Mesa; Lou Villaire of Atlasta Solar; Isaac Ketcham of Atlasta Solar and a member of a household served by Grand Valley Power.

V. Staff Reports

Operations – Barlow reported on a recent outage that impacted 2,600 people on the Highline Substation. A cutout failed, causing a circuit fault. Barlow said GVP is taking steps to ensure that additional faults won't trip the entire circuit, and the cooperative continues to replace aging equipment to prevent such outages.

Barlow presented Grand Valley Power's 2025 Safety Improvement Plan (SIP). He highlighted the cooperative's three-year safety improvement goals and annual objectives.

Walch said an important element of the Safety Program is to implement employee suggestions that GVP can put into practice to give them ownership of the program. Walch noted it was operations team members that suggested implementing new speech-to-text software that will allow the recording of job briefings and other work in the field, as well as a personal health and wellness incentive program.

Walch reported promotions in the Operations Department: Derek Elder to Chief Operating Officer, Walter Fees to Manager of Engineering, Destry Smith to Energy Services Supervisor, and in other departments: Sarah Wheeler to Manager of Accounting and Human Resources and Rita Sanders to Director of Member Services and Communication.

Shaffer reported that the mobile substation has been set up at the Highline Substation in preparation for its expansion. He said electricity will be switched to the mobile substation while Highline is de-energized during the expansion project. Shaffer said that GVP purchased the mobile substation in 2003, and the cooperative has used it often since. Walch said that before Grand Valley Power invested in the mobile substation it did not have access to one like other cooperatives do through Tri-State Generation and Transmission.

Elder said Highline will be expanded with a new feeder to 31 Road. The new feeder will take some of the load from an existing feeder, increasing resiliency and load capacity.

Engineering – Fees reported on the Highline Substation expansion timeline. He said contractors will begin concrete work and some demolition next week, and a new transformer is expected to be delivered and set at the end of March with construction continuing through the end of April.

Fees noted that the Highline expansion has been part of the 10-year long-range workplan. As of 2024, the transformer was at 69% capacity, and with planned growth and development, Grand Valley Power anticipates the transformer would reach capacity in one or two years if the substation wasn't expanded. Directors discussed growth in the Highline Substation area, including the potential for a new I-70 on/off ramp at 29 Road and other substations that Grand Valley Power owns or takes electricity from.

Walch said Grand Valley Power's long-range workplan highlights the importance of continuity and sets the stage for projects like Highline and helps management staff to plan and implement projects that support future growth. Walch said he anticipates that expansions could accelerate over the coming years.

Wheeler reported that Grand Valley Power has been interviewing applicants for engineer, power supply and rates manager, and energy services technician positions.

Information Technology – Kansgen said that the IT Department is exploring a secondary Internet service to provide for resiliency. The need for this alternate provider was demonstrated after a recent outage with Grand Valley Power's primary Internet provider. IT will also replace the boardroom computer, which is no longer able to support the audio and visual technology necessary to conduct board meetings with remote participants.

Member Services and Communication – Sanders shared that the second issue of Co-op Connect, Grand Valley Power's quarterly electronic newsletter, emailed to members February 6. The open rate was 56% and the story on what some of GVP's past scholarship recipients are doing now received the most clicks. She also said the Community Solar sign next to the Highline Substation has been replaced. At the suggestion of operations team member Leroy Lowary, Grand Valley Power is collecting aluminum can tabs to donate to the Shriner's Children Hospital to buy wheelchairs for patients. Sanders also invited directors to mark their calendars with future events: The Mesa County Safety Fair at the Mesa Mall on February 26 and 27, and the movie "Transformers" on June 20 when Grand Valley Power will sponsor the Movies Under the Stars fundraiser for the Glade Park Volunteer Fire Department.

Energy Services – Smith reported on the sale of Grand Valley Power’s Renewable Energy Certificates (RECs), which should be sold before they expire to secure their value. The certificates expire in groups every three years. Smith said the most valuable RECs are from wind sources and those that are certified by California. He anticipates the sale of 117,562 RECs will bring in \$446,567, which will be applied to Grand Valley Power’s power cost adjustment surplus account to help reduce power costs for consumers.

Walch said that Grand Valley Power is required to retire some of its RECs to meet renewable energy compliance requirements, but that the cooperative receives more than is necessary to meet those requirements. Over the last 8 years, GVP has received \$1.6 million from the sale of RECs. Directors discussed the value of RECs and the market.

Elder shared information about a panel presentation on aggressive solar sales tactics that he participated on at a Colorado Solar and Storage Association (COSSA) event.

Elder reviewed the process and policy for reconciling annual excess generation with interconnection customers. He explained that in accordance with Grand Valley Power’s GEN-1 Net Metering Tariff, GVP buys a portion of banked kWh from net-metering members who have more than 4,000 off-peak or 400 on-peak kilowatt-hours banked as of April 1 each year. This process provides net-metering members with some banked hours to use in the spring months going into summer.

Elder said that at one time GVP purchased banked hours in the winter but changed its process at the request of a member. The change was justified based upon reduced administrative since very few true-up checks had to be mailed. Elder said that with the growth of distributed generation, administrative costs are no longer reduced significantly. He said the number of checks that Grand Valley Power sends to members has increased.

Elder reported that Grand Valley Power issued 106 checks for 2023, and projects it will issue 276 checks for a total of \$50,000 for 2024 to buy back excess generation from net-metering members. He said to buyback all excess generation GVP would send 863 checks for a total of \$106,000. Elder said the \$56,000 that isn’t bought back will result in a cost shift as net-metering members would use kilowatt hours produced last year to offset their electricity use at full retail value this year. He said staff recommend that the board evaluate the buyback policy as part of the Cost-of-Service study this spring.

Directors discussed off-peak and on-peak banks and alternatives to sending net-metering members a check for banked hours.

Finance – Michalewicz provided a summary of the monthly financials and reported on the disconnects and write-offs. He said preliminary year-end numbers show that Grand Valley Power met all its financial ratios in a challenging year. Michalewicz highlighted 2024 challenges including 2.4% meter growth but fewer kWh sales (-2.2%). He said that the cooperative anticipated 2024 margins of \$2 million, and preliminary results indicate Grand Valley Power will have 2024 margins of \$2.5 million. Michalewicz said the margins are especially good considering that revenue was down \$600,000 (-1.5%) and power costs were up \$800,000 (3.9%) in 2024. Michalewicz said the results are attributed to staff working to control and manage costs. He said that the cooperative continuously evaluates services and vendors and puts projects out for bid.

Directors asked about grant obligations and their impact on financials, as well as construction workplan implications.

Walch said the commitment to efficiency is institutional. It begins with departments that have responsibility for their own budgets and extends to boots on the ground among all employees. Members are the beneficiaries of these efforts.

VI. CEO Report

Walch shared that a recent Colorado CEO ListServ discussion indicates that close to 70% of Colorado electric cooperatives are closed on Fridays. Walch said he believes that to provide great customer service Grand Valley Power must be open on Fridays, and the 9/80 schedule provides for that and still allows employees to have off every other Friday. Walch added that he eliminated the automated telephone attendant when he became CEO to ensure that members talk with a person when they call the cooperative. He highlighted other accomplishments, including increasing equity from 30% to over 40% and closing the gap between what Grand Valley Power consumers pay and what Xcel customers pay for electricity. He said for the first time this year, Grand Valley Power's rates are lower than Xcel's retail rates. GVP has accomplished this while enhancing customer service and safety performance and improving workplace culture.

Grant Update – Walch said the Trump Administration has paused grant funding. He expressed optimism that the funding will be restored, and that he will participate in a Colorado co-op fly-in to Washington, D.C. in March to meet with legislative representatives, including Congressman Jeff Hurd, GVP's former counsel, who now represents GVP's service territory.

Revisions to Organizational Chart – Walch reported on revisions to the organizational chart, open positions, and Scott Bradley's upcoming retirement.

Legislative Report – Walch provided an update on Colorado's current legislative session, including a bill that would limit disconnects and one that would alter greenhouse gas reduction requirements.

Director De Young asked about the BLM's designation of land for potential solar sites. Directors discussed the challenges associated with connecting large solar facilities to GVP's system.

MOTION: Motion by Burtard second by Mease to accept the CEO report; unanimously carried.

VII. Consent Agenda

MOTION: Motion by Sandeen-Hall second by De Young to approve the consent agenda items; unanimously carried.

VIII. Discuss GVP Rate Philosophy

Walch provided information that the board has discussed Grand Valley Power's rate philosophy in the past.

Director De Young shared a document with his thoughts on what he believed should be included in a rate philosophy. Directors discussed each of De Young's points:

- Financial: Rates should be set to meet the cooperative's financial needs
- Simplicity, Transparency and Control: Rates should be clear and straightforward
- Choice: Members should have a selection of tariffs from which to choose
- Targeted: Rates should be targeted to modify system load and shape
- Equitable Usage: Rates should equitably reflect members' use of the system
- Limited Resource Members: Rates should be designed in consideration of those with low or fixed incomes

Director De Young said members should be able to understand how charges are calculated based on their energy use and be able to adjust their consumption if they want to change something. Directors discussed that the process of calculating rates should be as simple as it can be and no simpler. Walch said simplicity must be balanced with other objectives. Achieving the right balance is part of the art of rate design.

Directors VanWinkle and Coltrinari said Grand Valley Power's current rate philosophy encompasses the points De Young brought forth but at a higher level.

Directors discussed consumption, complex versus simple rates, and offering members choices in rates. Directors suggested that there should not be so many choices that they increase the complexity of rates. Walch said that choices could be offered in programs that support shared savings between the cooperative and members, such as providing incentives for consumers to utilize paperless billing and more cost-efficient payment platforms.

Walch noted that when Grand Valley Power introduced Time-of-Use rates, it worked to educate members about the cost of power during on and off-peak periods and explained demand. He said that there is continued value in educating members about rates and power costs and why it is important for the cooperative to align revenue with power costs.

Director Woods summarized points from Grand Valley Power's rate philosophy discussion from the June 2024 board meeting minutes:

- Rate payers should bear the cost that they impose on the system, as that is the best practice for arriving at equitable rates.
- Simplicity and transparency are important. People need to understand their bill so they can change behavior that impacts costs if they choose.
- The board prioritizes simplicity, equity, transparency, and financial stability.

Directors discussed the possibility of helping low-income members by launching a type of Operation Roundup or establishing a charitable foundation.

Director Sandeen-Hall said that support exists for De Young's points, but perhaps not for formal adoption. She suggested waiting for the Cost-of-Service Study to be completed and consider what the board might glean from that in terms of its rate philosophy.

Director Coltrinari reiterated that the current philosophy includes the points at a higher level.

President Woods said the board has deliberated the philosophy at great length and suggested moving forward.

MOTION: Motion by De Young to adopt the rate philosophy that he presented in six points; motion died for lack of a second.

MOTION: Motion by Burtard second by Sandeen-Hall to move forward with the current rate philosophy as read by President Woods until at such time when the board can review the upcoming Cost-of-Service study to re-evaluate the philosophy; unanimously carried.

Attorney's Report

Webb reported that she submitted a response to Grand Valley Power's auditor in accordance with standard audit practices. Webb said she agrees that Walch's approach to the federal grant pause and advocacy for their release is a good approach.

IX. Executive Session – Personnel Matters, Power Supply, Privileged Legal Report

MOTION: Motion by Sandeen-Hall 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 report; unanimously carried.

Executive session convened at 1:32 p.m.

Regular session reconvened at 2:31 p.m.

X. Director Reports on Conference and Training Activities

Directors Gray and Sandeen-Hall provided a report of their attendance at the CREA director course, Cooperative Power Supply: An Industry in Transition, during the 2025 CREA Annual Meeting.

XI. Colorado Rural Electric Association Director's Report

CREA Annual Meeting – Director Sandeen-Hall, who served as Grand Valley Power's delegate at the 2025 Annual Meeting, reported that CREA is currently engaged in the legislative process, it continues to search for a new office space, and the organization started preparing for the anticipated retirement of Executive Director Kent Singer.

XII. Western United Electric Supply Director's Report

Director Sandeen-Hall, acting as delegate at the 2025 Annual Meeting, and Director Mease reported that Western United continues to grow and may expand to new locations. Demand for supplies continues and sales continue to increase. Proposed federal tariffs may have some impact, but WUE is assessing and is committed to its standard manufacturing process.

XIII. Continuing Business

None.

XIV. New Business

None.

XV. Adjourn

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

Meeting adjourned at 2:45 p.m.

Rita Sanders, Assistant Secretary

Brian Woods, President