

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

Regular Meeting

January 16, 2019

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, January 16, 2019 at 845 22 Road, Grand Junction, Colorado. President Martinez called the meeting to order at 9:00 a.m. Attendees recited The Pledge of Allegiance.

ROLL CALL:

Don McClaskey	present
Robert Saunders	absent
Sylvia Spangler	present
Janie VanWinkle	present
Dennis Haberkorn	present
Rod Martinez	present
Bill Rooks	present
Carolyn Sandeen-Hall	absent
Jesse Mease	present

Others present: Tom Walch, CEO; Pat Kanda, Staff Accountant; Sarah Wheeler, Accounting Assistant; Mike Birch, Operations Manager; Bill Barlow, Operations Supervisor; Steve Don, Manager of Engineering; Matt Williams, Staff Engineer; Sherry Fix, Information Technology Manager; Karen Allen, Network Administrator; SueEllen Manley, Purchasing, Materials and Compliance Manager; Derek Elder, Member Services Manager; Christmas Wharton, Communications Specialist; Gregg Kampf, Attorney

Minutes:

MOTION: Motion by Mease second by Haberkorn to approve the minutes of the December 19, 2018 regular meeting; carried.

MOTION: Motion by Spangler second by McClaskey to approve the agenda; carried.

I. CEO's Report

1. Staff members updated the board on activities in their respective departments. Wheeler presented the November 2018 financial reports. Walch highlighted that the twelve month line loss figure is down to 5.3%. Kanda summarized delinquent account and write-off activity. Kanda also reported to the board that \$748,000 of the \$884,678 in capital credit checks issued in December have cleared. Kanda also noted that GVP's distribution equity is currently 34.8%. He projects that the company will meet all loan covenants and qualify for all applicable performance discounts. Fix notified the directors that they will start receiving cyber security training emails. Don reported that 28 distributed generation installations were added to the system during the fourth quarter. Don noted that GVP currently has 351 net-metered distributed generation systems, with a total capacity of more than two megawatts. Don stated that GVP finished the year with a system average interruption duration index (SAIDI) of 78.9 minutes. Don noted that 11 minutes of this figure is attributed to the Skipper Island fire near Fruita. Walch highlighted that tree trimming efforts have helped improve reliability and reduce overtime and expenses associated with outages.

Williams stated that Utility Sales and Services will begin deploying enhanced meters on

February 11. The deployment will begin in the northeast area of Grand Junction. Next contractors will move to Orchard Mesa, and then west across the Lower Valley. Barlow stated that the operations department has been busy performing maintenance. Barlow also noted that the crews have had to replace five poles that were struck by automobiles in the last month. Walch commended operations and staff for finishing the year with no lost-time accidents, prompting a round of applause from directors. Wharton refreshed the board on details of the communications plan for the enhanced metering project. Wharton stated that members will receive a mailer approximately one month prior to the meter exchanges and then GVP would follow that up with a two week mailer notifying members that a representative would be changing out the meters. Wharton also reported that one application was received for GVP's Youth Tour and Youth Camp programs. On behalf of the Member and Community Relations Committee, Director Spangler reported that the applicant, Izzy Mease, daughter of Director Jesse Mease, met all requirements. Spangler indicated that the committee recommends that GVP select Izzy Mease to represent Grand Valley Power at the Washington DC Youth Tour and the Colorado Youth Camp programs.

MOTION: Motion by McClaskey second by Haberkorn to approve Izzy Mease to represent Grand Valley Power at the Washington DC Youth Tour and the Colorado Youth Camp programs; carried. Mease abstained.

Wharton highlighted the efforts to communicate the Youth Tour and Camp programs to students and counselors. Directors asked staff to study options to increase participation in GVP's Youth Tour and Camp program. Wharton stated that the webpage traffic to GVP.org was up in December with the Outage, Contact Us and Youth Tour pages receiving most of the visits. A thank you from the Glade Park Fire Department for GVP's sponsorship of Movies Under the Stars was read to the board. Elder reported that GVP has received several requests for infrared audits due to the cold weather. Elder noted that year-end billing would run on Tuesday, January 22. Elder stated that he continues to respond to several subpoenas and search warrants from investigative agencies regarding member information and consumption history at various service locations. Elder reported the fourth quarter Member Satisfaction survey results indicating that GVP had a 22.0% response rate and 116 out of 123 members giving employees the highest rating possible.

2. Walch gave a legislative update reporting that he attended the Grand Junction Chamber of Commerce legislative video conference on January 16. Walch reviewed Governor Polis' State of the Union address highlighting Polis' target to have Colorado reach 100% renewable energy by the year 2040 (even though this target is not feasible based upon current technology).
3. Walch noted that CREA's 2019 Colorado Advocates for Rural Electrification (CARE) campaign is under way. Martinez reported that CARE supports cooperative interests across the state. VanWinkle encouraged the Directors to join and achieve a 100% participation rate.
4. Walch reported that Jim Sack has accepted another position within Xcel Energy and will be transitioning out of his position as GVP's wholesale power representative. Walch noted that Tim Kawakami will also be retiring from Xcel Energy in 2019 which leaves the future of Xcel Energy's wholesale representative position uncertain.
5. Walch reported on GVP's all-requirements contract with Xcel Energy. Walch noted that GVP has options for partial requirements or early termination down the road due to GVP's leadership having foresight to build flexibility into its all-requirement contract.

6. Walch highlighted recent press releases and efforts that shed light on cooperatives and the work that they are doing for clean energy. Walch presented staff's recommendation for a clean energy target that GVP can achieve without material adverse rate impacts. Walch stated that GVP can achieve a clean energy target of 60% by the year 2030 while maintaining reliability and affordability and meeting consumer expectations. Walch noted that renewable energy costs continue to decline, and technology continues to advance, so GVP can adopt this target with a reasonable level of confidence. Walch noted that 60% clean energy is realistic based on the technology that is available today and the commitment that GVP has from Xcel Energy with its all-requirements contract. Walch stated that promoting this target will position GVP as a leader in the state and across the country.

Martinez stated that the target informs GVP members of the work that the cooperative is doing and balances the information that is available. Mease stated that he supports the target but has concerns about the timing of the target in relation to the Governor's goals. Haberkorn noted that the target is just that and gives GVP something to continue working towards. Spangler stated that the target is a plan and within that plan GVP has some flexibility about how we will achieve it. Walch noted that targets help staff plan for the future. Rooks noted that GVP is moving in this direction regardless of the target. Rooks expressed concern that the target may put a target on GVP if generation forecasts beyond the control of GVP change. VanWinkle expressed concern over the timing, noting that GVP should maintain a balanced approach supporting renewables and the oil and gas industries. McClaskey stated that GVP is already exceeding current standards but has concerns about the timing in relation to Polis' goals. Walch noted that adopting the target will improve our standing with legislators and policy makers and will give us an opportunity to highlight our efforts with legislators before they mandate new goals or targets. Walch also indicated that the announcement of the target could be timed to coincide with GVP visits with legislators in conjunction with the CREA Annual Meeting on February 11-12. This will also allow for more time to pass between GVP's announcement and the governor's announcement of his renewable energy goals. Haberkorn stated that this is an opportunity for rural interests to educate front-range legislators of the work that is already taking place in rural communities.

MOTION: Motion by Haberkorn second by Spangler to adopt a target to deliver 60% clean energy by 2030; carried 6-1, with Director Rooks opposed.

MOTION: Motion by Rooks second by McClaskey to approve the CEO report; carried.

MOTION: Motion by Spangler second by McClaskey to approve the consent agenda items, which includes approval of uncollectible account write-offs; carried.

7. Walch reviewed the appointment process for the Election Supervisory Committee. Walch stated that the committee currently consists of GVP's Counsel, one representative from the accounting firm that oversees the election process and one member at-large. Spangler reported that the Member and Community Relations Committee reviewed the candidate biographies and that both members are qualified to serve. Discussion was held.

MOTION: Motion by Mease second by McClaskey to appoint Gregg Kampf, Chadwick, Steinkirchner, Davis & Co. representative Wayne Keeler and Mike Wells to the Election Supervisory Committee; carried.

8. Martinez read two articles regarding director duties and compensation. Martinez asked Directors for their input on the articles. McClaskey stated that it is important to

communicate director duties and responsibilities with the members. McClaskey stated the shorter article communicates the duties in an effective manner. Mease stated that the shorter article is effective. Rooks noted that the shorter article highlights the oversight that the directors have in setting the budget and holding the company accountable. Spangler noted that more information is always available to the members upon request. Haberkorn agreed that the shorter article is concise and to the point. VanWinkle stated that both articles will build upon the transparency of the organization, but noted the shorter article is in the best interest of the organization at this time.

Martinez stated that he would review the article and provide a final draft via email for directors to review. Walch stated that the article would run in the March issue of *Colorado Country Life* as a guest column in place of the CEO column.

II. Legal

Kampf reported that San Luis Valley REA along with several other cooperatives have intervened in the PUC proceeding initiated by DMEA asking the commission to determine the appropriate contract termination fee to be paid to Tri-State. Kampf stated that Tri-State's position is that the PUC does not have authority and the case should proceed through the courts as a contract dispute. Kampf noted that the PUC ruling could set a dangerous precedent that could impact GVP and other Colorado rural electric cooperatives..

Kampf reported that the PUC decided in favor of Black Hills Energy in San Isabel Electric Association's filing for electric service territory intrusion.

III. CREA/Western United

Martinez stated that he has sent a request to Kent Singer for a more detailed report regarding CREA's legislative strategies and initiatives. McClaskey, Spangler, Sandeen-Hall, Haberkorn and Martinez, will be attending the CREA Annual Meeting and director education sessions in Denver. Mease and VanWinkle will attend the education sessions being offered in conjunction with the meeting.

Haberkorn reported that the Western United board meeting will take place the following week. Haberkorn stated that the meeting will include a strategic planning session for Western United.

IV. Continuing Business

None

V. New Business

Martinez distributed Board Performance and Review forms. Martinez asked Directors to read through the forms and be prepared to discuss whether the board should conduct a self-appraisal.

MOTION: Motion by McClaskey second by Spangler to adjourn; carried.

Meeting adjourned at 11:50 a.m.

Derek Elder, Acting Assistant Secretary

Rod Martinez, President