

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

Regular Meeting

November 17, 2021

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, November 17, 2021 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
Rod Martinez	present
Don McClaskey	present
Jesse Mease	present
Bill Rooks	present
Carolyn Sandeen-Hall	present
Sylvia Spangler	present
Janie VanWinkle	present
Brian Woods	present

Others present: Tom Walch, CEO; Derek Elder, Corporate & Member Services Manager; Gary Billiet, Purchasing and Warehouse Manager; Karen Allen, I.T. Manager; Joe Michalewicz, Controller; Christmas Wharton, Communications Manager; Bill Barlow, Operations Manager; Matt Williams, Engineering Manager; Thomas Wright, Staff Engineer; Gregg Kampf, Attorney; Jeff Hurd, Attorney.

MOTION: Motion by Martinez second by Woods to approve the minutes of the October 20, 2021 regular meeting; carried.

Walch requested the agenda be amended to include (1) approval of Resolution 21-02 (Revised Net Metering Tariff) and (2) an executive session to discuss and approve the 2022 salary increase factor for management staff.

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

I. Guests and Public Comments

Sandeen-Hall noted that John Krajewski, Power Supply Consultant, will join the meeting at 11:30 to report on his analysis of power supply RFP responses. Sandeen-Hall also noted that Bill Leung will be joining the meeting via virtual platform at this time as well.

II. CEO's Report

Walch noted his board report indicated that the proposed rate restructure would increase rates by 5%. Walch provided a correction, noting that Xcel Energy wholesale power cost increases require additional revenue recovery that will bring the average rate increase to the members up to 7.85%.

Walch stated that GVP dispatching service was disrupted by a cyber security breach that took place at Delta-Montrose Electric Association, GVP's after-hours dispatch service provider. Walch stated that GVP's systems have not been compromised by the security breach. Evaluation continues, but Walch shared confidence that GVP has taken and continues to take appropriate precautions to guard against cybersecurity threats.

Staff Reports

Information Technology – Allen provided a brief cybersecurity training session for staff and directors.

Communications – Wharton reported that scholarship applications will be open beginning on December 1 with a deadline of March 1. Wharton noted that the lineworker scholarship will be open through June 1. She also noted that GVP now has over 1,000 followers on Facebook. Wharton shared a summary of upcoming fundraising and sponsorship events including Operation Interdependence, Toys for Tots, Fruita Parade of Lights and Let it Glow (a Fruita holiday lighting contest). Wharton asked for director input on the improvements to the lobby which includes a video monitor to provide streaming messaging to members. Walch noted Wharton and Pogar took the lead on the design aspect of the lobby and expressed appreciation for their budget-conscious efforts to improve the member experience in the GVP lobby.

Member Services – Elder shared that he and Allen met with Sandeen-Hall and Martinez to discuss board room layout and opportunities to improve the audio-visual presentation platform and layout of the room. Elder noted that staff will continue to work with Sandeen-Hall and Martinez before making a final recommendation. Elder stated he will meet with IBEW 111 representatives to address clarification of certain provisions in the bargaining agreements. Preliminary discussions suggest that addressing several minor points may resolve potential differences before they become problematic.

Engineering – Williams provided an overview of the proposed changes to GVP's GEN-1 Net-Metering Interconnections tariff. Williams noted that updated Colorado Public Utility Commission (CPUC) rules are driving the changes. Pending board approval, the new tariff would take effect on January 1, 2022.

Williams indicated that the updated Net-Metering Policy provided in the board packet reflects the changes required under the CPUC rules and also includes rules regarding energy storage systems. Walch asked for a motion to approve the Net Metering Policy as presented.

MOTION: Motion by Martinez second by Spangler to approve the Net Metering Policy as presented; carried.

Operations – Barlow noted that subdivisions continue to provide steady workload for the operations department. Barlow shared that GVP continues to work with Mesa County and the City of Grand Junction on the 24 Road project near G Road.

Warehouse – Walch shared that due to supply chain shortages, GVP is providing reusable water jugs to employees. Billiet praised warehouse team members Dan Reid and Eric Lowary for their efforts to support events at GVP and balance their responsibilities to keep the warehouse clean and functional.

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

Departmental Budget Presentations – Walch noted that department managers will present the preliminary budget for their department. Walch shared managers have ownership and take responsibility for following the approved budget throughout the year. Following departmental presentations, Walch stated that adjustments will be made over the following month as projections firm up. Walch asked directors to review the proposed budget and communicate any questions or concerns before the December Finance and Audit Committee meeting that will take place the first week of December. The Finance and Audit Committee will make its final budget recommendations to the board at the December board meeting.

III. Executive Session – Review of Power Supply Request for Proposal (RFP) Responses

Bill Leung joined the meeting via virtual platform.

MOTION: Motion by Martinez second by Mease to convene an executive session to review responses to GVP's Power Supply RFP; carried.

Executive session convened at 11:51 a.m.

Regular session reconvened at 1:37 p.m.

Rate Restructuring –Walch reported that GVP's proposed rate restructuring will incorporate Xcel's projected wholesale power cost increases. Including cost recovery for rising base wholesale power costs, the overall increase would average 7.85%. Walch noted that GVP will continue to manage the power cost adjustment to deal with fluctuations in power costs on a monthly basis, with costs reconciled over a rolling 12-month period.

Walch asked for director input regarding the path forward for the proposed rate restructure. Woods inquired how long the proposed increase would provide stability to the cooperative. Walch noted that the last rate adjustment provided stability for 10 years, but the energy market is more volatile now. By adjusting the base wholesale power cost annually, GVP will be able to deal with fluctuations in the energy market. VanWinkle asked how the power supply discussion and rate restructure will be communicated to the members. Wharton noted that GVP currently has a power supply webpage which addresses the challenges of rising costs. GVP will use articles in its *Colorado Country Life* local pages, direct mail, social media platforms, and, if necessary, member meetings, to communicate its rate restructuring. The consensus of the board was to move forward with the proposed rate restructure to include an average increase of 7.85% across all rate classes. The final proposed tariffs will be on the agenda for approval at the December board meeting.

Legislative Update – Walch shared that OSHA has announced that they will suspend the implementation of the vaccine mandate for employers of 100 or more due to a 5th Circuit Court of Appeals ruling last week. Walch noted federal contracts may still include language requiring contractors to comply with the federal contractor vaccine mandate.

Power Supply Update – Walch shared that Bill Leung – GVP's power supply consultant – will be retiring at the end of the year. Walch stated that John Krajewski has submitted a proposal to provide legal services regarding power supply to GVP. Walch stated that the proposal will be presented next month for board consideration.

MOTION: Motion by Spangler second by Martinez to approve the CEO report; carried.

MOTION: Motion by Martinez second by Burtard to approve the consent agenda items; carried.

IV. Approve Revised Net Metering Tariff – Resolution 21-02

Walch read Resolution 21-02 Authorization to Approve Revised Net Metering Tariff.

MOTION: Motion by Mease second by Rooks to approve Resolution 21-02 – Authorization to Approve Revised Net Metering Tariff; carried.

V. Approve 2021 Cash Back Credits

Michalewicz shared management's recommendation that the board approve retirement of 5% of the outstanding unretired member capital balance. This would trigger payment of Cash Back Credits in the total amount of \$1,491,474.01 in December. Walch added the recommendation that GVP continue to allocate and retire operating margins and non-operating margins in accordance with historical practices.

MOTION: Motion by McClaskey second by Martinez to authorize 2021 member capital retirement of \$1,491,474.01, representing 5% of the total outstanding unretired member capital, with the retirement following the same methodology used in recent years; carried.

VI. Approve 2022 Director Travel Requests

Sandeen-Hall asked directors to provide a list of 2022 conferences and meetings that they plan to attend prior to the December board meeting.

VII. Attorney's Report

Kampf shared that his firm continues to work on the Century Link pole attachment agreement. Kampf reviewed the proposed OSHA rules for vaccine mandates and noted that the mandate is being challenged by several states.

VIII. CREA Report

Martinez noted that the CREA minutes were provided in the board packet. Martinez reported that CREA hired David Ball to be their Chief Financial Officer. Martinez also noted that CREA hired Craig Johnson to fill the vacant Government Relations/General Counsel position.

IX. WUE Report

Sandeen-Hall shared that the Western United minutes were provided in the board packet.

X. Executive Session – Initial Review of Power Supply RFP Responses

MOTION: Motion by Martinez second by Rooks to convene an executive session to review litigation updates regarding the PUC Xcel Energy Fuel Cost Proceeding and review the 2022 salary increase factor for management staff; carried.

Executive session convened at 2:22 p.m.

Regular session reconvened at 2:45 p.m.

XI. Continuing Business

None.

XII. New Business

Spangler announced that she will retire from her position on GVP's Board of Directors in January.

Sandeen-Hall shared appreciation for Spangler's service and asked the board to be prepared to further discuss its options to fill a vacant director position during the January meeting.

MOTION: Motion by Martinez second by Rooks to adjourn; carried.

Meeting adjourned at 2:50 p.m.

Derek Elder, Assistant Secretary

Carolyn Sandeen-Hall, President