

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

Regular Meeting

April 21, 2021

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, April 21, 2021 at 845 22 Road, Grand Junction, Colorado. In order to comply with COVID-19 social distancing guidelines, the board meeting utilized audio and video platforms allowing remote participation. President Sandeen-Hall called the meeting to order at 9:00 a.m. Attendees recited The Pledge of Allegiance.

ROLL CALL:

Don McClaskey	present
Sylvia Spangler	present
Janie VanWinkle	present
Dennis Haberkorn	present
Rod Martinez	present
Bill Rooks	present
Carolyn Sandeen-Hall	present
Jesse Mease	present
Joe Burtard	present

Others present: Tom Walch, CEO; Derek Elder, Corporate & Member Services Manager; Christmas Wharton, Communications Manager; Matt Williams, Engineering Manager; Gary Billiet, Purchasing and Warehouse Manager; Pat Kanda, Finance Manager; Bill Barlow, Operations Manager; Karen Allen, Information Technology Manager; Joe Michalewicz, Controller; Tonya Archuleta, Applications Analyst; Gregg Kampf, Attorney.

**MOTION:** Motion by Martinez second by Haberkorn to approve the minutes of the March 17, 2021 regular meeting; carried.

Walch requested the agenda be amended to include an Executive Session to discuss contract interpretation/legal dispute issues. Walch reported that auditor Kevin Kelso will present the audit report to the Finance and Audit Committee via Zoom on April 29, 2021. Walch noted that Kanda will present the Form 990 to the directors for review.

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

I. Guests and Public Comments

Walch noted that Jeff Hurd with Ireland Stapleton Pryor & Pascoe, PC will be joining the meeting around 11:00. Walch commented that a member who requested attendance at the board meeting spoke with Elder and Walch to discuss the Xcel FCA pass through and decided not to attend the meeting.

II. CEO's Report

Staff Reports

Walch recognized Wharton and Pogar for receiving NRECA Spotlight on Excellence Gold awards for the Pine Gulch Fire Response plan, the Cooperative Youth Tour Ad campaign, and the Glow Halloween event. Walch noted that the awards recognize a body of outstanding work produced by electric cooperative communication and marketing professionals from across the country in 16 categories.

Communications – Wharton provided a final overview of the Hometown Relief Fund which expired on March 31, 2021. Wharton reported on 2021 GVP scholarship recipients. Wharton noted that six Grand Valley Power scholarships were awarded along with the Jack Broughton CMU scholarship. Wharton noted that the electric lineworker scholarship is open through June 1. McClaskey inquired about the lack of applications for the Western Colorado Community College (WCCC) scholarship. Wharton reported that GVP works closely with WCCC to promote the scholarship, but the pool of applicants is relatively small. Wharton shared the local high school graduation and awards ceremony schedule. Wharton asked directors to let her know if they have interest in attending one or more of the award ceremonies.

Wharton provided an update regarding GVP's outage communications plan. Wharton stated that GVP will begin a pilot outage notification program on May 1. Wharton noted that GVP is sponsoring two upcoming events – a Rocky Mountain PBS drive-thru event and Kite Day. Wharton stated that she would like to get a board group photo for the annual report at the time of the May board meeting. She reminded directors to watch their emails for more information regarding the group photo.

Operations – Barlow shared information regarding an emergency outage affecting the Xcel Fruita substation. The outage was caused by a fire near the Xcel transmission line that feeds the substation. Barlow noted that staff members were able to coordinate with Xcel to minimize the impacts of the event, avoiding a lengthy outage for GVP members in the Glade Park area. Walch commended the efforts of Operations Supervisor Mark Shaffer and Staff Engineer Thomas Wright. Barlow noted that servicemen Leif Karo and Scott Bradley will provide a safety presentation at Plateau Valley High School on April 28, 2021.

Member Services – Elder presented a staffing update and reported that Zeb Birch will begin employment with GVP as a lineman on April 26, bringing GVP's staffing level to 44 employees. Elder reported that Nominating Petitions for candidates seeking to serve on the GVP Board of Directors will be available beginning on May 3, 2021. Elder noted that the petitions must be signed by at least 15 members and returned to GVP by 5:00 p.m. on June 21, 2021.

Engineering – Williams reported that the number of new service requests continues to increase and, along with that, service planner workload has also increased. Williams noted that Wright is working on a two-year construction work plan. Williams indicated that the power purchase agreement with Ute Water will be executed by the end of the month. Williams also noted that GVP is reviewing distributed generation interconnection guidelines and will closely monitor proposed legislation regarding net-metering. Mease inquired about the service territory swap with Xcel. Williams noted that GVP has secured an invasion agreement with Xcel and is building infrastructure to serve the subdivision in question. Walch reminded directors that increased growth will put downward pressure on distribution equity as GVP continues to build additional plant.

Warehouse – Billiet provided an update on the warehouse road rebuild project. Billiet noted that the projected start date is May 17. He shared plans to build a secondary road for access to the warehouse and yard during construction. Burtard inquired if the secondary road could be used for emergency access in the future. Billiet shared that the secondary road would be constructed to withstand heavy loads over a long period of time. Haberkorn asked about security issues. Billiet noted that the current gate would be moved to allow access to the secondary road. Billiet reported that the Division of Oil and Public Service will be performing an inspection of GVP's fueling station on April 22. Billiet stated that GVP will need to engage a contractor to remove and reconstruct an access point for testing of a valve on one of the underground fuel storage tanks.

Information Technology (IT) – Allen noted that the IT department has been working with the warehouse to upgrade the wireless network for the warehouse yard. Allen praised Meterman Leroy Lowary for his efforts to help run new cable for the network. Allen noted that the IT department continues to train employees to spot phishing emails, and indicated that additional training will be provided to directors regarding cybersecurity. Martinez commended Allen for her part in the CREA Lunch and Learn event. Martinez noted that the event was very informative and encouraged other

directors to participate in future training sessions on cybersecurity.

Walch praised the collaborative efforts by staff to design, communicate and execute a plan to recover the Xcel FCA Pass Through from members over a 12-month period. Walch gave special recognition to Applications Analyst Tonya Archuleta and Controller Joseph Michalewicz who devised an effective billing process without incurring additional programming fees and delays. Archuleta and Michalewicz summarized the Xcel FCA Pass Through billing and collections process for directors. Michalewicz reported that to-date, the CSRs have received 500 phone calls, with 110 members asking to pay the FCA in full with the next billing. Archuleta shared that GVP is working with members to provide consumers flexibility in Xcel FCA Pass Through payments.

Finance – Kanda presented a summary of the monthly financial reports. Kanda reminded directors that reporting on the cost of purchased power for the next 12 months will reflect the Xcel FCA Pass Through amortization. Kanda reviewed the disconnects and collections report for March noting that no accounts were turned over to collections for the month. Kanda reported that \$90,000 of the 2020 CashBack Credits have not been cashed by members to date. Kanda presented and reviewed the 2020 Form 990. It was the consensus of the board to proceed with filing of the Form 990 as presented.

Walch summarized the impact of the Xcel FCA Pass Through on the financials. To support effective tracking and assist the board in its financial oversight function, Walch offered to present an amended budget at the next board meeting addressing FCA impacts along with additional adjustments. Board members agreed that an amended budget would be an effective tracking tool.

Legislative Update – Walch shared an update on the legislative session. Walch provided a summary of SB-21-200 testimony. Martinez noted that legislators continue to move the goal posts with respect to greenhouse gas reductions, compounding planning challenges and increasing costs. Walch stated the legislature introduced an updated net-metering bill which would significantly diminish territorial integrity for utilities subject to the legislation. For now, the bill has limited applicability to electric cooperatives.

Walch reported on the NRECA legislative conference. He noted that he asked Senator Bennett to support cooperative wholesale customers and their efforts to mitigate fuel costs by encouraging the Federal Energy Regulatory Commission (FERC) to keep in mind the cost impacts for ratepayers. Walch indicated that by the end of the year he plans to provide the board with a range of power supply alternatives to consider. Haberkorn expressed support for evaluating power supply options. Mease was also supportive, but opined that shorter-term commitments might be in order due to constantly changing legislation and regulations. Rooks noted that reliability implications of all options must be carefully evaluated. The general consensus of the board was to engage a consultant to assist with the evaluation process.

Walch provided an update on the cost-of-service study. Walch expressed plans to continue working on the study with any proposed changes in rates to be delayed to 2022. Walch noted that GVP reached a contract extension with Ward Electric to include a one-time 2% increase extending the agreement for two years.

Walch reminded directors that the audit presentation was delayed and that auditor Kevin Kelso plans to provide a virtual audit report presentation for the Finance Committee and any other interested directors on April 29 at 8:30 a.m.

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

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

### III. Executive Session – Contract Interpretation / Legal Dispute

Power Supply – Jeff Hurd joined the board meeting.

**MOTION:** Motion by Martinez second by Mease to convene an executive session to discuss contract interpretation/legal dispute issues; carried.

Executive session convened at 11:10 a.m.

Regular session reconvened at 12:38 p.m.

**MOTION:** Motion by Mease second by Martinez to authorize Walch to engage a Governmental Affairs teams to support GVP's efforts in addressing Xcel February 2021 fuel cost adjustment issues; carried.

#### IV. Attorney's Report

Kampf shared that his firm been working with Engineering Manager Matt Williams on the CenturyLink pole attachment agreement. Kampf stated that he also helped finalize the power purchase agreement with Ute Water. Kampf continues to monitor legislation, specifically regarding wildfire mitigation.

#### V. CREA Report

Martinez noted that CREA board notes were included in the board packet. Martinez reminded directors to share comments regarding legislation. Martinez noted that he will meet with CREA regarding allocation of publication expenses among member cooperatives. Martinez reminded directors to participate in the upcoming cybersecurity training provided by Allen. Sandeen-Hall shared that CREA has two upcoming training courses in May and June. VanWinkle inquired if CREA normally takes a position on initiatives. Martinez noted that they do not take a position on initiatives but they do use the *Colorado Country Life* magazine to bring awareness to initiatives.

#### VI. WUE Report

Haberkorn noted that the WUE board report was included in the board packet. Haberkorn noted that WUE did not have a meeting last month. Haberkorn stated that the budget committee met last week and WUE is expecting a good year. Haberkorn noted that WUE's increased inventory has been able to mitigate supply shortages for cooperatives. Haberkorn shared that non-member customers continue to put pressure on WUE to sell supplies that are reserved for cooperatives. Haberkorn stated that Mordini expressed support to supply inventory to members first. Haberkorn noted that transformer lead times are as long as 36 months. Haberkorn noted that the new St. George facility is on track to be completed this fall.

#### VII. Continuing Business

Mease inquired about GVP's status with CREA. Mease noted that previous discussions centered on an evaluation of continued membership if dues increased. Walch noted that while GVP is disappointed in CREA's legislative efforts; the safety program, educational opportunities and newsletter provide value to the organization and its members. Walch noted that having Martinez on the executive committee provides an opportunity for GVP to improve the trade association. VanWinkle expressed displeasure with CREA but noted that GVP needs to push on the leadership at CREA to make changes. Sandeen-Hall inquired if CREA's diverse membership limits its legislative effectiveness. Martinez noted that CREA Board Legislative Committee makes recommendations to the full board and then a two-thirds majority vote of the full board is required to support or oppose legislation. Walch encouraged directors to network and share thoughts with directors from other cooperatives to share concerns and gain additional perspective.

#### VIII. New Business

None.

**MOTION:** Motion by McClaskey second by Haberkorn to adjourn; carried.

Meeting adjourned at 2:05 p.m.

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Derek Elder, Assistant Secretary

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Carolyn Sandeen-Hall, President