

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

Regular Meeting

February 19, 2020

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, February 19, 2020 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:

Don McClaskey	present
Robert Saunders	present
Sylvia Spangler	present
Janie VanWinkle	present
Dennis Haberkorn	present
Rod Martinez	present
Bill Rooks	present
Carolyn Sandeen-Hall	present
Jesse Mease	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; Sarah Wheeler, Accountant/Benefits Administrator; Bill Barlow, Operations Manager; Mark Shaffer, Operations Supervisor; Sherry Fix, Information Technology Manager; Dana Pogar, Communications Intern; Gregg Kampf, Attorney.

Minutes:

**MOTION:** Motion by Haberkorn second by Martinez to approve the minutes of the January 22, 2020 regular meeting; carried.

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

I. Guests and Public Comments

None.

II. CEO's Report

Walch presented *Colorado Country Life* Excellence in Newsletters awards to Christmas Wharton and Dana Pogar. Wharton received the 1<sup>st</sup> place award for the best safety article in Division 2 with her "Don't Post on Me" article explaining hazards associated with stapling, nailing or hanging objects to power poles. Pogar received the 1<sup>st</sup> place award for the best newsletter photo in Division 2 with her "Mesa Hotline School" photo. Pogar also received the 2<sup>nd</sup> place award for the best newsletter photo in Division 2 with her "Sit Down with SueEllen" retirement photo.

1. Staff members updated the board on activities in their respective departments. Wharton provided a Youth Tour and Camp update. Wharton shared that one of the selected recipients for the Washington, D.C. Your Tour had to decline the offer due to a scheduling conflict. Wharton noted that the selection committee identified an alternative for the Youth Tour. Wharton stated that Haley Gray and Izzy Mease will be attending the Washington, D.C. Youth Tour while Amarah Thompson will be attending the Youth Camp in Steamboat Springs. Wharton reminded directors that GVP will be participating in the Mesa Mall Safety Fair on February 26 and 27. Wharton shared that the Unclaimed Cashback

Credits list has been updated on GVP's website and a notice of the list will be included in the March edition of *Colorado Country Life*. Williams provided an update on the enhanced meter project. Williams noted that a select group of meters is still experiencing communications latency due to a firmware upgrade issued by Eaton. Williams noted that Eaton is working to apply a patch that should address the issue. Williams stated that as a result of the issue, GVP will be delaying the rollout of the prepay program. Williams noted that the current read rate for the enhanced meters is 99.9%.

Shaffer reported the construction crews are currently replacing poles that were identified by the pole inspection program for replacement. Shaffer also noted that the servicemen have been able to spend more time performing maintenance since they no longer have to read meters and perform disconnects. Shaffer shared that he recently attended a RESAP (Rural Electric Safety Accreditation Program) training session hosted at GVP. Shaffer noted that the training focus was on becoming a qualified observer for the RESAP process. VanWinkle asked Shaffer how he plans to use this training and pass the information along to the crews. Shaffer noted that one of the foreman also attended the training and the foreman shared how the training opened his eyes to the fact that the purpose of the program is to provide continuous improvement more than assign blame. Shaffer stated that he will use the information to highlight opportunities for improvement and growth. Barlow thanked the board for the opportunity to attend the statewide Operations Manager meeting. Martinez noted that other cooperatives have reported issues with Xcel Energy crews deenergizing sections of cooperative lines along the front range. Barlow noted that this topic was covered at the statewide meeting. Barlow shared that GVP has a good relationship with the local Xcel Energy crews and that he and the local Xcel Operations Manager have regular communications and a good relationship. Barlow reported that a construction crew crossed conductors on secondary service wires leading to a consumer's residence. Barlow noted that the consumer sustained damage to several appliances and the incident was reported and turned over to Federated Insurance. Walch shared that GVP has made a job offer to a journeyman lineman to fill the position left vacant as a result of the recent retirement and promotions. Walch noted the new journeyman lineman will join GVP on March 16 pending pre-employment screenings. Walch shared optimism with the current operations group and noted that they have an opportunity to leave their mark on GVP and help set the direction of the company for several decades to come.

Billiet stated Western United Electric (WUE) recently implemented their barcode inventory management system. Billiet shared that GVP will be training on the barcode reading system on April 14 and 15. Mease asked for an update on the pole separators in GVP's storage yard. Billiet stated that the first set was installed and the warehouse crew is working to separate the poles by class. Billiet noted that organizing the poles by class will be an ongoing process over several months as more shipments of poles are expected soon. Fix reported that Karen Allen was not in attendance for the board meeting because she and Jimmy Weber were in a week long virtual class on VMware. Fix noted that the class focuses on the virtualization of hardware and is aimed at creating redundancy along with saving money by reducing hardware costs. Walch commended the IT Department for taking the training online and reducing costs for GVP.

Wheeler presented the December 2019 financial reports. Walch highlighted that GVP finished the year strong, \$500,000 above budget. Walch stated this result is attributed to several factors including unfilled staff positions and reduced operating expenses gained from the accelerated deployment of the enhanced metering system. VanWinkle asked if distribution equity should stabilize and begin to grow in the coming year. Walch noted that investments in plant have put downward pressure on distribution equity over the last couple of years. Walch shared that investments in the Orchard Mesa substation and the enhanced meter project have increased GVP's total plant to over \$100,000,000. Walch shared optimism that the distribution equity should grow as GVP does not have plans for this type of large investment in plant in the short term. Walch highlighted that GVP has realized an increase in revenue due to improvements in line loss over the last couple of years. Walch shared that line loss has decreased from 6.5% in 2017 to 4.25% in 2019. Walch attributes the improvements to system upgrades, tree trimming and the deployment of enhanced meters. Mease asked if enhanced meters are being installed on all new construction. Williams stated that GVP is installing enhanced meters on all new services going forward. Kanda shared that Holy Cross Energy reported similar

improvements in line loss after installing enhanced meters. Kanda summarized delinquent account and write-off activity. Kanda also reported to the board that auditors will be at GVP in March.

Elder shared the results of GVP's 2019 consumer surveys. Elder stated that 1,623 surveys were mailed to GVP consumers in 2019 and 350 of those surveys were returned. Elder noted that on a 5.0 likert scale, the average overall satisfaction rating that GVP received was 4.89. Elder shared the following comment by a GVP consumer; "Top notch – from first phone call to site visit to installation, you are easy to contact, efficient and friendly. Good job!"

Walch provided an overview of the strategic initiatives status.

Sandeen-Hall presented an award to GVP board and management for 100% participation in the ACRE (Action Committee for Rural Electrification) program.

2. Walch provided an update on power supply discussions. Walch reported that Bluestem Energy Solutions approached GVP and asked to discuss a development services agreement. Walch noted that Bluestem was a construction company who originally built wind turbines for individual power plants. Walch stated that Bluestem's business model evolved to a solutions based model that delivers customized options that fit each utility's situation. Walch noted that with a changing energy landscape, GVP will continue to be contacted by private companies looking to develop energy generation and solutions. Walch stated that management will take the time to listen to developers and bring forth ideas that will benefit GVP.

Walch stated that discussions with Xcel are moving along and GVP continues to receive more information from Xcel regarding options. Walch noted that GVP is looking to mitigate the impact of paying for stranded assets as Xcel continues to retire coal plants. Walch shared that GVP would benefit from a partial requirements contract that provided an option to develop local utility scale energy. Walch noted that GVP should continue to look for the flexibility in any contract to purchase cheaper energy on the open market when it is available. Rooks noted that generation charges will change and evolve as more independent power producers develop generation resources.

3. Walch provided a legislative update. Walch stated that there is interest in the state legislature to reintroduce a bill requiring cooperatives to participate in Community Choice Aggregation. Walch noted that a bill requiring commercial consumers with more than 5,000 square feet to file a report identifying energy efficiency improvements is being floated in the state legislature. Walch stated the bill that GVP is watching closely is the Family Medical Leave Act. Walch noted that this bill could force GVP and its employees to share in a tax to provide a benefit to other companies. Rooks asked for an update on the fire mitigation bill. Martinez shared that CREA is providing input on this bill to help draft language that would reduce the cost of mitigation for cooperatives.

Walch commended NRECA's efforts to help pass the Secure Act. Walch noted the legislation will reduce GVP's liability for contributions to pension premiums. Walch also shared appreciation for NRECA's work to repeal the cadillac tax in the Affordable Care Act.

4. Walch updated the directors on current staffing levels. Walch noted that the operations department will be fully staffed once the new journeyman begins on March 16. Walch reported that GVP will continue to look for a staff engineer but will work with a consultant to help get caught up on work order inspections. Walch stated that as technologies evolve and efficiencies are gained, GVP will continue to evaluate all positions and provide training where necessary with an emphasis on improving customer service and reliability.

Walch shared that David Ludlam from CMU invited him to be a guest lecturer for the Landman class this spring. Walch also stated that he was requested to serve as a mentor for other cooperative CEOs

on NRECA's CEO Trusted Advisor Network. Walch shared appreciation for the employees who rallied when a long-time contract employee lost his belongings in a house fire. Walch stated the employees took the initiative to work with a local bank to set up an account for donations and then collected over \$1,100.

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

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

Walch reviewed the 2020 Management Objectives. Walch stated that safety is first for a reason and should always be the focus. Walch noted that GVP continues to track the differential between GVP and Xcel residential consumer rates. Walch highlighted GVP's efforts to contain benefit and labor costs. Walch noted that GVP has a good mix of benefits and indexed wage increases are helping to keep wages competitive and in line with industry standards. Walch stated that GVP will continue to perform customer surveys and strive for service excellence. Walch also shared that GVP will continue to provide quarterly updates on the strategic initiatives.

**MOTION:** Motion by Mease second by Saunders to approve the 2020 Management Objectives; carried.

Sandeen-Hall reviewed the CEO evaluation process and schedule. Sandeen-Hall reminded directors that it was recommended during the December board meeting to remove the numerical scale and rating system. Sandeen-Hall shared the new revised evaluation form with directors that included Exceeds Expectations, Meets Expectations and Does Not Meet Expectations ratings. Sandeen-Hall asked each director to support the ratings with objectives achieved or objectives not achieved.

Sandeen-Hall asked directors to return the evaluation to her via email or directors could deliver the evaluation to Elder at the office in a sealed envelope no later than March 12. Sandeen-Hall stated the executive committee will meet on March 16 at 9:00 a.m. to review the evaluations.

Sandeen-Hall stated that the June board meeting is scheduled for June 17. Sandeen-Hall noted that the CFC Forum will be held in Salt Lake City from June 15 through June 17. Sandeen-Hall shared that several directors as well as the CEO would like to attend the CFC Forum. Discussion to possibly move the June board meeting was held.

**MOTION:** Motion by Martinez second by Haberkorn to reschedule the June board meeting from June 17 to June 18; carried.

## II. Legal

Kampf reported his firm has reviewed the annual auditor's response letter. Kampf stated that he has received a red-line markup of the pole attachment agreement from Charter Communication's legal department. Kampf noted that he will be meeting with Williams to review the proposed changes to the agreement before reviewing the final proposal with Walch. Kampf expressed appreciation for serving as GVP's General Counsel. Kampf noted that Dave Dodero currently serves as his backup and has in fact been working on several projects for GVP over the last couple of years. Kampf asked if the board would consider transitioning to Dodero becoming the primary Counsel while Kampf would serve as the secondary Counsel. Kampf noted that the transition period would include times when both he and Dodero would be in attendance, but GVP would only be billed at the single rate. Walch shared that he didn't have any objections or concerns with the transition. Sandeen-Hall asked for director input and the general consensus of the board was to support the transition.

## III. CREA/Western United

Martinez reported that he was elected to serve as Treasurer of the CREA board. Martinez noted that the CREA Annual Meeting was well-attended. Martinez stated that Senator Rankin spent a considerable amount of time at the legislative reception talking about the possibility of a wolf reintroduction program. Martinez reported that RTOs (regional transmission operators) were a hot topic at the CREA board meeting. Martinez noted that IREA and Tri-State had opposing views but were at least able to come together and begin talking through their differences. Martinez noted that having local representation on the CREA board will help keep GVP informed and provide a voice for the Western Slope. Walch noted the significance of having a GVP director on the CREA executive committee. Sandeen-Hall expressed appreciation for the time and effort that Martinez puts into representing GVP.

Martinez reported that the CREA Budget and Finance Committee changed the policy from requiring three months of reserves on hand to requiring three to six months of reserves on hand. Martinez also noted that CREA is proposing a change to its bylaws. Martinez stated that the change is to require 180 days of notice prior to withdrawal from CREA. Martinez shared that the current bylaw states that 120 days of notice is necessary prior to withdrawal. Martinez also shared that he was elected to serve as the President of the Colorado Electrical Education Institute (CEEI). Martinez reported that the CEEI was able to raise over \$900 through the raffle at the CREA annual meeting. Martinez noted that funds generated by CEEI are used to help reduce the cost of youth camp and youth tour along with providing funds to the families of electrical burn victims.

Martinez shared that NRECA's International Energy Trails program will be working to provide electricity to villages in Bolivia in 2020. Martinez noted that he is a sponsor of the program and will be traveling to Bolivia to be a part of the program.

Haberkorn shared that WUE held their strategic planning session in January and had great participation. Haberkorn noted that the strategic planning session spent considerable time discussing the Utah market expansion. Haberkorn noted that the board gave approval to purchase property in St. George, Utah to expand operations and establish a satellite location to serve the Utah and Nevada markets. Haberkorn also noted that with the expansion, discussion was had on WUE's mission statement as to what does it mean to be the lowest-cost provider in the region. Haberkorn stated that the board will review the mission statement. Haberkorn stated that he serves on the budget committee and the committee's next meeting will be on March 24.

Haberkorn reported that the expansion of the WUE warehouse facility will be completed on time. He noted that a last minute requirement by the City of Brighton for additional landscaping will add approximately \$180,000 to the project. Haberkorn stated that \$1.4 million in capital credits will be returned to members this year. Haberkorn noted that WUE's capital credit retirement period is approximately six years, which is remarkable.

#### IV. Continuing Business

Walch provided a summary of expenditures in the board packet. Walch shared that Elder will be attending the Gettysburg Leadership Experience in June and will report back to the board. Walch reminded the board that the company picnic will be at the GJ Rockies game on July 30. Walch stated that he will be out of the office for ten days following the March board meeting.

McClaskey shared that he has a prior commitment that conflicts with the strategic planning session in May. Sandeen-Hall asked directors to think about the timing of the May strategic planning session and be prepared to discuss alternative dates at the March board meeting. Sandeen-Hall asked the board to consider a challenge to management staff to both be 100% century level participants in ACRE for 2020. The general consensus of the board was to challenge management staff to achieve 100% century level participation in ACRE by both the board and management staff.

V. New Business

None.

**MOTION:** Motion by VanWinkle second by Martinez to adjourn; carried.

Meeting adjourned at 12:25 p.m.

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Derek Elder, Assistant Secretary

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Carolyn Sandeen-Hall, President