

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

Regular Meeting

May 15, 2019

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, May 15, 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	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; Pat Kanda, Staff Accountant; Cathy Gledhill, Manager of Finance and Administration; Sarah Wheeler, Accountant/Benefits Administrator; Mike Birch, Operations Manager; Bill Barlow, Operations Supervisor; Matt Williams, Manager of Engineering; 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; Steve Kettler, CFC Senior Vice-President and Eric Anderson, CFC Regional Vice-President.

Walch introduced Steve Kettler and Eric Anderson, who will be facilitating the Strategic Planning Session commencing after the regular board meeting.

Minutes:

MOTION: Motion by McClaskey second by Sandeen-Hall to approve the minutes of the April 17, 2019 regular meeting; carried.

Walch requested the agenda be amended to include consideration of amendment of capital budget to allow purchase of 6,000 additional enhanced meters.

MOTION: Motion by Sandeen-Hall second by Mease to approve the agenda as amended; carried.

I. CEO's Report

1. Staff members updated the board on activities in their respective departments. Wheeler presented the March 2019 financial reports. Allen informed directors she participated in the Co-Mo Electric Cyber Shield Conference. The Department of Defense established an initiative which provides annual training in cybersecurity for National Guard units. Different cyber-strike

scenarios were presented at the conference, and cooperative IT administrators assisted the National Guard personnel in resolving the cybersecurity threats. Allen expressed appreciation to the directors for the opportunity to participate in the conference. Williams informed directors 6,200 enhanced meters have been installed to date and another 6,500 meters have been ordered. Williams anticipates contractors will complete installation of those meters by August or September of this year. Williams requested approval from the board for the purchase of an additional 6,000 meters in 2019, which will allow system-wide deployment of the enhanced metering system at least six months ahead of previous projections. Walch informed directors the earlier completion of enhanced metering installation will allow staff to implement projects and realize efficiencies more quickly. Walch also noted that the accelerated completion of the enhanced metering installation would provide GVP sufficient test data by the end of 2021 to proceed with a cost of service study and development and design of revised rate structure.

MOTION: Motion by Haberkorn second by McClaskey to approve an additional capital expenditure in the amount of \$1,000,000 for 6,000 enhanced meters in 2019.

VanWinkle inquired what the impact would be if the additional enhanced meters were not purchased in 2019. Walch responded the purchase would still occur in 2020; GVP may benefit from lower interest rates on loan advances if meters are purchased in 2019. In addition, GVP would realize additional savings from reduced meter reading and service transfers. Call for question; Motion carried.

Fix informed the directors IT and engineering personnel have been working on preparations for implementing prepaid metering. Prepaid metering will go live at the end of June for employees who have volunteered to test the system. Walch notified directors the staff will present a prepaid metering tariff for board review and approval at the June or July meeting. Walch noted that Kent Singer will not be present at the GVP annual meeting and suggested GVP utilize that time slot for distributing information to attendees about prepaid metering, enhanced metering and availability of new messaging options that will be available to communicate with consumers about outages and other information. Kanda summarized delinquent account and write-off activity. Kanda reported to the board that \$841,000 of the \$884,678 in capital credit checks issued in December have been cashed or returned undeliverable. Barlow reported linemen Lettman and Blaylock and apprentice lineman Henderson presented a safety demonstration at Thunder Mountain School. He also informed directors Ward crew is currently working on reconductoring the line on 25 Road from I Road to Fountain Greens subdivision. Barlow informed directors of two private plane crashes on Glade Park last week-end, resulting in one outage; no injuries were reported. He also summarized several outages which have occurred in the last month, including a vehicle collision at 32 and C Roads on April 25 resulted in two poles down, a tree downing a line at 29 and F ½ Road on April 29, and a squirrel in the Bookcliff Substation on May 1. Wharton distributed and reviewed talking points for use by directors and employees when contacted by a consumer during an outage. Walch commented that the linemen take pride in GVP system reliability, although occasionally a rash of outages occurs such as the outages in April. Walch informed directors he will continue to emphasize to the linemen their safety is more important than reliability statistics. Birch commended dispatcher Cindy Roling for efficient dispatching during extended outages. Birch also informed directors GVP has purchased and will be installing wildlife shields on substation and line transformers and regulators to minimize wildlife and bird contact with equipment. Elder expressed appreciation to the board for the opportunity to attend the NRECA Management Internship Program. Elder informed directors nominating petitions for board election are now available and must be returned June 24. Directors up for reelection are Martinez, Sandeen-Hall and Spangler. Manley reported to directors the additional section of concrete pad has been completed in the storage yard. Walch announced to directors that Manley's retirement date is August 7, 2019.

2. Walch gave a legislative update, reporting that although HB 1313, Xcel Clean Energy Plan did not pass, several of its elements were incorporated into other bills, including allowing Xcel ownership of up to 50% renewable generation. Walch informed directors GVP will still have input at Xcel rate hearings. Walch reviewed the impact HB 19-1261 Climate Action Plan will have on the decline of the coal industry. The plan also includes requirement that utilities' resource plan will have to consider the cost of carbon emissions, which will result in an increased cost of energy over the long term.
3. Walch updated directors that four auditors from Jackson Thornton were on site this week and will return on Thursday to complete field work. Kelso is not part of the auditing team on site. Walch informed directors staff will contact Kelso to propose a phone conference at the June meeting.
4. Walch informed directors of Sarah Wheeler's promotion to Accountant/Benefits Administrator, and reported she will be attending the NRECA Benefits Update conference next week to continue her training.
5. Walch informed directors that Pivot Energy, a solar installation company, has requested GVP meet with them and Mesa County concerning a request for a virtual net metering solar farm installation to help offset the county's cost of energy consumption. GVP will advise the contractor that before it will proceed with this sort of project, the developer would be asked to pay for a cost of service study to determine how the project will impact rates for other GVP consumers.

MOTION: Motion by Sandeen-Hall second by Haberkorn to approve the CEO report; carried.

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

6. Walch informed directors GVP's last compensation study has not been updated since 2016. With prior and upcoming retirements in management positions, it is important to make sure GVP salaries are competitive. Walch suggested a current compensation analysis be conducted for management and exempt staff positions, exclusive of the CEO position. Sandeen-Hall inquired which company would conduct the analysis. Walch informed directors GVP pays membership dues to Employers Council, which is the company with which we contracted for the previous compensation study. As a member, the cost of the study will be reduced.

MOTION: Motion by Sandeen-Hall second by Means to approve a management compensation market analysis study; carried.

II. Legal

Kampf had nothing further to report.

III. CREA/Western United

Martinez reported the CREA board reviewed legislative activity. The CREA report was included in the CEO report to the board.

The Western United financials were also included in the CEO report. Haberkorn reported the Western United board approved the budget.

IV. Continuing Business

None

V. New Business

None

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

Meeting adjourned at 10:25 a.m.

Cathy Gledhill, Assistant Secretary

Rod Martinez, President