

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

Regular Meeting

September 19, 2018

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, September 19, 2018 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, Accounting Assistant; Mike Birch, Operations Manager; Steve Don, Manager of Engineering; Matt Williams, Staff Engineer; Sherry Fix, Information Technology Manager; Karen Allen, Network Administrator; Derek Elder, Member Services Manager; SueEllen Manley, Purchasing, Materials and Compliance Manager; Gregg Kampf, Attorney

Minutes:

**MOTION:** Motion by Sandeen-Hall second by Saunders to approve the minutes of the August 15, 2018 regular meeting; carried.

VanWinkle questioned whether minutes should reflect details of discussions during board meeting. Kampf indicated that the minutes should reflect actions taken by a majority of the board. Walch noted that GVP minutes are drafted in a manner that seeks to provide an appropriate balance, summarizing key discussion points without excessive detail, while meeting legal requirements. Walch also noted that if board members have questions or would like to suggest changes to draft minutes included in board packet, they are encouraged to contact management in advance of board meeting.

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

I. CEO's Report

1. Martinez asked staff about the company's Avian Protection Program. Don reported the GVP Avian Protection Plan was developed over 10 years ago and GVP personnel continue to install necessary avian protection. Birch also reported GVP was one of the first cooperatives in Colorado to utilize electronic reporting of incidents with the US Department of Fish and Wildlife. Walch noted that GVP personnel have a good working relationship with the US Department of Fish and Wildlife, and GVP consistently demonstrates a good faith effort to comply with

applicable law. This should help limit the company's exposure for liability in the event of any eagle or raptor take.

2. Staff members updated the board on activities in their respective departments. Elder noted that Wharton is attending Rocky Mountain Utility Exchange meeting in Aspen. He also informed directors he and President Martinez made a visit to the National Guard Armory to assess the facility as an alternate site for the GVP annual meeting. Elder reviewed the cost comparison for use of the Armory versus CMU Ballroom facilities, concluding that cost of hosting the meeting at the armory would be about the same as the cost incurred holding the event at CMU. He also expressed concerns that the Armory has limited parking and the hall has capacity for only 400 guests. Martinez also shared concerns about limited space and access for members attending. The staff recommended GVP continue to hold the annual meeting at the CMU Ballroom with a similar program as in recent years. Walch noted that the past few years the meeting has been set for the first Thursday of August. In 2019 the first Thursday of the month falls on August 1. To help ensure that more members will have adequate notice of the meeting, Walch recommended that the 2019 annual meeting be scheduled for Thursday, August 8, 2019.

**MOTION:** Motion by McClaskey second by Saunders to set the 2019 GVP annual meeting for 6:30 p.m. Thursday, August 8, 2019 at the CMU Ballroom; carried.

Birch reported that consumers are parking vehicles/campers on the 69 kV easement at Apple Crest Subdivision. He has coordinated with the police department to post signs prohibiting parking at the site. He also informed directors Ward Construction has completed the final phase of underground cable replacement at Palisade Point, and GVP will take an outage on the M3 circuit Thursday to switch over to the new line. Williams reported that in early September the US&S contractor started installation of residential meters as part of the initial phase of the enhanced metering project. Sixty meters have been successfully installed to date. Walch outlined the plan staff has developed for consumers asking to opt out of enhanced metering, and asked board members to refer members with questions to Elder, Williams or himself. Walch noted that only one consumer has raised any concerns about the enhanced metering project thus far. Fix relayed to the board that directors must occasionally refresh the Resources Tab in Call to Order app for updated information. Walch commended the IT department for implementing KnowB4 cyber security training program with the employees. He asked directors to let him know if they would like to be included in the training. Wheeler presented the July 2018 financial reports. Kanda summarized delinquent account and write-off activity. He reported \$400,000 is currently held in CFC commercial paper for anticipated patronage capital refund, and he plans to invest an additional \$400,000 by November.

Haberkorn asked staff about the timing of the proposed rate increase as projected in the financial forecast presented at the August board meeting. Walch reported staff anticipates rates will be increased in September 2019. Van Winkle inquired what strategies GVP would implement if margins remain below budget projections. Walch noted that the company is still in sound financial position, but the board could consider a reduction in the patronage capital refund or accelerate the timing of the rate increase to offset revenue shortfalls.

3. Walch reported the PUC has approved the final proposal from Xcel Energy for its Colorado Energy Plan Portfolio (CEPP). The Commission noted that when Xcel presents its application for Certificate of Convenience and Public Necessity (CPCN) in conjunction with the resource plan, it should ensure that customers reap the benefit of favorable pricing for renewable energy resources. Walch also reviewed the issues he discussed in his conversation

with Alice Jackson, Xcel Energy CEO, as presented in the written CEO report.

4. Walch reported that regulatory counsel, Bob O'Neil, has been engaged to include GVP in the FERC intervention being filed on behalf of other Xcel wholesale customers regarding the FERC order dated June 27, 2018 which mandates transmission utilities discontinue practice of "double averaging" its Accumulated Deferred Income Tax. The challenge is necessary to ensure that Xcel's formula rates properly account for changes in the federal income tax rates.
5. Walch reported that GVP's auditing firm, Kelso and Company, PC, merged with another accounting firm, Jackson Thornton and Company, PC. Kevin Kelso has confirmed that we will not see any changes in the way our audit is conducted or in the cost for the remaining two years of the contract. There was board consensus to maintain the audit services contract with Kelso.
6. Walch informed directors that the hourly wage increase for the bargaining unit employees, effective November 15, 2018 through November 14, 2019, has been calculated at 3.25% per the terms of the bargaining unit contracts. The increase was calculated using the average of the 1) average projected increase from the Utilities/Trans/Comm line in the Industry Type-Colorado table and 2) the average projected increase from the Colorado Western Slope line in the Geographic Location-Colorado table, from the 2019 Employers Council Fall Planning Packet.
7. Walch reported that the Ute Water Subdivision directors from GVP are currently McClaskey, Haberkorn and Walch. The subdivision's annual meeting will be held in October.
8. Walch updated directors he has not received further information from Kent Singer regarding political endorsements from the CARE PAC. However, following an IRS Form 990 audit Empire Electric was informed any corporate donation to a Political Action Committee is taxable. Kent Singer is researching the issue and will report back to Colorado managers and CEOs.
9. Walch shared with the directors charts and data received from the MIT researchers' presentations at the CFC Boston 100 summit regarding rate strategies, renewable resources and energy storage.

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

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

**MOTION:** Motion by Sandeen-Hall second by Rooks to adopt Resolution R18-04 requesting changes in authorized signatures for depository accounts at Alpine Bank; carried.

Martinez distributed the statewide survey of director compensation and Haberkorn distributed his analysis of cost to members of GVP's director compensation. The board members discussed transparency to members regarding director compensation. Directors concurred that details regarding director compensation should be reported to the membership. It was the consensus of the board that this should be done with an article authored by President Martinez in GVP's *Colorado Country Life* local pages. Directors also reviewed Policy No. 33 and Policy No. 40 with no recommended changes.

Directors completed and reviewed requests for director meeting attendance and travel in 2019.

President Martinez reviewed director assignments to board committees. After director input, the new committee assignments are as follows:

Finance and Audit Committee: McClaskey, Haberkorn, Sandeen-Hall

Compensation Committee: McClaskey, Haberkorn, Martinez, Sandeen-Hall, Rooks

Policy and Governance Committee: Spangler, Rooks, VanWinkle, Mease

Member and Community Relations Committee: Spangler, Saunders, Sandeen-Hall, Mease

## II. Legal

Kampf reported his firm continued to assist with development of a cyber security policy as required by recent legislation. The policy will be presented for board review at the October board meeting.

## III. CREA/Western United

Martinez reported that CREA will host a joint managers and directors meeting in December.

Saunders reported that Western United's new CEO will be Greg Mordini, who will take over when Mike Prom retires next spring.

## IV. Continuing Business

President Martinez reported the Executive Committee reviewed second quarter 2018 CEO expenses and noted no irregularities.

## V. New Business

None

MOTION: Motion by McClaskey second by Sandeen-Hall to adjourn; carried.

Meeting adjourned at 12:25 p.m.

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Cathy Gledhill, Assistant Secretary

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Rod Martinez, President