

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

Regular Meeting

October 16, 2019

The Board of Directors of Grand Valley Rural Power Lines, Inc., met in regular session on Wednesday, October 16, 2019 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; Cathy Gledhill, Manager of Finance and Administration; Pat Kanda, Staff Accountant; Sarah Wheeler, Accountant/Benefits Administrator; Bill Barlow, Operations Supervisor; Matt Williams, Manager of Engineering; Sherry Fix, Information Technology Manager; Karen Allen, Network Administrator; Derek Elder, Member Services Manager; Gary Billiet, Purchasing and Warehouse Manager; Gregg Kampf, Attorney.

Minutes:

MOTION: Motion by Martinez second by McClaskey to approve the minutes of the September 18, 2019 regular meeting; carried.

Sandeen-Hall requested the agenda be amended to include (1) a report from the Ute Water Subdivision director Haberkorn; and (2) consideration of an amendment to Policy Bulletin No. 32 Schedule A revising hourly rates from legal firm, Hoskin, Farina and Kampf.

MOTION: Motion by Haberkorn second by McClaskey 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 August 2019 financial reports. Kanda summarized delinquent account and write-off activity. Kanda informed the board he attended the October 14 Xcel meeting for information on 2020 formula rate projections. Kanda relayed that, using 2019 load characteristics, 2020 projected power costs will be slightly lower than 2019 power costs. Fix reported she has been assisting IntelliTec College personnel in developing a program for Computer Technician. Walch expressed appreciation to Fix for conducting cybersecurity training with the directors. Barlow informed directors approximately 2,400 consumers were out of power for about two hours on September 28 when a vehicle hit a transmission pole at 15 Road and Highway 6 & 50. Elder informed directors Wharton is attending the statewide

Member Services meeting. Elder notified directors the fund raising and packaging project for Operation Interdependence was successful. Wharton will provide the board with total company and employee donation amount at the November board meeting. Sandeen-Hall read the letter of appreciation received from the Operation Interdependence organization. Walch commended directors and employees for the company's culture of community involvement and charitable giving. Elder reported that GVP website traffic is up 70% from last year. Martinez informed directors that one of the presenters at the Region VII meeting singled out Grand Valley Power for the local branding and ease of use on its website. Walch commented that, with Grand Valley Power's increased use of social media, there is a risk of critical comments. Walch commended the communications staff for quickly addressing the few negative comments that have been posted. Mease agreed that consumers are the company's best advocate. Elder informed directors that staff discovered that Whitewater Building Materials had not been billed correctly for several months following the installation of enhanced metering at its facility. GVP consulted with owner of Whitewater Building Materials, Mark Gardner, who agreed to pay the avoided cost of purchased power. Elder reported that personnel will review select key account billings to reduce the risk of incorrect billings in the future. Elder also informed directors the text and email notification program is now active for consumers who have signed up on SmartHub. Walch encouraged directors to sign up for the program to become familiar with the notifications received by participating consumers.

2. Walch reviewed the action plan for the strategic goal of Enhancing Safety Culture. Walch reported the action plan is ongoing; therefore, no deadline date has been established.

Walch then reviewed the action plan for Exploring Wholesale Power Purchase Opportunities with the directors. Walch reported he and staff will evaluate the early termination options in the Xcel Energy wholesale power contract as well as current physical power delivery arrangements. Walch informed the board a preliminary report should be complete by the end of March 2020. He proposed that directors hold a strategy meeting prior to June 2020 to consider risks and benefits of various power supply options.

Walch reviewed the action plan developed for the strategic goal to Cultivate Partnerships and Alliances to Advance our Mission, observing that this again is an ongoing action plan to discover and evaluate beneficial alliances.

3. Walch reported that bargaining unit employees will receive a 3.15% wage increase on November 15, in accordance with the wage index in the union contracts and applicable average wage increases reported by Employers Council. Walch informed directors that recommended wage increase factor for management staff will take this increase amount into account, along with the the compensation analysis in process with Employers Council.
4. Walch reported operations department has hired a new journeyman lineman, Jason Seymour. Walch informed directors with the upcoming retirements of Gledhill and Birch, more employee transitions to new positions will take place over the next few months.
5. Walch reviewed with the directors the request for corporate contribution to CARE/ACRE. The board declined participation.
6. Walch reported that the CREA Job Training and Safety (JT & S) representative assigned to serve GVP terminated employment with the company on September 13. Walch informed directors GVP had received no communication from CREA regarding the matter until Walch sent an inquiring email in early October. Singer acknowledged CREA dropped the ball and apologized for the lack of communication with affected cooperatives.

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

Sandeen-Hall expressed appreciation for the level of thought and preparation that went into the strategic goal action plans.

Walch presented the action plan for Developing Future Focused Rate Strategy.

MOTION: Motion by Martinez second by Spangler to approve the action plan for Developing Future Focused Rate Strategy; carried.

Walch presented the Information Technology and Cybersecurity Action Plan. Haberkorn inquired how the completion date of mid 2021 was determined for completion of network segmentation of the server environment. Walch noted that this was a complex undertaking and indicated that IT staff recommended that date, based on hardware requirements and amount of staff time necessary to complete the task.

MOTION: Motion by Haberkorn second by Martinez to approve the action plan for Information Technology and Cybersecurity Strategy; carried.

Walch presented the Programs and Services Action Plan. Rooks questioned the need to include the purchase of an Electric Vehicle (EV) in 2020 in the Programs and Services Strategy action plan. Walch responded the EV will be a replacement vehicle for the Explorer company vehicle. Purchase of an EV will provide GVP the opportunity to evaluate an EV program, and better assist consumers with questions about EVs. He noted that this was identified as a specific program that was discussed and supported during the May 2019 strategic planning session.

MOTION: Motion by Martinez second by VanWinkle to approve the action plan for Programs and Services Strategy; carried, with Rooks opposed.

Walch presented the Workforce Development action plan. Haberkorn asked how frequently GVP would engage a consultant for compensation analysis studies. Walch informed directors human resources consultants recommend a compensation analysis be conducted every three to five years.

MOTION: Motion by McClaskey second by Martinez to approve the action plan for Workforce Development Strategy; carried.

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

7. Walch conducted the annual review of Policy Bulletin No. 80 – Financial and Equity Management. Mease inquired about the cost of a Cost of Service Study. Walch informed directors the price is dependent on extent of services requested; and estimated a range of \$10,000 up to \$30,000.
8. The directors reviewed and completed the checklist for 2020 meetings and conferences requests.

II. Legal

Kampf reported his firm worked with Walch to review a lease for cell service tower. He informed directors he attended the statewide attorneys' meeting in Denver. Chris Hansen, chair of Energy

Legislation Review Interim Study Committee, informed the attendees that the committee's main focus is to establish a statewide Regional Transmission Organization (RTO). Representative Hansen also informed attorneys the committee wants to increase staff at the Public Utilities Commission. Kampf reported the San Luis Valley REC Public Utilities Commission hearing regarding implementation of demand rate component on residential bills is scheduled for November if mediation this Friday is unsuccessful.

Kampf reviewed with the directors the firm's request to amend Schedule A – Hoskin Farina and Kampf, PC hourly attorney rates effective 1/1/2020. He notified directors the rates have remained the same since January 1, 2018.

MOTION: Motion by Rooks second by Martinez to approve the Hoskin, Farina and Kampf legal fee schedule for January 1, 2020; carried.

III. CREA/Western United

Martinez reported he attended the CREA budget committee meeting. He informed directors CREA administrative budget increased 9% and CCL costs are up due to increased costs in paper contracts and 5% increase in postage. CREA is projecting a 7% increase in rates for 2020. Haberkorn reported Western United now has 72 active members.

IV. Continuing Business

McClaskey and Haberkorn reported they attended the Ute Water Subdivision annual meeting. Haberkorn has been elected as president of the Ute Water Subdivision. The annual budget for the irrigation system is \$2,400.

V. New Business

Martinez recommended the directors review Policy Bulletin No. 41 Attendance at National, State and other Meetings as some of the wording conflicts with newly revised Policy Bulletin No. 33.

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

Meeting adjourned at 1:50 p.m.

Cathy Gledhill, Assistant Secretary

Carolyn Sandeen-Hall, President