

INTERMOUNTAIN RURAL ELECTRIC ASSOCIATION
Colorado 16 Jefferson
Sedalia, Colorado

A regular meeting of the Board of Directors of the Intermountain Rural Electric Association was called to order at the office of the Association at 5496 North U.S. Highway 85, Sedalia, Colorado, at 9:30 a.m., July 5, 2016.

The following Directors were present, constituting a quorum: Tim White, Mike Kempe, Jim Anest, Robert Graf, Gene Sperry, Duke Dozier, and Bruff Shea. Patrick Mooney, CEO, also was present.

There was no public comment, as there were no individuals present who wished to address the Board of Directors.

Minutes Approval

Upon motion by Mr. Graf, seconded by Mr. Anest, the Board of Directors unanimously approved the minutes of the June 14, 2016, regular meeting.

Acceptance of Audit Report

Moss Adams auditor Julie Desimone, reviewed the audit process and advised the Board that no material issues were found and that the audit team received full and timely cooperation from management and staff. Ms. Desimone noted that prior to the Board meeting, she met with two directors to review the audit report and that some minor language changes in the financial statements will be made. Mr. Kempe requested and received additional information regarding the language changes. Mr. Graf proposed a motion that the Board accept the draft, amended as discussed, which was seconded by Mr. Shea, and carried unanimously.

Acceptance of 401(k) and Pension Audits

The next item was acceptance of the 401(k) and Pension Audits. Mr. Shea and Mr. Kempe requested and received additional information regarding 401(k) depreciation and pension age eligibility. Mr. Shea moved that the audit reports be accepted as presented, seconded by Mr. Graf. The Board unanimously accepted the 401(k) and Pension Audits.

CREA Report

Mr. Tim White presented the CREA report.

This month's meeting was a telephone conference call on June 23. Various departments presented their reports. CREA staff will be preparing and sending out next year's budget. NRECA is moving the dates for the spring legislative conference to April in the hope that Congress will be in session.

Finance Report

Ms. Anne Thomas presented the finance report.

The May margin was \$2,539,232, which is \$1.7 million over budget. Electric revenue net of unbilled revenue was over budget by \$207,000. Power costs were under budget by \$717,000, due to a late PSCo correction and lower than projected demand in April. Operating costs are under budget as budgeted tree trimming, consulting, legal, hardware/software and lobbying costs have not been spent.

Year to date margin is \$13,727,640, which is \$4,825,027 over budget. Sales revenue is approximately \$1,321,000 over budget. Operating costs are under budget, as we have not yet incurred expected costs for tree trimming, billing, postage and legal lobbying.

Operations and Engineering Report

Ms. Pam Feuerstein presented the operations and engineering report.

For the month of May, Comanche Unit 3 had an availability factor of 80.51% and a capacity factor of 77.23%.

Demand for May 2016 was 323 MW, up from May 2015. kWh sales are up from last year.

For the month of May, there were 240 new applications, 91 new services completed, and 152,388 services in place. There were 1,520 services in construction, and 1,942 services in design.

There was one OSHA recordable medical claim in the month of May.

On May 31, several Mylar balloons drifted into the 115kV at the Parker substation and caused a bus outage. There were over 5,000 consumers out for almost 2 hours. On the same day, lightning struck a double circuit line out of the Elizabeth substation, which took both circuits out. There were about 1,600 consumers out for 2.8 hours.

In May, IREA received eight new applications for small generation interconnection. To date, IREA has 1,266 solar interconnections, 1,257 of which are net meters.

Consumer Services Report

Ms. Mandi Leshar presented the consumer services report.

The number of disconnect notices in May decreased from last year. The number of calls for the month of May decreased from the previous month. The abandon rate went

down, as did the average speed to answer, which resulted in reaching the service level goal. Ms. Leshar acknowledged Call Center Director Julie Wilson for her pro-active planning with staffing in anticipation of high call volumes on May 31, which was the last day of the month and the day after a holiday.

There were 1,796 consumer electronic contacts in May, which is down from April. Once our website is updated, we hope to have more forms that are easier to fill out online so that more people will choose to go the electronic route. The number of customers enrolled in eBilling continues to increase, 48,863 as of May, and eDisconnect notices went down in May.

We have received signature on the bill redesign and logic changes and we hope to have a project kick-off mid-July.

The contract was signed for the IVR enhancements and we hope to have a kick-off meeting scheduled soon.

Ms. Leshar reviewed some minor changes to the Western Union Phase II upgrade.

Corporate Affairs Report

Ms. Becky Wilson presented the corporate affairs report.

Ms. Wilson reviewed the primary election results.

Legal Report

Ms. Amy Watson presented the legal report.

The Town of Parker filed a condemnation action naming IREA as a party because IREA has easements in the area to be condemned. Their construction may not affect any of our current assets but it is within our easement area. We are seeking to enter into a stipulation agreement where the Town of Parker will pay for our relocation if required to do so.

On July 1, 23 states filed in the D.C. Circuit Court of Appeals an appeal of the carbon emission limits that the EPA set for new coal and gas-fired plants. They make similar arguments to those made in the Clean Power Plan case, i.e., that the EPA exceeded its authority under the Clean Air Act and its action was arbitrary, capricious, and not according to the law.

Mr. Kempe requested and received information regarding the PUC proceeding involving PSCo's proposed Solar*Connect program.

Mr. White called for a ten-minute break.

Chief Executive Officer's Report

Mr. Patrick Mooney presented the CEO's Report.

Mr. Mooney briefly reviewed the dispute between the City of Boulder and PSCo.

PacifiCorp has asked that Utah regulators allow them to dedicate some renewable resources to Facebook under a statute that was passed recently to allow that to happen.

Last year FERC ruled that Delta-Montrose had the right under PURPA to negotiate contracts with PURPA project developers as well as to negotiate prices above avoided cost, at least in the context of the Tri-State contract. It was an odd ruling, as FERC said that it did not have jurisdiction but then issued a ruling. Tri-State has adopted a policy that would essentially require anyone who goes above their 5% in renewables to make up Tri-State's supposed losses. Tri-State then asked FERC for a declaratory ruling on that policy, and FERC ruled that the policy would undermine and violates PURPA.

Tri-State announced that it has reached an agreement on a dispute with Kit Carson that terminates Kit Carson's membership in Tri-State.

Apple applied to FERC for permission to buy and sell power in the wholesale marketplace. Apple owns or has under contract a relatively large amount of generation for a private company and it seems ready to start trading on its own behalf.

We are looking at replacing our collections contractor, Integral. Ms. Leshar has solicited a few proposals from other potential agencies and she and her team will evaluate those proposals.

Mr. Mooney updated the Board on the Lennar Homes meeting.

Mr. Mooney updated the Board on two potential solar projects.

The Bailey GOAB project will be cancelled except for the distribution underbuild. A Strasburg transformer failure required that we move the 115/69/44 kV mobile substation to that site. The mobile sub is needed to do the transmission work in Bailey, so that part of the project will be deferred to next year. We have not been able to locate a replacement transformer, so we will have to order a new one. We are evaluating whether we should purchase another 115/44 mobile substation.

Mr. Mooney updated the Board regarding a potential ownership interest in a 600 MW wind farm with PSCo.

Mr. Mooney noted the retirements of several long-time IREA employees who have done good work for the Association for decades: Mike Vargas, Mike LeClair, Fred Ahr and Cathy Rogers. He advised the Board of personnel moves resulting from these retirements.

Action Items

The next item was approval of the consent agenda. Upon motion by Mr. Anest, seconded by Mr. Graf, the Board of Directors unanimously approved the consent agenda, including refund of deceased consumer patronage capital in the amount of \$38,292.99 and write-offs in the amount of \$46,972.

The next item was approval of disbursements. Mr. Graf requested and was given information regarding miscellaneous disbursements. Mr. Graf made a motion for approval, which was seconded by Mr. Shea. Mr. Mooney proposed to the Board that the disbursement list should be removed as an agenda item, but that the information would still be provided to the Board for review in a revised, more easily reviewed format. Approval of the list is a formality, as the list includes checks that have been cut as authorized by the approved budget and Board policy. After discussion, the Board of Directors concurred. The Board of directors unanimously approved the May 2016 disbursements.

Policy 100 Revision

Mr. Mooney proposed that the Board approve revised Board Policy No. 100, which addresses compensation of expenses of directors. Mr. Graf made a motion for approval, seconded by Mr. Kempe; the Board of directors unanimously approved revised Board Policy No. 100 as presented.

Board President Retainer

Mr. Mooney proposed authorizing a retainer for the Board President. Mr. Graf made a motion for approval, seconded by Mr. Shea; the Board of directors unanimously approved a Board President retainer in the amount of \$400 per month.

Educational Grants Drawing

Each Director drew three names from among the names of those who applied for grants within each Director district. The Association will issue \$1000 checks payable to schools to be attended by the following high school students: Nicholas DeMott, Sabrina Macon, Caroline Thomas, Foster Prescott, Chloe Levesque-Etling, Nathan Gasser, Jenna Oliver, Alexandra Brown, James Patrick, Riley Wambach, Janine Hald, Benjamin

Cappella, Anisa Samhouri, Kamal Howard, Morgan Bradley, Natalie Van Winkle, Erika Manilla, Matthew Conrardy, Philip Nelson, Josephe Rodriguez, and Andrew Reardon.

2016 NRECA Region 7 Voting Delegate Designation

The next item was appointment of the 2016 NRECA Region 7 Voting Delegate Designation. Currently, Mr. Graf is the voting delegate with Mr. Dozier as the alternate delegate. Since the Board did not wish to change the voting delegation, Mr. Mooney noted that a motion was not required.

Executive Session

Mr. White called for an executive session for the purpose of discussing Comanche Unit 3 and personnel. Upon motion by Mr. Anest, seconded by Mr. Kempe and carried unanimously, the Board of Directors approved an executive session. The Board convened in executive session with Mr. Mooney.

There being no further business to discuss, the meeting was adjourned by President Tim White.

The next regular meeting will be held on August 2, 2016.

President

Secretary-Treasurer