

**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., June 14, 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.

Mr. Tim White noted that the building renovation is a very nice, well-done, seamless project. Congratulations were expressed to Mr. Costas Lagos for his management of the project.

**Public Comment**

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. Anest, seconded by Mr. Shea, the Board of Directors unanimously approved the minutes of the May 10, 2016, regular meeting, as presented.

**CREA Report**

Mr. Tim White presented the CREA report.

The CREA meeting was held in Gunnison May 26 and 27. The bulk of the regular meeting was on legislation and Mr. White noted that those topics would be covered in staff reports. A planning session was held and topics discussed were on loss control, communications, education and member services, and government relations.

**Finance Report**

Ms. Anne Thomas presented the finance report.

The April margin was \$1,372,850, which is \$724,575 over budget. Electric revenue net of unbilled revenue was under budget by \$161,000. Power costs were under budget by \$91,000. Operating costs are under budget as we have not yet incurred some budgeted tree trimming, billing, postage, consulting, legal and lobbying costs.

Year to date margin is \$11,188,408, which is \$3,083,277 over budget. Sales revenue is approximately \$1,114,000 over budget. Operating costs are under budget, as we have

not yet incurred expected costs for tree trimming, billing, postage, legal lobbying. The March 31 physical inventory was completed and there is a \$2,469 write-down on our inventory.

### **Operations and Engineering Report**

Ms. Pam Feuerstein presented the operations and engineering report.

For the month of April, Comanche Unit 3 had an availability factor of 89.44% and a capacity factor of 84.22%.

Demand for April 2016 was 325 MW, up from April 2015. kWh sales are up from last year.

For the month of April, there were 292 new applications, 28 new services completed, and 152,299 services in place. There were 1,117 services in construction, and 1,911 services in design.

There was one general liability claim in the month of April.

There was one major outage event on April 8 due to a failed PT in Conifer.

The Conifer planned outage work was completed last Wednesday. The outage took a little bit longer than what was planned for, but the work went smoothly. Customer complaints were minimal and call volumes were low the day of the outage. There was a lot of advance public outreach regarding the outage.

In April IREA received 14 new applications for small generation interconnection. To date IREA has 1,249 solar interconnections, 1,240 of which are net meters.

### **Consumer Services Report**

Ms. Mandi Leshar presented the consumer services report.

The number of disconnect notices in April decreased from last year. The number of calls for the month of April decreased from the previous month. The abandon rate went down, as did the average speed to answer, however, we were just slightly under reaching the service level goal. This is due to high call volume during the April 8 outage. Next month is looking very good as well and we are nearly fully staffed.

There were 1,826 consumer electronic contacts in April, which is down from March. The number of customers enrolled in eBilling continues to increase, 48,482 as of April, and eDisconnect notices are up as well. The eBill survey of customer opinions regarding electronic billing is still available on the website and will be taken down at the

end of June. We will review the data to see what items we need to implement.

The bill redesign will take some significant work on the logic side and we hope to finalize the Billtrust Statement of Work shortly. Once that is finalized, it will take about twelve weeks to be implemented. With the logic updated we should be able to make changes to the templates as needed in the future.

Currently we do not have opportunities for CSR promotions within our department, so to address CSR turnover we are finalizing a CSR II position. All the representatives will be CSR I's and the CSR II positions will be those who not only handle calls, but will also handle the electronic side and a few other additional tasks. Currently there are a few that do the additional tasks but receive the same amount of pay as those who do not. We are going to promote a few representatives who have CSR II skills and experience on July 1.

Ms. Leshar reviewed the IVR enhancement project that will make the current IVR more intuitive and user-friendly.

### **Corporate Affairs Report**

Mr. Josh Liss presented the corporate affairs report.

The EPA finalized the new methane emissions standards trying to reduce emissions for the oil and gas sector by 40 to 45% by the year 2025. The new rules include emissions for new and reconstructed equipment as well as sources that were not covered in their previous set of rules in 2012. Reaction from the oil and gas industry was split with the smaller producers decrying government overregulation and larger producers, such as Dominion, saying the rules were not perfect but could have been a lot worse.

The Murkowski Energy Policy Modernization Act passed in late May and was sent to conference committee so that the House and Senate can try to resolve issues between it and House Bill 8 sponsored by Representative Upton of Michigan. Since then some Republicans in the House have proposed seven amendments that have been opposed or threatened for a veto by the White House, such as increased oil and gas drilling, hunting and fishing on federal lands and shifting more water to California. The situation continues to evolve between the two sides on the conference committee and they will have to compromise to craft a bill that the White House will not veto.

Mr. Liss discussed the ballot initiatives.

Mr. Liss reviewed the Association's social media communications.

### **Legal Report**

Ms. Amy Watson presented the legal report.

The DC Circuit Court of Appeals, on its own motion, will hear the EPA's Clean Power Plan case *en banc*. Instead of a three-judge panel, all of the D.C. Circuit judges, except for Chief Judge Garland, who recused himself while his Supreme Court nomination is pending, will hear the case. This is the first time the court has taken this step after all the briefs have been filed. The case will be heard by the whole panel and oral arguments are scheduled for September 27.

The City of Boulder received confidential information from PSCo on the transmission and distribution system Boulder seeks to condemn. Boulder made statements to the press that it will take a dual track now. PSCo and Boulder are negotiating a possible settlement that would include PSCo continuing to serve the customers in the City while helping Boulder achieve its renewable energy goals, but Boulder also will continue working on its application to the PUC pending settlement.

Ms. Watson updated the Board on the FERC transmission loss settlement.

### **Chief Executive Officer's Report**

Mr. Patrick Mooney presented the CEO's Report.

Mr. Mooney discussed PSCo's recent filing of its energy resource plan with the PUC.

Mr. Mooney reviewed two tables reflecting data relevant to the load factor adjustment implementation to date, one being all meter types and the other for net meters only. Thirty-six percent of net metering customers, the same percentage as all meter types, received LFA bills. The net metering customers have a higher LFA average charge but it is still under \$13. The all meter types average charge was \$5.58.

Mr. Mooney reported that he was contacted by Lennar Homes and will meet with them this week. Lennar wants to see whether they can work with IREA on an unspecified project. Mr. Mooney will report on the meeting at the July meeting.

Mr. Mooney discussed donating to CREA's CARE PAC this year. The Board concurred that a donation such as that made two years ago is appropriate this election year.

Mr. Mooney advised the Board that a donation will be made to Raise the Bar Colorado in support of the proposed initiative regarding constitutional amendments.

IREA received notice of the PSCo formula rate true-up. We expect to receive a substantial bill credit as a result of the true-up. A meeting is taking place today to review the backup information.

### **Action Items**

The next item was approval of the consent agenda. Mr. Shea requested and was given information regarding a particular write-off amount. The Board, Mr. Mooney and Ms. Leshner discussed steps under consideration to mitigate write offs of suspected "grower" accounts. 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 \$105,004.81 and write-offs in the amount of \$48,909.

The next item was approval of disbursements. Mr. Graf and Mr. Kempe requested and were given information regarding miscellaneous disbursements. Mr. Graf made a motion to approve the April 2016 disbursements as presented to the Board, which was seconded by Mr. Sperry and carried unanimously.

### **Policy 100 Revision**

Mr. Mooney proposed that the Board approve revised Board Policy No. 100, which addresses compensation of expenses of directors. Mr. Shea made a motion for approval, which was seconded by Mr. Dozier. Mr. Graf requested clarification of the revisions, following discussion; Mr. Mooney proposed that the revised policy be modified to reflect the changes as discussed. Upon motion by Mr. Graf, seconded by Mr. Shea, the Board of directors unanimously tabled the proposed Board Policy No. 100 revision.

### **Compensation In Lieu of Health Insurance**

The next item was approval of 2017 compensation in lieu of health insurance. Mr. Mooney proposed that the amount of compensation provided to Association Directors in lieu of Association-provided health insurance be increased from \$422.05 per month, which is based on the average monthly fixed cost of health and dental insurance programs and does not reflect the full value of the benefits, to \$1,000 per month. This change will make annual compensation more equitable. Mr. Kempe requested and received information regarding the policy. Mr. Graf made a motion to approve the increase of compensation in lieu of health insurance as proposed by the Chief Executive Officer, which was seconded by Mr. Anest and carried unanimously.

### **Proposed Resolutions BR16-20**

Mr. Mooney requested approval of a resolution approving the purchase and installation of a power control assembly at the Compark Substation and explained the need for the PCA as part of the Compark Substation project now underway. Upon motion by Mr. Graf and seconded by Mr. Shea, the Board of Directors unanimously adopted the following resolution:

#### **BOARD RESOLUTION BR16-20**

Whereas, the Intermountain Rural Electric Association (Association) has the need to purchase and install a power control assembly at the Compark Substation, which will house the switchgear, relay panels, and controls necessary to operate the substation; and

Whereas, the Association's engineering staff, in coordination with the Association's consulting engineer, evaluated power control assemblies from various companies in 2015 and determined that Powell Electrical Systems, Inc. is best suited for the requirements of the Compark project; and

Whereas, the Association solicited and received a proposal from Powell Electrical Systems, Inc. for the purchase and installation of a power control assembly in the amount of two million, one hundred eighty-eight thousand, nine hundred one dollars, and zero cents (\$2,188,901.00); and

Whereas, the Association's engineering staff and consulting engineer have reviewed the proposal and recommend that the Association award an Equipment Contract (IREA Form 198) to Powell Electrical Systems, Inc. for the purchase and installation of a power control assembly at the Compark Substation; and

Whereas, the Board of Directors has determined that such recommendation is in the best interest of the Association and its members;

Now, therefore, be it resolved that the Board of Directors authorizes the Association to award and the President to execute an Equipment Contract (IREA Form 198) for the purchase and installation of a power control assembly at the Compark Substation to Powell Electrical Systems, Inc. in the amount of two million, one hundred eighty-eight thousand, nine hundred one dollars, and zero cents (\$2,188,901.00) and such other amounts as may be necessary for ancillary items, such as freight,

component testing, permits, taxes, and field services.

### **Proposed Resolution BR16-21**

Mr. Mooney proposed a resolution approving the Bailey GOAB and 44 kV Construction Contract. Mr. Mooney noted that due to a transformer failure at the Strasburg Substation, which required deployment of the 44/69/115 mobile substation to Strasburg rather than to this project, the project might not proceed until next year or may proceed only in part. Mr. Kempe requested and received additional information regarding the contract. Following discussion, and upon motion by Mr. Kempe and seconded by Mr. Dozier, the Board of Directors unanimously adopted the following resolution:

### **BOARD RESOLUTION BR16-21**

Whereas, the Intermountain Rural Electric Association (“the Association”) has a need to replace and relocate a 3-way gang-operated air break (“GOAB”) switch and segments of the 44 kV transmission line extending from the Bailey Substation, which segments will be rebuilt to 115 kV single circuit capacity (“the Bailey GOAB Replacement Project”); and

Whereas, the Bailey GOAB Replacement Project requires a contractor that is experienced in sequencing complex construction activities involving transmission, overhead and underground distribution, GOAB switch, and substation facilities in a manner that limits service disruptions; and

Whereas, the Association’s engineering staff, in coordination with the Association’s consulting engineer, evaluated the project requirements and determined that because of its experience with Association facilities and procedures Colorado Powerline, Inc. is best suited to construct the Bailey GOAB Replacement Project; and

Whereas, the Association and Colorado Powerline, Inc. have negotiated a contract price for the Bailey GOAB Replacement Project in the amount of one million, nine hundred thirty-two thousand, two hundred eighty-four dollars, and sixty-one cents (\$1,932,284.61); and

Whereas, the Association’s engineering staff, in coordination with the Association’s consulting engineer, evaluated the proposal and recommends that the Association award an Electric Transmission Construction Contract (IREA Form 831) to Colorado Powerline, Inc. for the construction of the Bailey GOAB Replacement Project; and

Whereas, the Board of Directors has determined that such recommendation is in the best interest of the Association and its members;

Now, therefore, be it resolved that the Board of Directors authorizes the Association to award and the President to execute an Electric Transmission Construction Contract (IREA Form 831) for the construction of the Bailey GOAB Replacement Project to Colorado Powerline, Inc. in the amount of one million, nine hundred thirty-two thousand, two hundred eighty-four dollars, and sixty-one cents (\$1,932,284.61) and such other currently unanticipated amounts as may be reasonably necessary to complete the construction of the Bailey GOAB Replacement Project consistent with such contract.

### **NRECA Membership**

Mr. Mooney discussed the NRECA membership invoice. He noted that NRECA has appointed a new CEO, Jim Matheson, former congressman from Utah.

### **Executive Session**

Mr. White called for an executive session for the purpose of discussing Comanche Unit 3, personnel and a confidential business matter. Upon motion by Mr. Graf, seconded by Mr. Dozier 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 July 5, 2016.

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President

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Secretary-Treasurer