

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., May 17, 2018.

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

Agenda Approval

Upon motion by Mr. Anest, seconded by Mr. Graf, the Board of Directors unanimously approved the agenda, as presented.

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. Shea, seconded by Mr. Anest, the Board of Directors unanimously approved the minutes of the April 19, 2018, regular meeting, as presented.

Upon motion by Mr. Graf, seconded by Mr. Shea, the Board of Directors unanimously approved the minutes of the April 21, 2018, annual meeting, as presented.

Redistricting Committee Report

Mr. Gene Sperry presented the Redistricting Committee report.

Mr. Sperry reported that he was appointed committee chair and Amy Watson was appointed secretary. The majority of the meeting consisted of discussing committee criteria. The next meeting will be held on August 16, 2018, at 8:30 a.m. The final report will be made at the October 18, 2018 meeting.

CREA Report

Mr. Tim White presented the CREA report.

CREA board members met April 26th. Mr. White reported that the majority of the meeting consisted of discussions regarding legislative bills. Other discussions included PUC review of interconnection standards; David Eves' promotion to executive vice president and group president of the utility side and Alice Jackson's promotion to Xcel

Energy – Colorado president; CREA’s joint effort community project to electrify a village in Guatemala; and the Colorado Electric Education Institute \$5,000 grant from CoBank’s sharing success program for youth leadership camp in DC.

Finance Report

Ms. Dede Jones presented the Finance report.

The April margin was \$1.3 million, which is about \$195,000 below budget. The primary contributor is the increased depreciation on Comanche. Total revenue and power costs were under budget.

Year-to-date, the margin is about \$11.9 million, \$142,000 below budget. Ms. Jones reviewed margins and variances for the month and year-to-date.

Ms. Jones reviewed information regarding a diversion write-off account.

Ms. Jones reviewed the risk management and safety data reports. She reported that there were no OSHA recordable injuries and one reportable vehicle accident in the month of April.

Operations and Engineering Report

Ms. Pam Feuerstein presented the Operations and Engineering report.

In April, Comanche Unit 3 had a plant capacity factor of 79% and IREA’s effective capacity factor was 94%.

Demand for the month of April was 331 MW, up slightly from April 2017. kWh sales were up slightly from the previous year. There were 441 new service applications in April. There were 505 new services completed, while 2,715 services were in construction and over 3,568 services were in design or under contract. Most of the services completed were in the Castle Rock area. The Association has 158,599 services now in place.

There were some strong wind events in April as well as some dig-ins causing outages.

Victory Solar produced 2.9 million kWh in April, with a capacity factor of 31.13%.

In April, IREA received 42 new applications for small generation interconnection. To date, IREA has 1,696 solar interconnections, 1,681 of which are net-metering.

Ms. Feuerstein updated the Board on the progress of the AMI project.

Consumer Services Report

Ms. Mandi Leshar presented the Consumer Services report.

Disconnect notices for April are lower than last year; however, disconnect service orders increased. There were a little over 11,000 calls received in April. The service level this month fell 1% short of the goal. There is still some staffing movement based on some promotions that have occurred within the company, however, two temporary summer consumer reps have started in May.

Ms. Leshar noted that from April to March consumer electronic contacts were up by 6% but from April to February they were up by 25%, indicative of customer acceptance of the changes we have made. The number of customers enrolled in eBilling was 64,200 as of the end of April.

Ms. Leshar updated the Board on the progress of the payment processing project.

Ms. Leshar noted that the second of two customer surveys contracted with NRECA will occur at the end of June.

Corporate Services Report

Mr. Gerry Hacker presented the Corporate Services report.

Mr. Hacker discussed personnel statistics for the month of April.

Mr. Hacker reviewed data for the current U.S. retirement age trend and compared the trend to current IREA employees and their ages, using graphs.

The GIS Connect project has experienced a couple of technical issues and resource constraints and is behind schedule. Cayenta was onsite the week of April 30 to provide some training. The project is currently in testing and it is anticipated to go live by the end of the month or early June.

Starting in June, IREA will begin using Cayenta managed services that will include updates, patching, and fixes remotely and manage our Oracle databases as they relate to Cayenta. Contracting these services with Cayenta will allow IREA technical employees, who were performing these tasks in-house, to work on other projects.

Mr. Hacker discussed the Association's website, email activity, cyber security measures, and network risk assessments.

Mr. Hacker reviewed other miscellaneous items from his report.

Corporate Affairs Report

Mr. Josh Liss presented the Corporate Affairs report.

Mr. Liss reported that the Colorado General Assembly adjourned on May 9. There was a total of 721 bills this session. Of these, 221 bills were signed by the Governor by the last day of the session, 277 had been killed by the last day of the session, many died on the calendar, and there still are some awaiting the Governor's signature. The bills awaiting signature will become law without signature as of June 8 unless they are signed or vetoed before then. Bills of note and their fates included:

House Bill 1271, allowing investor-owned utilities to impose economic development rates, passed and is awaiting signature.

House Bill 1428, authorizing the creation of energy and innovation collaboration agreements between investor-owned utilities and local governments served by those utilities, was killed at the request of the sponsor.

House Bills 1274 and 1297, both aimed at reducing greenhouse gas emissions, were killed in the first Senate committee. These bills are expected to be submitted next year.

House Bill 1345, establishing a right of first refusal for transmission lines, died in committee.

Senate Bill 3, funding the Colorado Energy Office, passed.

Senate Bill 167, the 811 bill, passed and awaits the Governor's signature.

The Legislative Session will convene earlier next year, on January 4, 2019.

Mr. Liss discussed IREA's education grant applications that have been received. The Board will draw names at the June Board meeting.

Legal Report

Ms. Amy Watson presented the legal report.

FERC approved PSCo's request to withdraw its petition to amend the Association's power purchase agreement that would add a cost recoupment charge to apply if IREA is obligated to purchase power from PURPA qualifying facilities.

Ms. Watson discussed a power diversion settlement with the Board.

The Town of Parker and the Association have reached an agreement to settle the tax issues. The settlement agreement will go before Parker Town Council on May 21 for approval.

Ms. Watson updated the Board on PSCo's proposed Clean Energy Portfolio Plan. We are awaiting PSCo's 120-day report, which is due June 6. The report is supposed to include all of the updated modeling for the Clean Energy Power Plan as well as the other model portfolios that were approved in the first phase. The PUC would like to issue a final decision on awarding a portfolio by the end of August. Consideration of the proposed early retirement of Comanche 1 and 2 has been rescheduled to fit with the ERP process.

Pursuant to the settlement of United Power's lawsuit against the Town of Frederick, United and the Town filed for a certificate of public convenience and necessity yesterday with the PUC. As part of the settlement, United Power will purchase the Town of Frederick's electric distribution facilities and the two will enter into a franchise agreement.

Chief Executive Officer's Report

Mr. Patrick Mooney presented the CEO report.

Mr. Mooney discussed several industry trends including PSCo's announcement to end its participation in the Mountain West Transmission Group; the New England Regional Greenhouse Gas Initiative expansion; completion of the first phase of the design certification application process for NuScale Power's small modular reactor; Mercedes Benz' discussion to stop selling its residential energy storage system; Dominion Energy's integrated generation resource plan; community choice aggregation; and the use of drones to assist in surveying and inspecting transmission lines.

Delays continue at the Bergen Park substation and it is hoped that it will be energized by the end of May.

The Association is negotiating for a potential substation site near the Castle Rock Hospital. The site and access location has been identified and terms are under discussion.

Mr. Mooney discussed a potential land purchase near the Sedalia headquarters.

Arapahoe and Elbert County Commissioners approved the Brick Center/Kiowa transmission line project. The Association is in the process of acquiring easements for the line.

IREA met with the City of Castle Pines regarding the City's requirement that our easements be removed from plats. The meeting went well and it was agreed that IREA will be provided deeded utility easements. IREA is still awaiting the written follow-up promised by the City.

Action Items

Upon motion by Mr. Anest, seconded by Mr. Shea, the Board of Directors unanimously approved the consent agenda, including refunds of deceased consumer patronage capital in the amount of \$157,707.71 for the month of April and write-offs in the amount of \$87,107.

Proposed Resolution

Mr. Mooney recommended approval of Resolution BR18-7, AMI Meter Installation Agreement, which authorizes execution of an agreement with Utility Sales Services for AMI meter installation. Mr. Kempe requested and received information regarding clarification of various items in the agreement. Upon motion by Mr. Graf and seconded by Mr. Sperry, the Board of Directors unanimously adopted the following resolution:

BOARD RESOLUTION BR18-7

Whereas, The Intermountain Rural Electric Association ("the Association") is installing an automated metering infrastructure ("AMI") system and requires assistance installing more than 150,000 AMI meters throughout the Association's service territory; and

Whereas, the Association issued a request for proposals for meter installation services and received proposals from six vendors; and

Whereas, the Association's engineering staff, in coordination with the Association's consulting engineer, engaged in an extensive evaluation and interview process with regard to those proposals and recommends that the Association award a contract to Utility Sales & Service, Inc. in the base amount of Three Million, One Hundred Seventy-Six Thousand, Five Hundred Twenty-One Dollars, and Five Cents (\$3,176,521.05) with additional amounts potentially payable as may reasonably be necessary for unanticipated onsite repairs, facilities testing, and other meter installation tasks; and

Whereas, the Board has been presented with a draft agreement with Utility Sales & Service, Inc. for meter installation services, Board Document BD18-6; and

Whereas, the Board of Directors has determined that staff's 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 Chief Executive Officer to finalize negotiation of and execute a contract with Utility Sales & Service, Inc. for meter installation services in the amount of Three Million, One Hundred Seventy-Six Thousand, Five Hundred Twenty-One Dollars, and Five Cents (\$3,176,521.05) and such other currently unanticipated amounts as may be reasonably necessary to complete the meter installation for the AMI system, which contract shall be upon terms substantially consistent with those provided in Board Document BD18-6.

Qualifying Facility Proposals

Mr. Mooney requested that discussion of qualifying facility proposals take place in executive session due to confidential and legal information. Mr. White deferred discussion to executive session.

Election of Board Officers

Mr. Graf made a motion to reappoint officers as they currently exist, which was seconded by Mr. Sperry. The Board of Directors unanimously reappointed all Association Board Officers: Mr. Tim White as President, Mr. Bruff Shea as Vice President, Mr. Duke Dozier as Secretary-Treasurer, and Mr. Jim Anest as Assistant Secretary-Treasurer.

Audit Committee Appointment

Mr. Shea made a motion to reappoint the audit committee members who are currently on the committee, which was seconded by Mr. Kempe. The Board of Directors unanimously approved the following directors to the audit committee: Mr. Bob Graf, Mr. Jim Anest, and Mr. Bruff Shea.

Executive Session

Mr. White called for an executive session for the purpose of discussing Comanche Unit 3, confidential business information, and qualifying facility proposals. Upon motion by Mr. Graf, seconded by Mr. Shea and carried unanimously, the Board of Directors approved an executive session. The Board convened in executive session with Pat Mooney, Pam Feuerstein, Sean Atkinson, Mark Jurgemeyer, Dede Jones, and Amy Watson.

Upon reconvening, Mr. Mooney recommended approval of Resolution BR18-8, Qualifying Facility Power Purchase Agreement, which authorizes Mr. Mooney to finalize negotiations and execute a power purchase agreement with Pioneer Solar, LLC. Upon motion by Mr. Graf and seconded by Mr. Kempe, the Board of Directors unanimously adopted the following resolution:

BOARD RESOLUTION BR18-8

Whereas, the Intermountain Rural Electric Association (“the Association”) is legally required to interconnect small power production facilities that have the capacity of 80 MW or less (“Qualifying Facilities”), purchase energy made available from Qualifying Facilities, and sell energy to Qualifying Facilities under and according to the requirements of the Public Utility Regulatory Policies Act of 1978 (“PURPA”); and

Whereas, Pioneer Solar, LLC, a single purpose entity owned by parent company GCL New Energy, Inc., has developed the Pioneer 80 MW solar photovoltaic project to be constructed in Bennett, Colorado (“the Project”); and

Whereas, Pioneer Solar, LLC has completed the required engineering studies, demonstrated proof of financing and property rights, retained land use permits, executed an interconnection agreement with the Association, and has otherwise demonstrated that the Project is viable; and

Whereas, Pioneer Solar, LLC has requested to enter into a power purchase agreement with the Association to sell the power generated by the Project for a 10 year term, at or below the Association’s avoided cost and with a commercial operation date no later than December 31, 2020; and

Whereas, Association staff and legal counsel have negotiated the material terms and conditions of a power purchase agreement with Pioneer Solar, LLC and GCL New Energy, Inc. and recommend that the Association enter into a power purchase agreement for the energy generated by the Project; and

Whereas, the Board of Directors has been presented with the proposed power purchase agreement, Board Document BD18-7, has reviewed the terms and conditions thereof, and finds that such recommendation is in the best interests of the Association and its members;

Now, therefore, be it resolved that the Board of Directors hereby authorizes the Chief Executive Officer to finalize negotiations and execute a power

purchase agreement with Pioneer Solar, LLC to purchase power from the Project upon terms and conditions substantially consistent with those set forth in Board Document BD18-7. The Board further authorizes the Chief Executive Officer to negotiate and execute such other agreements and documents as may be necessary to implement and manage the power purchase agreement consistent with the terms and conditions set forth in Board Document BD18-7.

Mr. Graf moved to reconvene in executive session to complete discussions of Comanche Unit 3 and confidential business information; which was seconded by Mr. Anest and carried unanimously. The Board convened in executive session with Mr. Mooney.

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

The next regular meeting will be held on June 21, 2018.