

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 21, 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.

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. Dozier, the Board of Directors unanimously approved the minutes of the May 17, 2018, regular meeting, as presented.

Aspen Ratings Group Presentation

Mr. Allen Spen of Aspen Ratings Group made a presentation to the Board of Directors regarding an independent evaluation of IREA's creditworthiness. Discussion ensued

CREA Report

Mr. Tim White presented the CREA report.

CREA board members met in May at Highline Electric. Mr. White reported that he did not attend the meeting but reviewed some items from the minutes of the May meeting. CREA is considering potentially hosting an electric charging station using subsidized funds from the Volkswagen settlement. At the co-op attorney's meeting, the City of Boulder's attorney discussed Boulder's municipalization efforts with PSCo. Tri-State's member survey indicated reliability and affordability are most important.

Finance Report

Ms. Dede Jones presented the Finance report.

The May margin was just over \$2 million, which is about \$347,000 below budget. Contributing factors were lower than budgeted sales due to mild weather during the month of May, higher than budgeted unbilled revenue, higher than budgeted purchased power costs due to extraordinarily high demand, and the increased depreciation on Comanche Unit 3.

Year-to-date, the margin is just under \$14 million, slightly below budget. Revenue net of unbilled revenue is higher than budget by \$569,000, distribution and maintenance expenses are under budget by \$440,000, mainly due to timing of tree trimming invoices, and A&G expense are under budget by \$756,000. We are entering into the second month of the accelerated depreciation of Comanche Unit 3 and will continue to see this variance the remainder of the year.

Operations and Engineering Report

Mr. Mooney presented the Operations and Engineering report in Pam Feuerstein's absence.

In May, Comanche Unit 3 had a plant capacity factor of 86% and IREA's effective capacity factor was 95%.

Demand for the month of May was 434 MW, up from May 2017. kWh sales were up slightly from the previous year. There were 442 new service applications in May. There were 238 new services completed, while 2,949 services were in construction and over 4,595 services were in design or under contract. Most of the services completed were in the Castle Rock area. The Association has 158,835 services now in place.

There was a snow storm at the beginning of May that caused multiple outages.

Victory Solar produced 3.1 million kWh in May, with a capacity factor of 32.42%.

IREA is seeing more roof-top solar activity and received 83 new applications for small generation interconnection in May. To date, IREA has 1,717 solar interconnections, 1,702 of which are net-metering.

Mr. Mooney reviewed results from the recent WECC audit.

Consumer Services Report

Ms. Mandi Leshar presented the Consumer Services report.

Disconnect notices for May are lower than last year; however, robocalls and disconnect service orders increased. The service level goal of 92% was achieved for the month of May

Consumer electronic contacts continue to increase due to the online autopay feature.

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

Corporate Services Report

Mr. Gerry Hacker presented the Corporate Services report.

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

Mr. Hacker reviewed other Human Resources activities. Mr. Tim Graham retired after 44 years of service with the Association. At the request of the employee advisory committee, Human Resources arranged for a gourmet food truck to visit the Sedalia Headquarters during the lunch hour as an alternative for employees. It was such a hit with employees, the food truck sold out, and HR has arranged for three different food trucks to visit over the next several months.

The GIS Connect project has experienced a couple of technical issues and resource constraints and is behind schedule. The two vendors, Cayenta and K2 Geospatial, are working to correct the issues and it is anticipated that the completion date will occur in mid-July.

The Cayenta managed services project is ahead of schedule with integrating into our system and has gone smoothly.

Mr. Hacker discussed the Association's website, email activity, cybersecurity 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 Energy Appropriations Bill has moved to the Senate and is waiting to be heard.

Mr. Liss discussed the 2018 primary elections. Discussion ensued.

Legal Report

Ms. Amy Watson presented the legal report.

Ms. Watson reported on the Eastern Reliability Upgrade project, Kiowa to Brick Center Transmission line. Discussion ensued.

The City of Boulder and PSCo have filed and were granted an extension to August 24 to file their agreements with the PUC.

In summer 2014, PSCo sued the City of Boulder for violating its own charter in passing an ordinance to begin a municipal utility. The District Court dismissed PSCo's claim stating that it was untimely, PSCo appealed. On Monday, June 18, the Colorado Supreme Court ruled that PSCo had a viable claim and remanded the case back to District Court.

Chief Executive Officer's Report

Mr. Patrick Mooney presented the CEO report.

Mr. Mooney discussed a few industry trends including President Trump's directives attempting to stop the closure of coal and nuclear plants, a leaked memo from the U.S. Department of Energy supporting coal and natural gas, and PSCo's 120-day report for its Electric Resource Plan.

The Bergen Park substation was energized on June 5.

Mr. Graf requested and received information regarding two financial accounts noted in Mr. Mooney's report.

Mr. Mooney reported that Jim Westfall advised that he will retire as Woodland Park District Manager.

Mr. Mooney stated that the Pioneer Solar project contract has been signed.

It is anticipated that Mark Jurgemeyer, IREA's Engineering Manager, will be nominated on CREA's recommendation to serve on Senate Bill 167's Underground Damage Prevention Safety Commission.

Chris Hildred has been hired to fill the Power Supply Manager position. Chris previously was employed by Holy Cross.

Action Items

Upon motion by Mr. Shea, seconded by Mr. Sperry, the Board of Directors unanimously approved the consent agenda, including refunds of deceased consumer patronage capital in the amount of \$70,429.97 for the month of May and write-offs in the amount of \$49,521.

Revised Board Policy 109 Investments

Mr. Mooney recommended the Board approve amendment of Board Policy Number 109, as required by the restatement of IREA's Bylaws. Upon motion by Mr. Graf,

seconded by Mr. Kempe, the Board of Directors unanimously approved the amended Board Policy Number 109, as presented.

Budget Amendment

Mr. Mooney reviewed Board Policy 100 regarding compensation and expenses of directors. He reported that year-to-date, expenses have exceeded what was budgeted due to an additional conference that was not included in a test year and increases in tuition, hotel charges, and travel costs. He noted that the budget was not intended to reduce board education and industry participation. He noted that in his report he proposed that the Board approve a budget adjustment to Board Policy 100 to accommodate the increased costs of continuing education, conferences, and industry events. Upon motion by Mr. Graf, seconded by Mr. Dozier, the Board of Directors unanimously approved the budget amendment as presented.

Education 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 checks in the amount of \$2,000 payable to schools to be attended by the following high school students: Mitchel Turano, Christopher Widger, Patrick Corbley, Wyatt Brammer, Tyler Krueger, Alec Greve, Tucker Miller, Nicole Buckley, Emily Hopfe, Erin Templeton, Zackery Ruybal, Madison Luna, Tomas Estrella, Jordan Hempelman, Ezekian Kinnison, Alexis Linhardt, Brayden Bride, Adrian Chan, Casey Hourihan, Annika Williams, and Paige Bowers

Executive Session

Mr. White called for an executive session for the purpose of discussing Comanche Unit 3, confidential business information, and potential land purchases. Upon motion by Mr. Sperry, seconded by Mr. Kempe and carried unanimously, the Board of Directors approved an executive session. The Board convened in executive session with Pat Mooney.

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

The next regular meeting will be held on July 26, 2018.