

**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., August 16, 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. Graf, seconded by Mr. Kempe, 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. Sperry, the Board of Directors unanimously approved the minutes of the July 26, 2018, regular meeting.

**Redistricting Committee Report**

Mr. Gene Sperry presented the Redistricting Committee report.

Mr. Sperry reported that the Redistricting Committee met immediately preceding the Board meeting and was presented with and discussed three different possible district boundary options. The committee will meet again in September and plans to make a recommendation to the Board at either the October or November Board meeting.

**CREA Report**

There was not a CREA report as there was no CREA meeting in the interim between IREA Board meetings.

**Finance Report**

Ms. Dede Jones presented the Finance report.

The July margin was \$2.875 million, which is about \$140,000 higher than budgeted for the month. Both total revenue and total power costs were within 1% of what was

budgeted; other costs were under budget. The accelerated depreciation of Comanche Unit 3 reduces the margin. Ms. Jones reviewed data from the sale of the Schwab investment account that the Board approved the prior month.

Year-to-date, the margin is just over \$18 million, about \$1.2 million below budget. The most significant variance is the depreciation expense on Comanche Unit 3. Other variances include higher than budgeted unbilled revenue which is offset by higher than budgeted power costs, largely weather driven, and higher than budgeted provisions for bad debts related to power diversions.

Ms. Jones reviewed data from Risk Management and Safety. There were no OSHA recordable injuries; however, there was one recordable vehicle incident in the month of July. As an organization, we are looking at driving courses focusing on distracted and defensive driving techniques.

### **Operations and Engineering Report**

Ms. Pam Feuerstein presented the Operations and Engineering report.

In July, Comanche Unit 3 had a plant capacity factor of 89% and IREA's effective capacity factor was 94%.

Demand for the month of July was 589 MW, up from July 2017. kWh sales were up from the previous year.

For the month of July, there were 352 new service applications, 213 new services completed, while 2,863 services were in construction and over 3,755 services were in design or under contract. The Association has 159,438 services now in place.

There were a few outages in July due to fires, construction dig-ins, a vehicle hitting a pole and vandalism to poles.

Victory Solar produced 3.4 million kWh in July, with a capacity factor of 31.5%.

IREA received 62 new applications for small generation interconnection in July. To date, IREA has 1,793 solar interconnections, 1,777 of which are net-metering.

Ms. Feuerstein updated the Board on the AMI project.

### **Consumer Services Report**

Ms. Mandi Leshar presented the Consumer Services report.

Ms. Leshar reported that disconnect notices for July are down from last month. The service level goal in July was not met, primarily due to staffing. The department has been down the equivalent of three employees for several months and continues to remain understaffed. Ms. Leshar noted that it has been difficult to find qualified applicants but she is actively looking.

Electronic contacts are up 23% from July of last year and electronic billing continues to increase with 65,842 eBill accounts.

Ms. Leshar reviewed the results of the residential customer phone survey that occurred in late June and early July. The purpose of the survey was to learn what the overall perception of IREA by our customers. Other questions asked in the survey pertained to billing and payment options and the company name as a whole. IREA received an overall perception mean average of 4.48 using a five-point scale, which according to NRECA is considered "excellent." Discussion ensued.

### **Corporate Services Report**

Mr. Gerry Hacker presented the Corporate Services report.

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

Mr. Hacker discussed two Human Resource projects related to IREA's retiree health insurance plan and a comprehensive study and review of the IREA's compensation system to stay competitive in the market.

Mr. Hacker reviewed other Human Resources activities.

As reported last month, the GIS Connect project experienced a couple of technical issues and resource constraints. One of the project vendors will release a new software platform in September and it was recommended that the project should wait until the new platform is released. The anticipated completion date is now expected to occur in October.

The Cayenta managed services project has been completed.

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.

A Senate Judiciary Committee confirmation hearing for Supreme Court Justice Nominee Brett Kavanaugh has been scheduled for September 4.

The Office of Management and Budget reviewed the EPA's proposed replacement Clean Power Plan and returned the draft to the EPA earlier this week. A public version of the draft has not yet been released by the EPA.

Mr. Liss reviewed twelve potential initiative petitions and amendments that have been submitted for the November ballot.

State Representative Tim Leonard announced that he will not run for reelection. Since the date of this report, the GOP Vacancy Committee met and nominated Steve Szutenbach, legislative aide to Tim Neville, to fill Leonard's spot on the November ballot.

### **Legal Report**

Ms. Amy Watson presented the legal report.

Last month the Board approved a resolution authorizing IREA to proceed with condemnation of the remaining properties that are located within the approved transmission line route of the Eastern Reliability Upgrade. Letters have been sent to the five landowners to begin the condemnation process and the condemnation lawsuits are expected to be filed at the end of August or the beginning of September.

The City of Castle Pines easement issue has been resolved. The City will allow the developer to grant IREA the private easements that are needed as well as some easements that are located within the City's public right-of-way.

Ms. Watson reported on PSCo's ERP plan and its proposed early retirement of Comanche Units 1 and 2. Discussion ensued.

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

Mr. Patrick Mooney presented the CEO report.

Mr. Mooney discussed a few industry items including a blockchain product offered by Power Ledger, Bloom Energy's successful IPO, Bloomberg reports regarding purchased clean energy by a number of corporations, and Homeland Security's announcement on cyber attacks on the grid.

Mr. Mooney discussed a potential rate restructuring. The proposal would result in a probable reduction in revenue to IREA of about \$3 million. Discussion ensued. Mr. Mooney will revisit this matter in September and will provide additional analysis.

Mr. Mooney discussed an upcoming legislative reception event hosted by CREA. Discussion ensued.

Mr. Mooney discussed IREA's production and transmission true-up credits from PSCo for 2018.

Mr. Mooney updated the Board on the progress of two real estate transactions for the new Meadows substation and relocation of the Strasburg district office.

Mr. Mooney noted that apprentices and linemen from IREA competed in the 2018 Mile High Lineman's Rodeo. IREA's apprentices and linemen crew did very well in the competition.

### **Action Items**

Upon motion by Mr. Sperry, seconded by Mr. Shea, the Board of Directors unanimously approved the consent agenda, including refunds of deceased consumer patronage capital in the amount of \$32,699.52 for the month of July and write-offs in the amount of \$64,504.

### **APPA Membership**

Upon motion by Mr. Shea, seconded by Mr. Kempe, the Board of Directors unanimously approved membership with the American Public Power Association.

### **Approval of 2019 Annual Meeting Date and Location**

Upon motion by Mr. Graf, seconded by Mr. Dozier, the Board of Directors unanimously approved that the 2019 Intermountain Rural Electric Association Annual Meeting be held on Saturday, April 13, 2019, registration and voting to begin at 9:00 am and the meeting to begin at 10:00 am, at the Intermountain Rural Electric Association headquarters, 5496 N. U.S. Highway 85, Sedalia, Colorado.

### **Proposed Resolution**

Mr. Mooney recommended approval of a resolution authorizing the purchase of a 115-12.5 kV power transformer for the new Meadows substation. Mr. Kempe requested and received information regarding the timeline for the manufacturing of the transformer.

Upon motion by Mr. Shea and seconded by Mr. Graf, the Board of Directors unanimously adopted the following resolution:

#### BOARD RESOLUTION BR18-11

Whereas, the Intermountain Rural Electric Association (“the Association”) intends to construct the Meadows Substation in 2019 to serve the growing demand in the Castle Rock area and has the need for two three-phase 115-12.47 kV, 30/40/50 MVA transformers for the substation; and

Whereas, the Association solicited, received, and evaluated proposals from ABB, Inc., Delta-Star, Inc., and SPX Transformer Solutions, Inc. (“Waukesha SPX”) for the transformer; and

Whereas, the lowest responsive bid was submitted by Waukesha SPX in the amount of one million, six hundred forty-five thousand, nine hundred thirty dollars (\$1,645,930); and

Whereas, the Association’s engineering staff has reviewed the proposals and recommends that the Association award an Equipment Contract (IREA Form 198) to Waukesha SPX, the lowest responsive bidder, for the purchase and installation of the transformers; 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 an Equipment Contract (IREA Form 198) to Waukesha SPX for the purchase and installation of two transformers in the amount of one million, six hundred forty-five thousand, nine hundred thirty dollars (\$1,645,930) and such additional amounts, if any, as may be reasonably necessary to facilitate such purchase and installation.

#### **Proposed Resolution**

Mr. Mooney recommended approval of a resolution authorizing marketing and negotiations by the CEO of the future sale of real estate in Strasburg and the parcel adjacent to the Compark substation. Upon motion by Mr. Anest and seconded by Mr. Kempe, the Board of Directors unanimously adopted the following resolution:

BOARD RESOLUTION BR18-12

Whereas, the Bylaws of The Intermountain Rural Electric Association (“the Association”) provide that the Association’s Board of Directors may authorize the Chief Executive Officer to sell any of the Association’s property that is no longer used or useful in the conduct of the business of the Association; and

Whereas, the Association owns certain real property that either is not currently used or useful or will not be used or useful for the operation of its business upon the completion of planned new facilities; and

Whereas, the Association purchased the Compark Substation site in 2015 and constructed the substation on Lot 1 of the property; and

Whereas, subject to the reservation of easements for future distribution feeders, the Association has no current or anticipated use for Tract A of the Compark Substation site as described on the attached Board Document BD18-9; and

Whereas, the Association has determined to relocate its district office that serves the eastern portion of its service territory from the Town of Strasburg to the Town of Bennett, Colorado, to better serve the current and projected consumer population; and

Whereas, after the relocation, the Association will have no further use of the Strasburg office building or Wagner Street yard, which are shown on the attached Board Document BD18-9; and

Whereas, the Association’s Chief Executive Officer recommends that the Association sell the Compark Tract A, Strasburg office, and Wagner Street properties; 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 hereby authorizes the Association’s Chief Executive Officer to make and negotiate offers for the sale of Compark Tract A as shown on Board Document BD18-9, provided that the necessary easements are to be reserved, and further authorizes such action as to the Strasburg office and Wagner Street properties as shown on Board Document BD18-9 upon completion of replacement facilities, all for such amounts that he

reasonably determines to be fair market value for each property, and to execute on behalf of the Association any documents necessary to effectuate such conveyances.

### **Executive Session**

Mr. White called for an executive session for the purpose of discussing Comanche Unit 3 and confidential business matters. Upon motion by Mr. Kempe, seconded by Mr. Graf 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, President Tim White adjourned the meeting.

The next regular meeting will be held on September 20, 2018.