

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., March 21, 2019.

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

Agenda Approval

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

Public Comment

The following members were in attendance and addressed the Board regarding smart meters: Kristen Goska, Jennifer Diehl (Winters), Tiffany Farrell, and Ignacio Albelaez. Directors answered questions and thanked the members for their comments.

Minutes Approval

Upon motion by Mr. Graf, seconded by Mr. Shea, the Board of Directors unanimously approved the minutes of the January 24, 2019, regular meeting, as presented.

CREA Report

Mr. Tim White presented the CREA report.

Mr. White attended the CREA meeting held on February 28 and March 1. He reported that a substantial portion of the meeting was related to legislation. Mr. White reviewed the CREA cash reserve policy. Discussion ensued.

Finance Report

Ms. Dede Jones presented the Finance report.

Ms. Jones reviewed data from the statement of operations graph.

The February margin was \$767,252, which is about \$514,264 less than budgeted for the month. Revenue was over budget by about \$150,000, but was offset by negative unbilled revenue. The significant variance factor was higher than budgeted power costs, due in large part to the Comanche Unit 3 planned outage taking place earlier than scheduled, and below-budget A&G costs.

Ms. Jones reported IREA secured property and casualty insurance coverage for the next policy year, effective April 1, 2019. The premium increased 16% from the prior year, largely due to wildfire coverage. Mr. Mooney noted that IREA would be looking at its maintenance standards in fire-prone areas and the way it builds and maintains the infrastructure as well as tree trimming. Ms. Jones noted that workers' compensation premiums decreased slightly from the prior policy period. Discussion ensued.

Ms. Jones reported on IREA's financial statement audit, performed by the Association's independent auditors, Moss Adams. No audit adjustments were proposed. Moss Adams will present the audit report and discuss required communications to the Board at the April 18th meeting.

Operations and Engineering Report

Ms. Pam Feuerstein presented the Operations and Engineering report.

A planned outage for Comanche Unit 3 was scheduled for the end of February, but it went off-line six days earlier due to tube leaks. IREA's effective capacity factor for Comanche Unit 3 was 48%.

Victory Solar produced 1.8 million kWh in February, with a capacity factor of 21.1%.

IREA received 29 applications for small generation interconnection in February. To date, IREA has 2,223 solar interconnections, 2,207 of which are net-metering.

Demand for February was 402 MW, down from February 2018. kWh sales were up from the previous year.

For the month of February, there were 208 new service applications, 122 new services completed, 4,300 services in construction and over 2,500 services in design or under contract. The Association has 161,296 services now in place.

Ms. Feuerstein summarized the outages that occurred in the month of February. There were 51 outages in February affecting 5,900 customers. Of those outages, 28 were in the Sedalia district, 17 in Conifer, 4 in Strasburg, and 2 in Woodland Park. Ms. Feuerstein reviewed the blizzard that occurred on March 13, 2019. Discussion ensued.

Ms. Feuerstein updated the Board on the AMI project. She reported that the first 1,000 meters are installed and the initial system acceptance testing is going well. The first shipment of 10,000 meters is due April 1, and we will start a mass deployment the following week.

Ms. Feuerstein reviewed the safety report. There were no recordable or lost time injuries or vehicle incidents in February.

Community Relations Report

Ms. Mandi Leshar presented the Community Relations report.

Ms. Leshar addressed a communication concern brought up in public comment and stated that she would research the concern and rectify any issues found.

Disconnect notices for February were up slightly from last year. Electronic billing continues to increase; there were 69,527 eBill accounts in February, which is about 44% of IREA's customer base. This percentage is one of the best in the industry.

Ms. Leshar updated the Board on the Western Union Project. The fee removal to make credit card payments free for all customers is delayed slightly, mainly due to a couple of bugs found during testing; the issue is nothing that Western Union cannot fix fairly quickly. We are also doing an upgrade with Western Union in parallel with the fee changes, as we need to be on an upgraded platform in order for all payment components and interfaces to be more proficient. It is anticipated to go live sometime in April.

Ms. Leshar reported on various Colorado bills.

House Bill 1037, Energy Asset Management, proposes to assist communities impacted by a plant closure. IREA is monitoring this bill. The bill passed the first reading in the Senate and is in committee. A hearing has not been scheduled.

Senate Bill 77, Electric Motor Vehicle Public Utility Services, authorizes public utilities to provide EV charging station services as regulated or unregulated services and allows for cost recovery. IREA supports the installation of EV charging stations; however, there needs to be clear language in the bill stating that utilities can only install EV charging stations within their own service territory. Language to this effect was added, and the bill passed third reading in the Senate and in the House Committee last night. Ms. Leshar noted that unions proposed language that said that EV charging stations have to be installed by licensed contractors. Discussion ensued.

Senate Bill 85, Equal Pay for Equal Work Act, proposes to remove the authority of the Department of Labor and Employment to enforce wage discrimination complaints and instead permits the complainant to bring a civil action in district court. The bill takes away the first amendment rights of employers/potential employees to discuss wages in an interview. We are concerned that market availability cannot be considered in determining pay for trades and professions. The bill is waiting to be heard in the Appropriations Committee. Discussion ensued.

Senate Bill 107, Broadband Infrastructure Installation, authorizes electric utilities or other electricity suppliers to install and maintain above-ground broadband. IREA submitted language changes regarding pole attachment fees and the ability to continue to recoup the costs incurred by allowing third parties to attach to the Association's poles. Amendments have not yet been distributed as of the date of this meeting.

Senate Bill 188, Family Medical Leave Insurance Program (FAMLI), creates a family and medical leave insurance program that provides partial wage replacement benefits. The fiscal note on this bill identifies \$870 million in governmental costs, and there are a lot of questions on how this bill is going to be funded. Several amendments have been proposed, including discounts for small businesses or government agencies. There are many concerns with this bill, including a requirement where both the employee and the employer have to pay into the program, and deposited funds are not considered state revenues to avoid TABOR election and revenue requirements. Discussion ensued.

Ms. Leshar reviewed the progress of a potential regional transmission organization (RTO) bill. Discussion ensued.

Ms. Leshar reviewed social media communication statistics.

Corporate Services Report

Mr. Gerry Hacker presented the Corporate Services report.

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

Mr. Hacker reported that IREA has partnered with a non-profit organization called Face It Together (FIT) that provides addiction counseling for those who suffer from addiction as well as to those who have been impacted by addiction. The cost to IREA is very minimal.

Mr. Hacker reported that company-wide harassment prevention training sessions would begin mid-March.

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

Mr. Hacker reviewed other miscellaneous items from his report.

Legal Report

Ms. Amy Watson presented the Legal report.

Ms. Watson updated the Board on the condemnation cases for the Eastern Reliability Upgrade. Most of the trials are being scheduled in August and September of this year.

Ms. Watson updated the Board on three third-party condemnation cases where IREA had been named.

Ms. Watson reported that the Colorado PUC is proposing amendments to the rules regarding the renewable energy standard, net metering, community solar gardens, qualifying facilities, and interconnection standards. Very few of the proposed amendments impact IREA; however, there are some revisions to interconnection rules that we are reviewing.

Ms. Watson reviewed updates regarding the *Delta Montrose v. Tri-State* case. DMEA filed its testimony last week. DMEA estimates that their exit fee should be about \$37 million to \$44 million. Tri-State has not publically released an actual amount, but it is thought to be about six to eight times that amount. Tri-State has until April 1 to respond to DMEA's motion. Discussion ensued.

Ms. Watson reviewed the Boulder Electric Utility case. The PUC granted PSCo's petition and has instructed Boulder and PSCo to negotiate a deal.

Black Hills Energy filed with the PUC for approval of an economic development rate that would apply to new customers with demand equal to or greater than 3 MW or existing customers adding load of at least 3 MW. It is reported that a customer will bring a 3 MW plus load to the Black Hills' service territory if the economic development rate is approved. An evidentiary hearing is scheduled April 1-3.

Chief Executive Officer's Report

Mr. Patrick Mooney presented the CEO report.

Mr. Mooney briefly reviewed a few items from his industry report including battery storage, PG&E's bankruptcy, San Diego Gas and Electric's credit rating downgrade due to potential wildfire risks, power purchase agreement negotiations between the City of Las Vegas and Tenaska, and the New Mexico General Assembly's approval of a bill that will raise the state's renewable portfolio standard. Discussion ensued.

Mr. Mooney discussed a potential 60 MW solar project.

Mr. Mooney stated that he may ask the Board to approve a process related to the renewable project queue, formalizing at the Board level how projects go into the queue and also how they might be removed from the queue for lack of progress. Discussion ensued.

Mr. Mooney updated the Board on discussions with PSCo related to the sale of the property adjacent to the Compark substation. Discussion ensued.

Mr. Mooney reported that the director election ballots had been sent out.

Mr. Mooney reported that the Southwest Power Pool is talking with the members of the Mountain West Transmission Group about establishing an energy imbalance market. IREA attended the informational meeting held at Tri-State. There will be follow-up discussions, and IREA will stay current on this matter.

Mr. Anest urged Mr. Mooney and staff to continue working diligently on a solution for the load factor adjustment rate for multi-family residential users. He further noted that there are considerable amounts of large multi-family residences in his district and that IREA should do whatever it can to look at multi-family residences and see if they are being charged appropriately. Discussion ensued.

Action Items

Upon motion by Mr. Shea, seconded by Mr. Kempe, the Board of Directors unanimously approved the consent agenda, including refunds of deceased consumer patronage capital in the amount of \$45,249.63 and write-offs in the amount of \$27,192.

Proposed Resolution

Mr. Mooney recommended approval of Resolution BR19-7, approving cable replacement to an underground distribution feeder along Deerfield Road. The project is an unbudgeted expense but should proceed for reliability purposes. Upon motion by Mr. Graf and seconded by Mr. Dozier, the Board of Directors unanimously adopted the following resolution:

BOARD RESOLUTION BR19-7

Whereas, the Intermountain Rural Electric Association (“the Association”) owns and operates an underground distribution cable loop that serves the Deerfield Unit 1 Subdivision near Franktown; and

Whereas, the distribution cable loop consists of approximately 17,000 feet of conductor which has been damaged repeatedly and is now in need of

replacement to provide reliable electric service to the Deerfield Subdivision (“the Deerfield Cable Replacement Project”); and

Whereas, Association engineering staff estimates the Deerfield Cable Replacement Project to cost approximately one million, one hundred thousand dollars (\$1,100,000); and

Whereas, the Association’s engineering staff recommends that the Association assign the construction of the Deerfield Cable Replacement Project to Colorado Powerline, Inc. under the existing Overhead and Underground Electric Distribution System Improvement Construction Agreement between the Association and Colorado Powerline, Inc.; 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 construct the Deerfield Cable Replacement Project pursuant to the Overhead and Underground Electric Distribution System Improvement Construction Agreement between the Association and Colorado Powerline, Inc. in the estimated amount of one million, one hundred thousand dollars (\$1,100,000) and such other amounts as may be reasonably necessary to complete the construction of the Deerfield Cable Replacement Project consistent with such contract.

Proposed Resolution

Mr. Mooney recommended approval of Resolution BR19-8, authorizing the individuals holding the offices of President, Secretary-Treasurer, Assistant Secretary-Treasurer, Chief Executive Officer, and Chief Financial Officer to sign checks, drafts, and other orders for the payment of money. Upon motion by Mr. Graf and seconded by Mr. Anest, the Board of Directors unanimously adopted the following resolution:

BOARD RESOLUTION BR19-8

Whereas, Article IX, Section 4 of the Bylaws of the Intermountain Rural Electric Association (“the Association”) states in part that all checks, drafts, or other orders for the payment of money shall be signed by such officer or officers of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors; and

Whereas, the Board adopted a resolution on January 4, 2011, authorizing certain individuals as signatories for the accounts of the Association; and

Whereas, the Association has revised the titles of certain positions and the Chief Executive Officer and Chief Financial Officer recommend that the Board reauthorize individuals to sign checks, drafts, and other orders for the payment of money;

Now, therefore, be it resolved that the Board of Directors hereby authorizes the individuals holding the officer positions of President, Secretary-Treasurer, Assistant Secretary-Treasurer, Chief Executive Officer, and Chief Financial Officer to sign checks, drafts, and other orders for the payment of money and directs the Chief Executive Officer and Chief Financial Officer to complete and submit any forms required by the Association's financial institutions consistent with this Resolution. All prior inconsistent or conflicting resolutions or parts thereof are hereby rescinded.

Proposed Resolution

Mr. Mooney recommended approval of Resolution BR19-9, authorizing the conveyance of a portion of the property (Tract B) of the Compark property to the Compark Business Campus Metropolitan District. Upon motion by Mr. Anest and seconded by Mr. Shea, the Board of Directors unanimously adopted the following resolution:

BOARD RESOLUTION BR19-9

Whereas, Intermountain Rural Electric Association ("the Association") owns property located north of E-470 and west of Chambers Road in the Town of Parker on which the Association operates the Compark Substation and associated transmission facilities ("the Property"); and

Whereas, the Compark Business Campus Metropolitan District ("the District") is responsible for owning, constructing, and operating regional storm drainage facilities for the subdivision in which the Property is located; and

Whereas, Tract B of the Property as shown on Exhibit A in Board Document BD19-8 is encumbered with a platted blanket drainage easement, and at the time the Association purchased the Property, the Association entered into an agreement with the District to reimburse the District for the Association's share of the cost to construct a regional drainage pond on Tract B; and

Whereas, once the District constructs the drainage pond on Tract B, the Association may resurface another area on the Property used as a

temporary drainage pond for permit purposes and that area can then be developed; and

Whereas, the District desires to consolidate Tract B with adjacent property necessary to facilitate the ownership, operation, and maintenance of the regional drainage pond and associated facilities; and

Whereas, the Association's engineering staff has determined that the Association has no use of Tract B and recommends conveying Tract B to the District according to the quitclaim deed that has been presented to the Board as Board Document BD19-8; and

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

Now, therefore, be it resolved that the Board of Directors hereby approves conveyance of Tract B to the District substantially as presented in Board Document BD19-8 and authorizes the Chief Executive Officer to negotiate such different or additional terms consistent with said Board Document as may be appropriate to convey Tract B to the District.

Rate Issue

Mr. Chris Hildred gave a presentation to the Board on time of use rate designs. The Board asked questions and discussion ensued.

Executive Session

Mr. White called for an executive session for the purpose of discussing Comanche Unit 3, a confidential business matter, and personnel matters. 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, President Tim White adjourned the meeting.

The next regular meeting will be held on April 18, 2019.