

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 16, 2019.

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

Agenda Approval

Upon motion by Mr. Anest, seconded by Mr. Dozier, 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 April 18, 2019, regular meeting, as presented.

CREA Report

Mr. Pat Mooney presented the CREA report.

Mr. Mooney attended the CREA meeting in April. He reported that a substantial portion of the meeting was related to legislation. Mr. Mooney reviewed proposed Senate Bill 19-107, Broadband Infrastructure Installation. He also reported that Heather Williams, Government Relations Specialist, has decided to leave CREA and announced that CREA would hold a Beneficial Electrification conference at the Colorado History Museum on June 11.

Finance Report

Ms. Dede Jones presented the Finance report.

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

The April margin was \$1,967,118, which is higher than budgeted for the month. Unbilled revenue was higher than budgeted but offsets lower sales revenue, mainly weather-related. Power production expense was about \$800,000 over budget. Purchased power

costs were about \$2.7 million under budget. Contributing factors include the Comanche Unit 3 planned outage/unplanned outage days in the month of March, a \$200,000 power bill credit for margin sharing, and an adjustment for a timing difference that resulted in an over-accrual of PSCo transmission costs in April. Customer accounts expenses continue to be under budget due to the delayed implementation of IREA-paid credit card processing fees. A&G expenses are under budget due to a budgeted energy efficiency/DMS study that has not yet been initiated.

Ms. Jones reported that IREA paid property taxes in the amount of \$14.3 million in the month of April.

Ms. Jones reported that Linda Thomas was hired to fill the internal auditor position and started on Monday of this week. Ms. Jones reviewed Ms. Thomas' credentials and professional background with the Board. Mr. Graf requested that Ms. Jones submit Ms. Thomas' resume to the Audit Committee for their review and would like to add her to the agenda at the next committee meeting in July. Mr. Anest requested and received information regarding Ms. Thomas' utility experience.

Operations and Engineering Report

Ms. Pam Feuerstein presented the Operations and Engineering report.

Ms. Feuerstein reviewed information about the unplanned outages of Comanche Unit 3. IREA's effective capacity factor for Comanche Unit 3 was 82%.

Victory Solar produced 2.7 million kWh in April, with a capacity factor of 29.37%.

IREA received 78 applications for small generation interconnection in April. To date, IREA has 2,304 solar interconnections, 2,287 of which are net-metering.

Demand for April was 339 MW, up from April 2018. kWh sales were about the same as the previous year.

In April there were 293 new service applications, 86 new services completed, about 8,200 services in process. The Association has 161,537 services now in place. Ms. Feuerstein reviewed some potential commercial load increases in the Compark area.

There were 54 energy audits completed in April, in addition to an audit completed for the Elizabeth School District.

There were 53 outages that occurred in April affecting 5,200 customers. Ms. Feuerstein reported that the environmental clean-up from the incident that occurred on April 3 is completed and testing shows that the issue has been resolved. A truck hit a pole in the

Peakview area and high winds caused a tree to break and fall into a line in the Shaffers Crossing area.

Ms. Feuerstein updated the Board on the AMI project. She reported that the meter delivery had been resolved. As of today, there are about 4,600 meters installed. In April, 103 move-ins/move-outs and ten disconnections were completed remotely using the AMI system. Discussion ensued.

Ms. Feuerstein reviewed the safety report. There were no recordable or lost time/modified duty injuries during April. There were was one vehicle incident in April.

Community Relations Report

Ms. Mandi Leshar presented the Community Relations report.

The number of disconnect notices sent in April is about the same as was sent last year. The number of customers on eBilling is just over 70,000.

Ms. Leshar updated the Board on the Western Union Project. Western Union has corrected the issues found during testing for credit card fee changes. However, there are still delays with the Striata interface. The updated timeline for go live is mid-June.

The customer service level goal in April was 90%, for the second month in a row. Ms. Leshar reported that there are three new customer service reps currently in training. Two have been hired temporarily through the summer, and one is a new hire to replace an inner office department move.

Ms. Leshar reported on various Colorado bills.

House Bill 1261, Climate Action Plan to Reduce Pollution, passed on May 1. The AQCC will regulate not only the electric utility industry but multiple industries such as agriculture and transportation. Essentially the entire state of Colorado will need to make significant reductions within ten years. There is concern with how industries will reach this goal. Discussion ensued.

House Bill 1313, Reduce Carbon Dioxide Emissions by Qualifying Retail Utilities, died on the calendar but the language was introduced to the PUC Sunset Bill. The Sunset Bill included a combination of Xcel and IREA RTO language. The bill passed with language requiring that an RTO be considered. Ms. Leshar recognized IREA's Government Affairs Manager, Jaclyn Terwey, for her hard work on this bill.

Senate Bill 85, Equal Pay for Equal Work Act, passed. There is concern surrounding how equal work is to be determined and by whom. It is also fairly prohibitive on what can be said and done during interviews and regulations on how an open position is posted.

Senate Bill 19-188, Family Medical Leave Insurance Program, passed but was changed to require only a study. Discussion ensued.

Ms. Leshar reported on the Senate President, Leroy Garcia's formal request for the formation of an interim committee to discuss retail choice. Committee meetings will begin this summer and they plan to meet up to four times before the session begins. IREA will monitor this.

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 April.

Mr. Hacker reviewed other Human Resource activities. IREA logo apparel will be available early June. IREA celebrated Lineman Appreciation Day the afternoon of April 25. IREA will coordinate gourmet food trucks available to employees at the Sedalia office throughout the summer, at no cost to the Association.

Mr. Hacker announced two retirements. Mr. Rick Chapel, Construction Management Director, retired on May 1 after 13 years of employment and Ms. Connie Ertz, Billing Specialist II retired on May 3 after more than 17 years of employment with IREA.

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

Mr. Hacker reviewed other miscellaneous items from his report.

Mr. Hacker updated the Board on the Sedalia parking lot project and the Bennett office expansion project. The site improvement plan for the Sedalia parking lot project was submitted on April 30 and bids were received for a general contractor on April 30 as well. After reviewing the bids, it was determined that Nunn Construction was the best choice for the project. A kick-off meeting with Nunn occurred on May 10. The solar carport RFP went out on April 30. Seven potential bidders came out for the May 10 walk-through of the project. Bids are due by May 23. Mr. Hacker reviewed a schedule timeline of the parking lot project with the Board. Discussion ensued.

IREA and architecture firm, LKA Partners met with the Town of Bennett on April 24 regarding the Bennett facility project. LKA and IREA staff meet about every two weeks for updates, input, and updated design changes. Selection of a GC is anticipated for late June early July.

Legal Report

Ms. Amy Watson presented the Legal report.

Ms. Watson updated the Board on the condemnation cases for the Eastern Reliability Upgrade and reviewed related costs being debated at trial. The property owners involved in the condemnation cases submitted appraisals with the court. The Association filed a response with the court last week. Discussion ensued.

Ms. Watson reviewed updates regarding the *Delta Montrose v. Tri-State* case. The parties are going through discovery. Tri-State requested a large amount of documents which DMEA has denied as irrelevant and burdensome. Tri-State responded to the PUC with a motion to compel disclosure. The PUC has not ruled on Tri-State's motion. Discussion ensued.

Tri-State filed a declaratory order lawsuit in Adams County, and DMEA submitted a motion to dismiss based on exhaustion of remedies, arguing that the PUC has to make a determination before the dispute can be brought to court. The court dismissed the case without prejudice on jurisdictional grounds.

The City of Boulder offered PSCo \$68.5 million for its electric assets. In 2014 Boulder voters approved a cap of \$214 million, and PSCo's estimate of value was \$700-\$900 million.

The evidentiary hearing was held in April for approval of the Black Hills Energy economic development rate. A decision has not been made yet. It has been made public that the company applying for the economic development rate is Crypto Resources USA Inc. The company intends to build a data processing facility in Pueblo.

Chief Executive Officer's Report

Mr. Patrick Mooney presented the CEO report.

Mr. Mooney reviewed several items from his industry report including RGS Energy's plan to discontinue rooftop solar installation and focus on manufacturing solar shingles, Xcel seeking new construction bids for a 240 MW solar project in Pueblo, EPA plans to propose a new rule known as the Affordable Clean Energy (ACE) Rule that would replace the Clean Power Plan, EPRI's electromagnetic pulse study, a Southern Cal Edison proposal to boost its return on equity for transmission facilities to account for potential wildfire liabilities, PG&E and San Diego Gas and Electric applications with the California PUC to raise their return on equity, a battery storage system explosion at an Arizona Public Service, and a large-scale flow battery system pilot project has been installed and begun operations at a San Diego Gas and Electric substation. Discussion ensued.

Engineering Director Mark Jurgemeyer was appointed to the Colorado Underground Damage Prevention Safety Commission. Mr. Juregemery has attended four commission meetings just within the first three weeks of his appointment, and he expects the commission to meet twice a month. The commission has many matters and complaints that they have to resolve.

Mr. Mooney discussed the PSCo billing matter related to work at the Bergen Park Substation.

Mr. Mooney noted that since Mr. Hacker gave an update on the Bennett project in his report, he would skip this Association item. Mr. Bob Graf requested and received information regarding installation of solar panels on the covered parking at the new Bennett location. Discussion ensued.

The Gerry Hacker and Shiloh Sword have filled two open positions in the Human Resources department, Kenisha Stone and Audi Gaizutis.

Mr. Mooney discussed potential interest in the Compark property.

Mr. White called for a ten-minute break.

Action Items

Mr. Sperry requested and received information pertaining to a particular customer with two large write-off amounts. Upon motion by Mr. Kempe, seconded by Mr. Shea, the Board of Directors unanimously approved the consent agenda, including refunds of deceased consumer patronage capital in the amount of \$88,436.90 and write-offs in the amount 48,020.

Board Election Results

Mr. Mooney presented the certified election results, as certified by Survey & Ballot Systems, for Districts 2, 4, and 6 (Duke Dozier, Tim White, and Bob Graf, respectively) are as follows:

District #2:	
Duke Dozier	1,547 (39.8%)
Steve Roescher	1,249 (32.1%)
Peter Smith	<u>1,094</u> (28.1%)
	3,890

District #4:

Tim White	1,706	(58.4%)
Michael Hays	<u>1,213</u>	(41.6%)
	2,919	

District #6:

Bob Graf	2,393	(74.0%)
Jason Altshuler	<u>839</u>	(26.0%)
	3,232	

District 1 was uncontested, and according to the Association's bylaws Mike Kempe has been deemed re-elected for another term.

Mr. Anest made a motion to accept the election results, which was seconded by Mr. Kempe. The Board of Directors unanimously accepted the election results, as presented.

Proposed Resolution

Mr. Mooney recommended approval of Resolution BR19-13 that approves establishing an aggregate credit limit, to the Association's commercial credit card program, as required by the CFC agreement. Mr. Mooney stated that the Association's CFO, Dede Jones, recommended an established credit limit of \$200,000. Mr. Graf requested and received information regarding individual credit card limits. Upon motion by Mr. Shea and seconded by Mr. Anest, the Board of Directors unanimously adopted the following resolution:

BOARD RESOLUTION BR19-13

Whereas, The Intermountain Rural Electric Association ("the Association") participates in the commercial credit card program offered by the National Rural Utilities Cooperative Finance Corporation ("CFC") in collaboration with U.S. Bank known as the One Card Program (see Board Resolution BR18-19); and

Whereas, the One Card Program Reimbursement Agreement with CFC requires the Association to determine an aggregate credit limit for all of its credit card accounts in the One Card Program; and

Whereas, Section II.A.9 of Board Policy 108 requires the Association's Board of Directors to approve all credit agreements, lines of credit, or other arrangements pursuant to which the Association may borrow money; and

Whereas, the Chief Executive Officer and Chief Financial Officer have advised the Board that an aggregate credit limit of Two Hundred Thousand

Dollars (\$200,000) is appropriate to meet the Association's operational requirements;

Now, therefore, be it resolved that the Board of Directors hereby determines that the aggregate credit limit for the Association's accounts in the One Card Program shall be set at Two Hundred Thousand Dollars (\$200,000) upon the terms and conditions set forth in Board Resolution BR18-19.

Proposed Resolution

Mr. Mooney recommended approval of Resolution BR19-14, approving the award of the Kiowa substation upgrade project contract to Foothills Energy Services. Mr. Graf requested and received information regarding Foothills Energy Services. Upon motion by Mr. Kempe and seconded by Mr. Sperry, the Board of Directors unanimously adopted the following resolution:

BOARD RESOLUTION BR19-14

Whereas, The Intermountain Rural Electric Association ("the Association") needs to expand the Kiowa Substation in order to install two 115 kV circuit breakers, switches, bus work, and associated protective equipment to accommodate the interconnection of the Brick Center to Kiowa 115 kV transmission line ("Kiowa Substation Expansion Project"); and

Whereas, the Association issued a request for proposals for the construction of the Kiowa Substation Expansion Project and received proposals on April 25, 2019, from Colorado Powerline, Inc., Foothills Energy Services, Inc., Great Southwestern Construction, Inc., Hooper Corporation, and Interstate Electrical Contractors, Inc.; and

Whereas, the lowest responsive proposal was submitted by Foothills Energy Services, Inc. in the amount of Two Million, Twenty-Two Thousand, Seven Hundred Forty-Six Dollars, and Sixty-Two Cents (\$2,022,746.62); and

Whereas, the Association's engineering staff and the Association's consulting engineer reviewed the proposals and recommend that the Association award a Substation Erection Contract (IREA Form 764) to Foothills Energy Services, Inc. for the construction of the Kiowa Substation Expansion Project as presented in Board Document BD19-11; 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 Chief Executive Officer to execute a Substation Erection Contract (IREA Form 764) as presented in Board Document BD19-11 for the construction of the Kiowa Substation 115 kV Upgrade Project to Foothills Energy Services, Inc. in the amount of Two Million, Twenty-Two Thousand, Seven Hundred Forty-Six Dollars, and Sixty-Two Cents (\$2,022,746.62) and such other currently unanticipated amounts as may be reasonably necessary to complete the construction of the Kiowa Substation Expansion Project consistent with such contract.

Proposed Resolution

Mr. Anest moved to approve Resolution BR19-15, authorizing publication of notice of the proposed amendments to the Rates and Regulations, which was seconded by Mr. Dozier. Mr. White called for questions. Mr. Kempe requested and received information related to some proposed amendments. Discussion ensued.

After discussion, the motion to give notice of the proposed amendments to the Rates and Regulations was amended on the floor by Mr. Kempe to include in the proposed amendments to the Rates and Regulations the following additional language: *The Consumer's location is part of a multi-unit dwelling with four (4) or more units.* Mr. Shea seconded the motion, and the Board of Directors unanimously adopted the following resolution:

BOARD RESOLUTION BR19-15

Whereas, the Board of Directors of The Intermountain Rural Electric Association ("the Association") has been presented with proposed amendments to the Rates and Regulations (see Board Document BD19-12); and

Whereas, it is proposed that the Association's Rates and Regulations be amended to increase the basic service charge and decrease the per kWh energy charge for Residential Service - Demand Metered (C) and Residential Incorporated City or Town Service - Demand Metered (CSD) rates; increase the basic service charge and decrease the per kWh on-peak and off-peak energy charge for Time-of-Use (TOU) Residential Service (A), Residential Incorporated City or Town Service (CS), Residential Service - Demand Metered (C), and Residential Incorporated City or Town Service - Demand Metered (CSD) rates; add a Time-of-Use (TOU) option for the Small General Service (SG1), Small General Service (SG3), and Large Power Service (LPS) rates; revise the Transmission Wheeling Service (TWS) rate to clarify the determination of contract demand; create a Non-Standard Meter Reading Rider (MRR) and Non-

Standard Meter Setup Fee for consumers who wish to opt-out of AMI meter installation and receive non-AMI metering services; adopt field service charges for requests to remove functional AMI meters, respond to requests arising from Consumer negligence or faulty Consumer-owned equipment, and other miscellaneous service calls; and revise the definitions to reflect changes in the proposed rates; and

Whereas, the amendments to the Rates and Regulations are proposed to be effective September 1, 2019; and

Whereas, the Board intends to consider adopting the amendments to the Rates and Regulations after giving notice to the Association's members in accordance with Colorado law;

Now, therefore, be it resolved that the Board of Directors hereby directs that notice of the proposed amendments to the Rates and Regulations as set forth in Board Document BD19-12 and of a proposed effective date of September 1, 2019, be given to the Association's members as required by law.

Proposed Resolution

Mr. Mooney recommended approval of Resolution BR19-16 approving the execution of a power purchase agreement with Hunter Solar. Mr. White requested and received information regarding liability and a performance guarantee for this solar project. Discussion ensued. Upon motion by Mr. Anest and seconded by Mr. Kempe, the Board of Directors unanimously adopted the following resolution:

BOARD RESOLUTION BR19-16

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, in November 2018, the Board of Directors approved a power purchase agreement with Sundance Solar, LLC for the Sundance 75 MW solar photovoltaic project to be constructed near the Town of Kiowa, Colorado (see Board Resolution BR18-16), and in February 2019 approved, in lieu of the Sundance facility, a power purchase agreement with Hunter Solar, LLC for the Hunter 75 MW solar photovoltaic project to

be constructed near the Town of Bennett in Arapahoe County, Colorado (see Board Resolution BR19-5); and

Whereas, Sundance Solar, LLC and Hunter Solar, LLC are single purpose entities owned by parent company Cypress Creek Renewables, LLC; and

Whereas, Cypress Creek Renewables, LLC requested to enter into a power purchase agreement with the Association to sell 30 MW of the power generated by the Hunter Solar project for a 15 year term, with two potential five year extensions, at a price at or below the Association's avoided cost, with a commercial operation date no later than February 1, 2022, and with an option to assign the power purchase agreement to Sundance Solar, LLC and proceed with the Sundance Solar project instead of the Hunter Solar project based on the same terms and conditions as Hunter Solar project; and

Whereas, Association staff and legal counsel have negotiated the material terms and conditions of the power purchase agreement with the requested assignment provision with Hunter Solar, LLC and Cypress Creek Renewables, LLC as set forth in Board Document BD19-13 and recommend that the Association enter into the power purchase agreement for the energy generated by the Hunter Solar project or Sundance Solar project if Cypress Creek Renewables, LLC exercises its option to assign the power purchase agreement to Sundance Solar, LLC; and

Whereas, the Board of Directors 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 execute on behalf of the Association a power purchase agreement with Hunter Solar, LLC upon terms substantially consistent with the terms set forth in Board Document BD19-13. 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 PURPA.

Branding Discussion

Ms. Leshar made a presentation to the Board outlining the rebranding process and timeline schedule with Bluebird Branding, LLC. Discussion ensued.

Proposed Change to July 18, 2019 Board Meeting Date

Mr. Mooney proposed to reschedule the July 18 regular board meeting to another date to avoid conflict with the CoBank Directors Conference, which three directors plan to attend. Discussion ensued.

Upon motion by Mr. Sperry, seconded by Mr. Anest and carried unanimously, the Board of Directors approved rescheduling the July 18 regular Board meeting to Monday, July 22, 2019, beginning at 9:30 a.m. and to be held at the Associations Sedalia office.

Executive Session

Mr. White called for an executive session for the purpose of discussing Comanche Unit 3 and personnel matters. Upon motion by Mr. Anest, seconded by Mr. Shea 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 June 20, 2019.