

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 20, 2019.

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

Agenda Approval

Upon motion by Mr. Graf seconded by Mr. Anest, 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. Anest, seconded by Mr. Graf, the Board of Directors unanimously approved the minutes of May 16, 2019, regular meeting, as presented.

CREA Report

Mr. Pat Mooney reported that the May CREA meeting was held at San Miguel REA; neither he nor Mr. White were able to attend the meeting.

Finance Report

Ms. Dede Jones presented the Finance report.

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

Ms. Jones noted a few additional minor changes to forecast depreciation expense for updates on the construction budget. Unbilled revenue was lower than budgeted, mainly due to weather and timing of billing. Distribution maintenance expense for the month was above budget due to increased labor and timing of tree trimming invoices. Customer accounts expense was lower than budgeted due to the delay of implementation of the IREA-paid credit card processing fees. Lower than budgeted admin and general expense, was due to costs that have not yet incurred for the budgeted Q1 DSM study.

Year-to-date, the margin is about \$3.3 million over budget.

Mr. Graf requested Board discussion with Ms. Jones regarding long-term borrowing. Discussion ensued.

Ms. Jones reported that a consulting firm, Management Applications Consulting, was selected to help with a depreciation study. The Finance Department is in the process of gathering the required data for the study. Ms. Jones anticipates a draft report sometime during Q4.

Ms. Jones discussed deceased member capital credit retirements with the Board.

Ms. Jones reported that we are currently in a bid process for suppliers of inventory for construction materials. In the past IREA relied upon its contractors to provide construction materials, but we are moving that process in house. IREA is seeking contracts from more than one supplier for certain types of items. Ms. Jones expects to have contracts for Board approval at the August meeting.

Operations and Engineering Report

Ms. Pam Feuerstein presented the Operations and Engineering report.

In May, IREA's effective capacity factor for Comanche Unit 3 was 99%.

Victory Solar produced 2.8 million kWh in May, with a capacity factor of 29.5%.

IREA received 127 applications for small generation interconnection in May. To date, IREA has 2,359 solar interconnections, 2,342 of which are net metering.

Demand for May was 329 MW, down from May 2018. kWh sales were down slightly from the previous year.

In May, there were 210 new service applications, 32 new services completed, and over 8,000 services in process. The Association has 161,556 services now in place.

There were 30 energy audits completed in May, down due to cooler weather. IREA participated in the Strasburg Career Fair Day for high school students.

In May, there were 118 outages affecting 13,000 customers. High winds caused lines at PSCo's 345 kV upgrade site to trip affecting the entire Lemon Gulch substation. There were several outages at the end of May related to the late spring snowstorm.

Ms. Feuerstein updated the Board on the AMI project. There were 3,980 meters installed in May, and as of today, there are about 10,000 meters installed. In May, we eliminated 306 truck-rolls by remotely performing disconnections and reconnects using the AMI system. Discussion ensued.

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

Community Relations Report

Ms. Mandi Leshar presented the Community Relations report.

The number of disconnect notices sent in June increased slightly from last month. The number of customers on eBilling is just over 71,000.

Ms. Leshar reported that Phase I of the Speedpay upgrade went live June 13, which included fee changes to allow free credit card payments to customers. Jenn Tran is working with Speedpay on a timeline for Phase II, which will include recurring credit card payments.

Ms. Leshar stated that the Association is still looking into obtaining lock boxes at IREA offices to secure cash payments. She and Ms. Jones have an on-site visit scheduled for July 10.

The customer service level goal in May was 92%. Ms. Leshar noted that Julie Wilson has been doing a great job in maintaining the service level goal. Usually, there are two temporary workers during the summer, but this year there is only one.

Ms. Leshar briefly discussed two recently introduced federal bills related to energy storage

Ms. Leshar reported on various state actions.

The petition to recall Representative Tom Sullivan was pulled back.

Ms. Leshar briefly reviewed Governor Polis' roadmap to 100% renewable energy and noted she would update the Board when there is more information.

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 May.

Mr. Hacker reviewed other Human Resource activities. IREA logo apparel has arrived and is being distributed to IREA employees.

Two new people have joined the Human Resources department, Kanisha Stone and Audi Gaizutis. Combined, they have 22 years of Human Resources experience, and both are accredited.

Dale Gemaehlich, a Lineman in Woodland Park, retired on June 3 after more than 20 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. The revised site improvement plan has been submitted to Douglas County.

Mr. Hacker thanked the Board and Mr. Mooney for the opportunities he has had working at IREA, with the Board, and with Mr. Mooney. Mr. Mooney and the Board praised Mr. Hacker for his work and time he has given to the Association, and that he would be greatly missed. Mr. Hacker will retire on July 5.

Legal Report

Ms. Amy Watson presented the Legal report.

In February, the Board approved the sale of the Association's Wagner Street property in Strasburg to the Strasburg Parks and Rec. On June 18, the Strasburg Parks and Rec project was approved, and we will be moving forward with contracting. The sale is "as is" with a closing date of December 31, 2020, which gives IREA time to build and move into the new office in Bennett.

This week the EPA approved the Clean Energy Rule to replace the Clean Power Plan. The Clean Energy Rule is being presented as a move back to cooperative federalism, and it gives states three years to submit a compliance plan to the EPA. It is an inside the fence regulation that focuses on heat rate reduction and limiting CO2 emissions through scrubbers; state plans can take the age of the plant into consideration. It is a drastic scale back from the requirements of the Clean Power Plan. Nationwide it is supposed to reduce CO2 emissions by about 25% by 2030. Discussion ensued.

PSCo submitted two production rate filings and one transmission rate filing. One formula rate filing proposes to adjust the ADIT. The other two filings update the calculation of depreciation rates to align with the schedule that the Colorado PUC approved last year and also establish a regulatory asset for retiring the Craig Unit 1 coal plant early. The filings are expected to reduce costs for IREA.

Ms. Watson updated the Board on the easement condemnation cases for the Eastern Reliability Upgrade project. Mr. Mooney will attend the first settlement mediation meeting on June 27.

The City of Boulder made a final offer to PSCo of \$68.5 million which will likely be the basis for their condemnation lawsuit. Boulder and PSCo did, however, agree to settle the lawsuit regarding whether the Boulder City Charter gave them the ability to form a utility. On Tuesday, Boulder City Council approved the repeal of the ordinances, per the settlement agreement. PSCo will dismiss its complaint and will not assert a lack of existence of the utility in the condemnation proceeding.

Tri-State is looking to come under FERC jurisdiction for its wholesale rates. Delta-Montrose (DMEA) filed discovery requests on Tri-State to obtain information related to Tri-State seeking FERC jurisdiction, to which Tri-State objected. Tri-State can hold a vote of its Board of Directors as early as July on whether to come under FERC jurisdiction. The hearing for the DMEA v. Tri-State case is in August. Discussion ensued.

The PUC approved Black Hills Energy's development rate with the Crypto Resources USA, d/b/a AX2 Data Centers. The approved rate does not apply to any other customers.

Chief Executive Officer's Report

Mr. Patrick Mooney presented the CEO report.

Mr. Mooney reviewed recent power supply discussions with the Board. Discussion ensued.

Mr. Mooney reviewed items from his industry report including Pueblo City Council's plan to move ahead with municipalization and Poudre Valley REA's announcement of its "80 by 30" goal. Discussion ensued.

IREA is expected to receive about a \$3.3 million refund from PSCo for production formula and transmission formula true-ups by year-end.

The Association has budgeted to purchase two electric vehicles in 2019. The EVs will replace two pool vehicles that are being retired, and will also be used for PR purposes and community events. Evan Roberts, Facility and Fleet Director, is researching potential electric vehicles to purchase.

Mr. Mooney updated the Board on discussions with representatives of Securian regarding the Association's fully-insured defined benefit retirement plans. Discussion ensued.

Currently, the Association has three pension plans, a non-union plan, and two union plans. One of the union plans had only one participant, and that person has since retired. The plan does not have any other participants and the requirements written for the plan state that no one else can participate in the plan. Mr. Mooney intends to bring a resolution for Board approval to terminate that pension plan at the July Board meeting.

Mr. Mooney noted a correction to an item in his report. We are currently in the process of removing the facilities at the Floyd Hill substation. They have not been entirely removed, as indicated in the report.

Mr. Mooney discussed the potential installation of solar-covered parking at the Sedalia parking project. Discussion ensued.

Action Items

Upon motion by Mr. Anest, seconded by Mr. Graf, the Board of Directors unanimously approved the consent agenda, including refunds of deceased consumer patronage capital in the amount of \$64,104.86 and write-offs in the amount \$62,869.

Special Board Meeting Date Approval

During a previous discussion, the Board selected a tentative date for a special planning meeting. Mr. Mooney requested that the Board formally select and approve a date, time, and place for such a meeting. Discussion ensued.

Upon motion by Mr. Graf, seconded by Mr. Anest, the Board of Directors unanimously approved that a special planning meeting is held at the Association's Sedalia headquarters on Friday, August 23, beginning at 9:00 a.m., ending around 3:30 p.m.

Proposed Resolution

Mr. Mooney recommended approval of Resolution BR19-17, authorizing additional expenditures related to the ERU project to Power Engineers, and additional expenditures that may reasonably be necessary to complete the project. Mr. Graf requested and received information regarding additional costs. Upon motion by Mr. Graf and seconded by Mr. Anest, the Board of Directors unanimously adopted the following resolution:

BOARD RESOLUTION BR19-17

Whereas, the Intermountain Rural Electric Association ("the Association") is constructing a new 115 kV transmission line approximately 16 miles in length to connect the Brick Center Substation in Arapahoe County to the Kiowa Substation in Elbert County with a completion date in late 2019 ("the Eastern Reliability Upgrade Project"); and

Whereas, in September 2016, the Board of Directors approved a professional services agreement with Power Engineers, Inc. on a time and materials basis with a not-to-exceed amount for the transmission line routing, substation siting, public outreach, obtaining easements, permitting, and engineering required to develop the Eastern Reliability Upgrade Project (“the Agreement”) (see Board Document BD16-25); and

Whereas, additional services outside the original scope and cost of the Agreement were necessary to reroute the preliminary transmission line route, modify the existing substations and expand the Kiowa Substation, install new communication facilities, add distribution underbuild, conduct environmental and wildlife surveys, obtain additional permits, assist with condemnation proceedings, and perform other ancillary project tasks; and

Whereas, the additional services were added to the Agreement by written change order, which costs collectively exceeded the not-to-exceed amount set forth in the Agreement; and

Whereas, the Chief Executive Officer and Chief Operating Officer have reviewed the scope and cost of the additional services, determined the services necessary to develop the Eastern Reliability Upgrade Project, and recommend that the Board approve the additional scope and cost to the Agreement and authorize any additional expenditure reasonably necessary to complete the engineering services for the Eastern Reliability Upgrade Project; 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 approves the Agreement as amended to include the additional scope and cost necessary to develop the Eastern Reliability Upgrade Project and any other unanticipated amount as may be reasonably necessary to complete the engineering services for the Eastern Reliability Upgrade Project consistent with such Agreement.

Proposed Resolution

Mr. Mooney recommended approval of Resolution BR19-18, approving a contract with MuleSoft to implement an enterprise service bus platform. Upon motion by Mr. Graf and seconded by Mr. Sperry, the Board of Directors unanimously adopted the following resolution:

BOARD RESOLUTION BR19-18

Whereas, the Intermountain Rural Electric Association (“the Association”) proposes to convert to an enterprise service bus data integration platform (“ESB Platform”); and

Whereas, an ESB Platform is software that transforms data for use by all of the applications connected to the ESB Platform without separate point-to-point system integration programming; and

Whereas, an ESB Platform will streamline the use of data by other applications regardless of the different technologies and will facilitate the seamless operation of the Association’s AMI and outage management systems, Cayenta software, and other applications used in the Association’s business operations; and

Whereas, the Association’s Information Technology staff evaluated multiple ESB Platform systems and determined that MuleSoft, LLC provided the ESB Platform product best suited to advance the automated data processing functions of the Association; and

Whereas, the Chief Executive Officer, Corporate Services Manager, and Information Technology Director have reviewed the scope and cost of implementing MuleSoft, LLC’s ESB Platform and recommend that the Board approve the purchase of the ESB Platform software provided by MuleSoft, LLC, together with the expenditures necessary to implement and operate the ESB Platform, and authorize the Chief Executive Officer to execute agreements for professional and software services with MuleSoft, LLC, the drafts of which are set forth in Board Document BD19-14; 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 approves the purchase of the ESB Platform software provided by MuleSoft, LLC, together with the expenditures reasonably necessary to implement and operate the ESB Platform, and authorizes the Chief Executive Officer to negotiate and enter into professional and software services agreements with MuleSoft, LLC presented to the Board as Board Document BD19-14, which may be amended as advised by the Association’s attorney and deemed appropriate by the Chief Executive Officer.

Mr. Shea called for a ten-minute break.

Upon reconvening, Director Mike Kempe telephoned in for the remainder of the meeting.

Bennett Project Update

Mr. Evan Roberts reviewed a presentation of the Bennett building project. Board members had the opportunity to ask questions. Discussion ensued.

Education Grants Drawing

Each Director present drew three names from among the names of those who applied for grants within each director district. Names were drawn for Directors White and Kempe. The Association will issue checks in the amount of \$2,000 payable to schools to be attended by the following high school students: Rebecca Layman, Timothy Merkle, Corinne Anne Campbell, Alexandra Geddes, Jessica King, Lauren Prescott, Bronson Sheehan, Kaleb Moore, Cailin Edie, Dane Rieber, Ryan Brown, Connor Moore, Cooper Rockwell, Joshua Stowe, Nicholas K. Ball, Dylan Anna, Geena Bendul, Everett Urban, Cole Kroner, Halie Gates, and Katharine Bennett.

Executive Session

Mr. Shea called for an executive session for the purpose of discussing Comanche Unit 3. Upon motion by Mr. Graf, seconded by Mr. Anest 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, Vice President Bruff Shea adjourned the meeting.

The next regular meeting will be held on July 22, 2019.