

REGULAR MEETING OF THE BOARD OF DIRECTORS OF GUNNISON COUNTY ELECTRIC ASSOCIATION, INC.:

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The regular meeting of the Gunnison County Electric Association (GCEA) Board of Directors was held on Tuesday, February 28, 2017 at the GCEA headquarters located at 37250 W U.S. Highway 50, in Gunnison, Colorado.

A quorum of a majority of directors was met with six of seven directors in attendance. Directors attending were Greg Wiggins, Chris Morgan, Bart Laemmel, Paul Hudgeons, John Vader, and Mark Daily (Districts 1-3 and 5-7 respectively). Michelle Lehmann was excused for a personal matter.

Notice of this meeting was posted Thursday, February 17, 2017; a revised agenda was posted Tuesday, February 21.

Attorney David Doder, Chief Executive Officer Mike McBride, Chief Financial Officer Marcia Wireman, Chief Operations Officer Roger Grogg, and Executive Assistant Sherry Booth also attended.

District 5 member guest Tom Carl was also in attendance for observation of regular Board business.

President Greg Wiggins called the meeting to order at 9:02 a.m. and advised of changes to the meeting's agenda to include action on green power rates, and an executive session regarding a contract matter.

President Wiggins spoke of contact from a District 5 member who is also a Hinsdale County Commissioner. Paul Hudgeons elaborated further. Discussion regarding internet service and communications site Hill 71 in the Lake City area followed.

**Motion** by Director Bart Laemmel to accept the February 28, 2017 regular meeting agenda as amended carried unanimously.

Director per diems were submitted for Treasurer John Vader's review. Directors were reminded of their annual requested donation toward the scholarship fund.

**Consent Agenda**

Per staff and attorney's request, the regular meeting minutes for January 2017 were removed from the consent agenda for additional discussion.

**Motion** by Director Bart Laemmel to approve the February 28, 2017 consent agenda as amended carried unanimously.

Items approved via the consent agenda include: Resolution No. 1 – January 2017 GCEA membership for December 2016; December 2016 Work Order inventories #s 595-597; January 2017 Work Order inventories #s 598-599 and related special equipment for January 2017; and the CEO expense report for January 2017.

The December 2016 net to plant total was \$303,370 and the year to date net to plant total was \$879,922 through December 2016. There were no special equipment and install costs for the month of December 2016. The year to date special equipment and install costs through December 2016 is \$339,243.

The January 2017 net to plant total was \$44,584 and the year to date net to plant total was the same through the end of the first month of the year 2017. Special equipment and install costs for the month of January 2017 was \$29,255. The year to date special equipment and install costs through January 2017 reflects the same balance.

Clarification regarding the January 24, 2017 regular meeting minutes was discussed.

**Motion** by Director John Vader to approve the January 24, 2017 regular meeting minutes as amended carried unanimously.

### **Scholarship Committee Report**

Scholarship Committee Chair Bart Laemmel took the floor to conduct committee business and advise the full Board of committee recommendations. Member Relations Supervisor Dan McDonough and Marketing and Communications Assistant Logann Long were present as both are relied on as the primary employee organizers for the scholarship program. Financial/HR Specialist Paula MacLennan was also present and available to address accounting aspects if needed.

Dan McDonough addressed the Board, and answered the directors' question as to whether every applicant received a scholarship. For 2017 there were 69 applicants; all applicants qualified for scholarships and staff adjusted the budgeting formula so that all 69 submissions received some funding.

Logann Long explained new methodology. Discussion followed. Points reflected in the scholarship committee minutes were reviewed.

**Motion** by Director Paul Hudgeons to approve the scholarship committee recommendations carried unanimously.

**Motion** by committee member Mark Daily to approve the February 16, 2017 Scholarship Committee minutes carried unanimously by committee members in attendance.

CFO Marcia Wireman expressed appreciation for Dan McDonough's 43 year employment and involvement with student programs; and Bart Laemmel acknowledged Logann Long's efforts for the scholarship program. Paula, Dan and Logann were then excused.

### **Residential TOU Rate Adjustment**

CEO Mike McBride presented a staff recommendation to reduce the proposed May 1, 2017 Time-of-Use (TOU) on-peak rate. In discussion with our rate consultant, a formula error was discovered and staff learned the original proposal could be reduced by 1.5 cents. Discussion followed.

**Motion** by Director Chris Morgan to approve the new rate carried unanimously.

Following a question from Director Mark Daily, Marcia explained additional considerations for grandfathered TOU rates developed before January 1, 2013 and other categories in the new TOU rates. The Board chose to take no action at this time regarding any other TOU calculations or rate adjustments.

### **Green Power Rates**

CEO Mike McBride explained staff recommendation regarding GCEA's Green Power Rate. Currently, members may buy blocks for \$0.25/100 kWh. Staff proposes a reduction to \$0.12/100 kWh and to also offer a 100% offset option. In this instance, sales would not be in blocks. Discussion followed.

**Motion** by Director Mark Daily to approve the new Green Power Rate and carried unanimously.

### **Monthly Reports: Safety/Loss Control Activity Report**

COO Roger Grogg reviewed the Safety/Loss Control Activity report. He shared details regarding the Emergency Restoration Plan (ERP) and voluntary provision of family member contacts for non-emergency use, but applicable to work updates. Roger also spoke to future technology improvements related to operations. There were no close calls or recent accidents reported.

**Motion** by Director Paul Hudgeons to approve the Safety/Loss Control Activity report for February 28, 2017 carried unanimously.

### **Monthly Reports: Association Update**

CEO Mike McBride provided an association update. He began his presentation with a review of statements that may capture GCEA's vision for the future. Extensive discussion followed inclusive of price signals and potential legislation. Potential savings in relation to peak usage were discussed. Also discussed were member education ideas including: CCL and newsletter messages; lobby and event displays; "elevator speech" and talking points; TOU rates; group presentations; member meetings and extended studies; and bill presentation. All are suggestions in an effort to assist members' understanding as to how peak demand affects the power bill from the G&T. Bart Laemmel suggested mass texts or emails for alerts when the system nears peak. Programs considered to help educate and offset peak include a water heater control and timer pilot, EV charger sales and rebate, and battery demonstration and sales. Discussion followed. Directors support GCEA's continuing efforts to develop presentations of newer technologies' capabilities. Conservation and power supplier price drivers were noted.

Mike also presented suggestions for rethinking application of a meter data management system (MDMS). He shared cost quotes and noted necessary TOU analysis and member adoption and whether the program would be cloud based or supported through fiber. Staff is meeting with facilitators attempting to bringing fiber to the Gunnison Valley's anchor institutions. Mike also addressed Western Area Power Administration (WAPA) and Tri-State fiber connections at substations. Discussion followed.

Mike shared his experience with the Colorado Senate Select Committee on Energy and the Environment. He relayed that his information seemed well received. His electric vehicle (EV) testimony focused on positives. He illustrated impact of on-peak charging, both environmentally and financially, and the importance of price signals resonated. Senators Ray Scott (R) and Matt Jones (D) expressed support for cooperatives. He also spoke of conversations with Colorado Senator Kerry Donovan (D) and Representative Barbara McLachlan (D). On the same day Mike testified at the state capitol, CREA had coincidentally distributed postcards to legislators acknowledging GCEA "leading the charge" for electric vehicle charging stations in rural Colorado.

Mike provided a local hydro update. He also asked for Board direction regarding Gunnison Sage-grouse funding. The 2017 budget was approved with \$2,500 in funding for the threatened species' conservation efforts. Discussion followed. General consensus is to donate the funds to the Gunnison County Stockgrowers Association for their conservation effort. Michelle Lehmann was absent and John Vader recused himself from voting. President Wiggins did not offer his vote though the remaining four directors, a majority of the directors, chose to support the GCSA. As the monies were previously approved in the budget, a motion for this item was deemed unnecessary.

Mike concluded the association update with reports on individual recent visits with Crested Butte Mountain Resort and Tri-State G&T staff.

### **Monthly Reports: Member Comments**

Roger Grogg relayed dissatisfaction expressed by members regarding necessary tree removals that had been growing in the GCEA easement and under power lines. Efforts to mitigate the situation were discussed.

### **Rural Utilities Service Update**

Marcia Wireman spoke to having recently communicated with GCEA's former RUS representative regarding the continued delay for our required biological assessment for the East Rebuild. Marcia also had the opportunity to meet our new General Field Representative (GFR) Arsenio L. Dela Cruz, PhD; she reports their interaction was positive.

*For the lunch break, most GCEA employees joined the directors and all enjoyed the potluck chili meal provided by several employees. President Wiggins thanked the employees for their work and for "keeping the lights on" from one end of the valley to the other.*

**Monthly Reports: Financial Review**

CFO Marcia Wireman presented a detailed review of the preliminary 2016 financials. She answered questions throughout and discussion followed. The Board was directed to the January 2017 financials provided in their packet materials for additional financial review.

**Monthly Reports: Operations Update**

COO Roger Grogg provided the reliability review for January and explained interruption causes for the month. Plant damage due to snow removal was discussed. GCEA may expect to discover further damage after the snow melts.

Roger reviewed January load profile graphs and explained the historical comparisons and graphs provided by engineering staff. Discussion followed inclusive of the effects of the high volume of presumed in-state visitors in Crested Butte.

**Miscellaneous**

CEO Mike McBride challenged the Board to estimate how much battery density increased in the Tesla Powerwall in the past two years as 100%; how many states currently have retail choice in some form as 15; and how many states are/have considered retail choice this year (2017) as three.

**Executive Session**

**Motion** by Director John Vader, second by Bart Laemmel to enter executive session at 1:33 p.m. to discuss a contract matter carried unanimously.

Sherry Booth and guest Tom Carl were excused by President Wiggins.

**Motion** by Director John Vader, second by Bart Laemmel to exit executive session at 2:03 p.m. carried unanimously.

Employee and guest rejoined the meeting.

**Presentation on Load Factor**

CEO Mike McBride presented a report on load factor. Mike noted that, "A high load factor means power usage is relatively constant and low load factor shows that occasionally a high demand is set." He explained the formula for calculating load and shared graphs timelines of consumer usage. Mike also noted that load factor is not the same as demand, capacity, power, diversity, utilization, or coincidence factors. Historical load factor and wholesale demand charges were compared. Mike cited contributing factors such as: weather variations during the month/year; presence or lack of large, flat loads; intermittent large demands (i.e. Snow making); coincidental usage patterns; business hours; sleep cycles; programmable devices; special events; tourism; presence or lack of incentives to influence member behavior; and extent of member education and awareness that affect load. Load factor in correlation with rate design was reviewed. Improvements for load factor, including selling more kWh (at the right times), peak shaving, member education, load control and demand side management, "smart" water heaters, and time managed use of water plant pumping stations and sewer treatment plants were noted. Discussion followed.

Mike spoke to the relationship between load factor and rate design. He provided a GCEA monthly load factor power bill for 2008-2016. Mike compared that data with a graph of 100 TOU users, each theoretically shaving 5kW. He then compared graphs of 200, 300, and 400 TOU users each shaving 5kW to make a significant savings on a power bill. Discussion followed.

### **Affiliated Organizations and Committee Reports**

David Dodero provided an **Attorney** report. He reported on the resolution regarding collection on an outstanding invoice billed for damages and safety repairs to a third-party joint user of power poles. Mr. Dodero also spoke to research regarding intentions for potential patronage capital program and a brief easement review.

Chris Morgan reported on **Tri-State** (TS) activities. He explained deferred revenue plans and relayed such intentions in compliance with TS's financial goals policy. Chris spoke to the effect of a recent Federal Energy Regulatory Commission (FERC) decision. Per Chris, TS has begun 2017 with healthy margins; he elaborated on stock market power sale trends. Chris reported on legislative actions in Wyoming. He explained various generation facilities' abilities. The Basin Electric Power Cooperative (Basin) contract extension was reported on. Discussion followed. Chris relayed continued diverse discussions regarding capital credit retirements. Chris also reported on a second Colorado cooperative's research regarding the possibility of buying itself out of its TS membership. Chris explained a three-part survey TS intends to conduct among its 43 members. Lastly, Chris advised the directors of the upcoming TS annual meeting while also extending the invitation to directors to attend any TS Board meeting in the future.

John Vader reported on **CREA** activities and various legislative matters. He noted the recent approval of two new Colorado Public Utilities Commission (PUC) directors; Governor John Hickenlooper's appointments of Jeff Ackermann and Wendy Moser were effective on January 9. Mr. Ackermann was appointed chair of the PUC. John reported three finalists for the CREA safety director position.

John Vader and Paul Hudgeons spoke to their impressions of speakers at the recent CREA annual meeting. Chris Morgan expressed having complimented CREA executive director Kent Singer for a well-organized and productive annual meeting.

John Vader reported on **WUE** activities and finances.

Mike McBride advised of **Paradigm** business and the status of potential refinancing by business owners for a note Paradigm holds on their building that is due March 20. The business owners are working on another loan for building improvements and the expectation to receive the Small Business Administration (SBA) loan by the deadline is unlikely. The Paradigm Board will convene to consider an extension.

### **Directors Miscellaneous**

Discussion regarding the annual election for the Tri-State director led to the consensus in the Board's desire to reelect Chris Morgan.

**Motion** by Director John Vader to elect Chris Morgan as Tri-State director carried unanimously.

**Motion** by Director John Vader to designate Chris Morgan as GCEA's voting delegate for Tri-State's annual and special meetings carried unanimously.

**Motion** by Director Paul Hudgeons to designate Mike McBride as GCEA's alternate voting delegate for Tri-State's annual and special meetings carried unanimously.

Chris Morgan reported on a pending CoBank forum and its educational opportunities. He attended the 2016 event in Colorado Springs last July. However, the 2017 Energy Directors Conference conflicts with the GCEA annual meeting as CoBank moved the event to take place June 27-29, 2017

Mike McBride asked for director feedback regarding any future meetings with broadband entities. The consensus is to invite various company representatives to meet individually with the GCEA Board.

**Scheduling of Meetings and Events**

1. Tuesday, **March 28, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
2. Tuesday, **April 18, 2017** Financial Goals Committee Meeting (Convenes at 9:00 a.m.)
3. Tuesday, **April 25, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
4. Tuesday **May 9, 2017** Policy Committee Meeting (Convenes at 9:00 a.m.)
5. Tuesday, **May 30, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
6. Tuesday, **June 27, 2017** Regular Board and Annual Membership Meetings
7. *To be determined, July 2017* Technology Committee Meeting (Convenes at 9:00 a.m.)

**Adjournment**

**Motion** by Director Bart Laemmel to adjourn the Gunnison County Electric Association Regular Board Meeting held on February 28, 2017 carried unanimously. There being no further business before the Board, President Greg Wiggins adjourned the meeting at 3:55 p.m.

Respectfully submitted by Executive Assistant Sherry Booth.

/ Bart Laemmel /  
Vice President

/ John P. Vader /  
Secretary/Treasurer

Date Approved: March 28, 2017

APPROVED