

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 Wednesday, May 30, 2018 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, Michelle Lehmann, Tom Carl, John Vader, and Mark Daily (Districts 1 and 2, and 4-7 respectively). Bart Laemmel was excused for a personal business matter.

Notice of this meeting was posted Friday, May 18, 2018. A revised agenda was posted Tuesday, May 29 (to include an additional action item regarding battery storage).

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

President Greg Wiggins called the meeting to order at 9:03 a.m. and advised of a modification to the order of business.

**Motion** by Director John Vader to accept the May 30, 2018 regular meeting agenda as amended carried unanimously.

Director per diems were submitted for Secretary/Treasurer John Vader's review.

**Consent Agenda**

**Motion** by Director Tom Carl to approve the May 30, 2018 consent agenda carried unanimously.

Items approved via the consent agenda include: April 25, 2018 regular meeting minutes, Resolution No. 1 – May 2018 GCEA membership for April 2018, April 2018 Work Order inventory # 617 and related special equipment for April 2018, and the CEO expense report for April 2018.

The April 2018 net-to-plant total is \$7,802 and the year-to-date net-to-plant total is \$85,665 through April 2018. Special equipment and labor cost for the month of April 2018 is \$93,725. The year-to-date special equipment and labor cost through April 2018 is \$159,085.

**Executive Session**

**Motion** by Director John Vader, second by Michelle Lehmann, to enter executive session at 9:06 a.m. to discuss a Board matter carried unanimously. Staff was excused.

**Motion** by Director John Vader, second by Tom Carl, to exit executive session at 9:59 a.m. carried unanimously.

**Solar Garden Expansion**

Chief Operations Officer Roger Grogg presented a proposal to expand the community solar garden in Crested Butte. The current installation has 20 panels which were energized in December 2015. Staff recommends expansion now. Anticipated benefits and next steps were reviewed. Discussion followed.

**Motion** by Director Mark Daily to approve a budget adjustment of \$40,000 to expand to the Crested Butte Community Solar Garden in 2018 carried unanimously.

**Taylor Hydropower Project**

Chief Executive Officer Mike McBride reviewed recent developments in GCEA's ongoing effort to coordinate with downstream water rights owners to develop hydro generation at the Taylor Dam. CEO McBride presented staff recommendations and analysis regarding our power supplier's current policy regarding local renewable generation. Project revenue under Tri-State policy 115 was presented. Discussion followed. No action can be taken at this time as

proceeding with the project remains dependent on the consent of a downstream senior water rights group whose engineer is considering a potential design.

### **Solar Project Discussion**

Senior Associate Kevin Brehm and the newly hired Chris Bowman of the Rocky Mountain Institute (RMI) and John LaDuke of Coldharbour Institute joined meeting at 11:15 a.m. Member Justine Sanchez was also in attendance.

Mr. Brehm presented a solar procurement proposal. RMI's Shine Program helps electric cooperatives access distribution-scale solar generation projects with RMI as a buyer-representative working with developers. Mr. Brehm reviewed a 1MW project's financial analysis in regard to Tri-State current policy 115. A timeline was proposed with July 15, 2018 as the deadline to submit policy 115 application to the TS Board. Beforehand, site procurement and completion of a system impact study is required. Policy 115 requires completion of the operation within 18 months. Solar developer activities and roles were discussed. Mr. Brehm reviewed the competitive bid process and results from a recent consolidated bid process in Colorado. Microgrid was selected as a result of that competitive bid. Mr. Brehm explained the various factors RMI considered for this recommendation. Initial bid price and impact of external events were noted. Discussion followed.

Managing Director, Mountain Region, Mat Elmore of Microgrid Energy (ME) joined the meeting at 12:00 p.m. as did his colleague, Vice President of Project Development Jon Sullivan via phone conference. GCEA Staff Engineer Bruce Stephens also joined the meeting.

Mr. Sullivan spoke to site options and factors for ME's recommendations. Gunnison County's one-year permitting process and the Gunnison Sage-grouse habitats were discussed. Three sites were reviewed in detail with the benefits and disadvantages of each discussed at length. Gunnison Sage-grouse impacts and general permitting constraints were reviewed. Discussion followed and included potential for a Tri-State policy 115 extension and property owner contact requests. Ms. Sanchez noted a separate battery storage project could benefit from having a site near a substation.

CEO McBride led further internal discussion regarding the solar proposal. He reviewed alignment with strategic goals and discussion followed. Staff recommendation is to move forward with RMI to complete a TS policy 115 application by July 15. Should TS not approve the proposed changes to its policy 115 at its June 6 meeting, then the July 15 deadline would not apply. CEO McBride reviewed annual kWh production and capacity factors for the existing CB solar garden and its expansion, the 1MW solar project, and a 200 kW Taylor hydro project. Further discussion followed.

Per Board direction GCEA staff will engage RMI to pursue land selection, complete an interconnection study on the preferred site, and file a Tri-State policy 115 application. The application is to be submitted by July 15, 2018 if policy 115 bill credit reductions are approved by the Tri-State Board on June 6, 2018.

### **Battery Storage**

CEO McBride explained an opportunity to apply for technical and financial support from Sandia National Labs (SNL) for a battery storage project. Ms. Sanchez spoke to her involvement with and promotion of the renewable industry. She noted GCEA's peak demand awareness program which led her to research options for addressing peak. SNL is seeking a National Rural Electric Cooperative Association (NRECA) member system to include in its battery storage demonstration project. Ms. Sanchez reviewed preliminary economics and additional considerations to be explored as a participant in the SNL project such as: extent of peak reduction, additional revenue streams, additional grant funding, battery pricing, battery warranty, and battery degradation. Discussion followed.

**Motion** by Director Michelle Lehmann to approve submittal of an application for technical support and funding from Sandia National Laboratories for a grid-scale battery project carried unanimously.

**Fiber Installation**

CEO McBride spoke to the alignment of fiber installation for headquarters with strategic goals. He cited anticipated benefits including a more reliable internet connection, faster internet speeds and greater capacity, a more reliable connection with dispatch, and redundancy. CEO McBride reviewed additional factors and financial considerations if GCEA pursues installation as a joint project with the City of Gunnison. Current estimated costs are based on assumption of Region 10 grant allocation. Discussion followed.

**Motion** by Director John Vader to approve a budget adjustment of \$50,000 to establish a fiber optic connection at GCEA headquarters and to authorize the joint hiring of an engineer with the City of Gunnison to complete the design carried unanimously.

**Federated Insurance**

CFO Wireman explained the recommendation from GCEA's insurance provider, Federated Rural Electric Insurance Exchange, to consider inclusion of an alternative dispute resolution (ADR) language in the association's bylaws. She shared the insurer's example of bylaws language for providing an ADR option.

Attorney David Dodero explained arbitration and the potential benefits versus disadvantages specific to a cooperative utility for such a provision. Discussion followed and the Board chose to take no action at this time.

Per Board request, further statistics and options for language placement will be researched.

**Electric Vehicle Chargers**

CEO McBride spoke again to the strategic plan and the Board's intended promotion of electric vehicle (EV) adoption and expansion of EV charging infrastructure. With a strategic goal to build at least three additional public charging stations with consideration for low-cost alternatives, four locations were reviewed as was grant funding. Discussion followed.

**Motion** by Director John Vader to approve a budget adjustment of \$8,000 for the installation of additional public EV charging stations carried unanimously.

CEO McBride reported on needed repairs for existing EV stations and the plan for systematic replacement of these as well as a planned upgrade at headquarters. Discussion followed.

CEO McBride discussed the performance issues with the Crested Butte EV station and the fact that July is the highest usage month. The Board acknowledged the CEO's authority to replace the station if a repair could not be completed in a timely fashion.

**Donation Requests**

CEO McBride relayed an additional donation request, for another purpose, from the same non-profit commercial member whose initial request was first discussed at last month's Board meeting. President Wiggins disclosed to the GCEA Board his relationship with board members of the requesting organization and recused himself from any action. Discussion followed. The remaining five directors feel the GCEA's small donation budget could make a bigger difference elsewhere as well as the perception this popular community program is otherwise generously supported.

The Board suggests staff provide a letter explaining GCEA's appreciation for the program and the reasons why the directors chose not to provide a contribution.

CEO McBride relayed a request from Colorado Advocates for Rural Electrification (CARE) for designated 527 membership fundraising. The Board declined action at this time.

**Executive Session**

**Motion** by Director John Vader, second by Michelle Lehmann, to enter executive session at 4:03 p.m. to discuss an employee matter carried unanimously. Sherry Booth was excused.

**Motion** by Director Michelle Lehmann, second by John Vader, to exit executive session at 4:11 p.m. carried unanimously.

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

COO Roger Grogg reviewed the Safety/Loss Control Activity report. He advised of cybersecurity updates and training, RESAP review, safety manual review, and confined spaces training. COO Grogg also reported on the office meeting's review of the Green Power program, its purchase options, and the current enrollment of 518 participants. COO Grogg also reviewed close calls and accidents.

**Motion** by Director Mark Daily to approve the Safety/Loss Control Activity report for May 30, 2018 carried unanimously.

**Monthly Reports: Association Update**

CEO McBride led an association update and CFO Grogg reported on the TS mobile substation update. CFO Wireman spoke to the NRECEA RC3 Program. Per IT Specialist Shane McGuinness' efforts, GCEA is one of 30 out of more than 140 applicants selected to participate in the program. RC3 is provided to assist smaller cooperatives with cybersecurity training.

Additional topics reviewed by CEO McBride included an energy use abatement project in conjunction with WSCU and the Board's perception of CREA's Colorado Country Life (CCL) publication. Discussion followed.

**Monthly Reports: Member Comments**

CEO McBride reported on member feedback.

**Monthly Reports: Financial Review**

CFO Wireman reviewed financial highlights. She spoke to a member billing issue involving two commercial businesses with similar names and how the matter was resolved for the overcharged member. Resolution for the under billed member is ongoing. CFO Wireman spoke to GCEA's caution in handling member credit cards.

CFO Wireman relayed financial highlights including kWh sales and purchases and operating margins.

**Monthly Reports: Operations Update**

President Wiggins asked directors to refer to previously provided materials related to the April 2018 report and the April load profile graphs provided by engineering staff along with GCEA's power bill and load graph statistics.

**Affiliated Organizations and Committee Reports**

Attorney David Dodero noted his work on an extension agreement with Hinsdale County, an employee related matter, a subpoena matter, and his attendance at the CREA attorney meeting.

Mike McBride reported on Tri-State (TS) activities. He reported that Xcel Energy has backed out of the RTO effort.

Tom Carl reported on **CREA** activities and various legislative matters including CREA's proposed installation of an EV station at its headquarters and their national award from NRECA for CCL.

John Vader reported that **WUE** passed its budget for the fiscal year of July 2018 – July 2019 and that two additional members will join the supplier cooperative. John also spoke to management succession expectations at WUE.

CEO Mike McBride relayed a **Paradigm** update regarding a scheduled final payoff of a note receivable.

**Other Business: Power Supplier Representation**

Chris Morgan is resigning from the Tri-State Board for personal reasons.

Attorney David Dodero led discussion regarding the election for the Tri-State director seat.

**Motion** by Director John Vader to elect Mark Daily as the Tri-State Generation and Transmission director carried unanimously.

**Scheduling of Meetings and Events**

1. Tuesday, **June 26 2018** Regular and Annual Meetings
2. Wednesday, **August 1, 2018** Regular Meeting, serving as the **July** meeting (Convenes at 9:00 a.m., *tentatively* in Lake City)
3. Wednesday, **August 29, 2018** Regular Meeting (Convenes at 9:00 a.m.)
4. Wednesday, **September 19, 2018** Regular Meeting (Convenes at 9:00 a.m.)
5. Wednesday, **October 31, 2018** Regular Meeting (Convenes at 9:00 a.m.)

**Adjournment**

**Motion** by Director Michelle Lehmann to adjourn the Gunnison County Electric Association Regular Board Meeting held on May 30, 2018 carried unanimously. There being no further business before the Board, President Greg Wiggins adjourned the meeting at 5:25 p.m.

Submitted by Executive Assistant Sherry Booth.

/ Greg Wiggins /  
President

/ John P. Vader /  
Secretary/Treasurer

Date Approved: June 26, 2018