

**Golden Valley Electric Association
Meeting Minutes of the May 4, 2017 Annual Members' Meeting
Approved by the Membership on May 3, 2018**

Welcome: President & CEO Cory Borgeson welcomed members to Golden Valley Electric Association's 70th Annual Members' Meeting. He added a special welcome to members in Delta and Healy who were watching the meeting via video streaming over the internet.

Pledge of Allegiance: Mr. Borgeson led the audience in the Pledge of Allegiance. He then introduced Chairman of the Board Rick Schikora who was elected by members of District 3 in GVEA's service territory.

Call to Order and Introductions: Chairman Schikora called the meeting to order at 6:33 p.m. He introduced Aren Gunderson, Treasurer, District 1; Tom DeLong, Vice Chairman, District 2; Gary Newman, District 4; Chris Bunch, District 5; John Sloan, Secretary, District 6 and Bill Nordmark, District 7; John Burns, Corporate General Counsel; Jeannie Phillips, Parliamentarian; and Susan Redlin, Executive Administrative Assistant.

Sergeant-At-Arms: Chairman Schikora recognized the Sergeants-At-Arms: Allison Carter; Terry Hinman; Heidi Titchenal; Peter VanFlein; Enlow Walker; Brittnie Welsh and Gary Woody.

Secretary's Notice of Meeting and Proof of Quorum: Secretary Sloan reported that on April 1, 2017, Ruralite Services mailed copies of the April 2017 issue of the *Ruralite* magazine to all the cooperative's members of record. The *Ruralite* contained the notice of the annual meeting, informing members of the time, date and place of the 2017 Annual Members' Meeting.

Secretary's Quorum Report: Secretary Sloan said he was pleased to announce that 302 members on record registered for the 2017 Annual Meeting, which exceeds the 100-member quorum required by GVEA's Bylaws. The final registration count was 336 members.

Approval of the 2013, 2014, 2015 and 2016 Annual Meeting Minutes: Chairman Schikora asked for a motion to approve the 2013, 2014, 2015 and 2016 Annual Meeting Minutes. A motion was made and seconded; the motion passed.

REPORTS BY THE BOARD OF DIRECTORS AND PRESIDENT & CEO

Scholarship Awards Report: Mr. Bunch announced and congratulated the 2017 scholarship award winners:

- \$2,000 Continuing Education Scholarships: Shannyn Bird, Lina Heinrichs and Logan Lyle
- \$2,500 Academic Scholarships: Piper Brase, Brons Gerrish and Peyton Presler
- \$15,000 Academic Scholarship: Kasey Casort

Mr. Bunch reported that GVEA's Career & Technical Education Scholarship will be awarded in August 2017.

Director Elections for Districts 1, 2 and 3: Mr. Newman reported that the April 2017 *Ruralite* magazine introduced members to candidates for director elections in Districts 1, 2 and 3.

Mr. Newman reported that the candidates in District 1 are incumbent Aren Gunderson and David Messier. Members in this district will receive an election packet by mail, containing a paper ballot to be returned by mail, and instructions for online voting.

Mr. Newman reported District 2 incumbent, Tom DeLong, and District 3 incumbent, Rick Schikora, were both unopposed. As GVEA Bylaws require two names to be put forward, these district nominating committees worked diligently to find other candidates. District 2 did submit two names, but then one candidate withdrew. District 3 was unable to find another candidate willing to be nominated. When only one candidate runs, GVEA's Bylaws requires the candidate to use a petition process for nomination. Both Mr. DeLong and Mr. Schikora collected the required 50 signatures from members of their district, so their nomination could be accepted. At the March 27, 2017 Regular Board Meeting, directors wrestled with the decision of spending \$25,000 for each district to run an election with only one name on the ballot. Since GVEA's Bylaws do not allow for write-in candidates, the Board opted to not spend the \$50,000 dollars on elections for Districts 2 and 3, where the outcomes were already known. The Board voted to appoint these two directors to serve another 3-year term, effective June 26, 2017. Mr. Newman noted that at the March 27, 2017 Board meeting, the affected directors were excused from the room for the discussion and vote.

Mr. Newman went on to say that at the March 27, 2017 Regular Board Meeting, the Board made a commitment to engage the general membership to encourage more participation in being willing to run and serve on the GVEA Board of Directors. He encouraged members to check out Board meeting agendas and Member Books on GVEA's website and attend monthly Board meetings.

Member Advisory Committee: Mr. Newman said that one place GVEA looks for potential board members is through the Member Advisory Committee (MAC). The MAC is composed of 21 members who meet one evening a month. They also volunteer on GVEA nominating committees, serve as election judges for director elections, assist at annual meetings and help the Board with recommendations on various issues. A video was shown on the MAC.

Safety Moment: Mr. Borgeson explained that every meeting at GVEA begins with a safety moment. The safety moment for this meeting was a reminder that GVEA's right-of-way clearing crews are back in the field, and when members see them in their neighborhoods, please stay back from machinery while they are working. A commercial was shown on right-of-way clearing. He also reminded everyone that schools will soon be closing for the summer months and asked drivers to be extra cautious to watch out for pedestrians and bicyclists.

Theme for the 2017 Annual Members' Meeting: Golden Valley University

Mr. Borgeson reported that the theme for this year's Annual Meeting is "Golden Valley University." Throughout the evening, members will get an education in the many ways GVEA is working to provide quality electric service, quality customer service, and innovative energy solutions at fair and reasonable prices. He outlined the syllabus for the meeting:

- Golden Valley 101: Freshman Orientation
- Golden Valley 201: Accounting
- Golden Valley 301: Information Technology
- Golden Valley 401: Physics

Golden Valley 101: Freshman Orientation

Mr. Borgeson asked the audience: "*Who is the owner of Golden Valley Electric Association?*" He responded that the answer is "*GVEA's members.*" He said that unlike many big utilities in the Lower 48, GVEA does not have investors running the utility and taking profits for dividends. GVEA is a member-owned cooperative; members elect directors, and members have a voice in how the cooperative is operated. Furthermore, he said that GVEA is a not-for-profit; any revenues that exceed expenses are allocated back to members as capital credits.

Mr. Borgeson said that as a cooperative, GVEA tries to help other cooperatives. One of the "*Seven Cooperative Principles*" is *concern for the community*. He reported that in 2012, GVEA made a loan to help the Co-op Market in downtown Fairbanks to open its doors. A video was shown on the Co-op Market Grocery and Deli.

Mr. Borgeson reported that in recent years, the Interior of Alaska has been experiencing more storms in the winter months. Warmer, wetter summers have contributed to tree growth, so there is more vegetation to fall into power lines and cause outages. He said the best way to prevent these storm-related outages is by keeping right of ways cleared. Currently, it is taking GVEA's clearing crews nearly 10 years to rotate through GVEA's service territory and cut back every right of way. He reported that a goal has been set to shorten the cycle back to seven years or less.

Before concluding Golden Valley 101, Mr. Borgeson said the real strength of GVEA is its long-term employees. He said he wished he had enough time to tell members about the amazing contributions every employee makes to the cooperative every day, but that he wanted to recognize two employees who were working their last annual meeting: Kelley Bergener, Member Services Manager and Mark Terhune, Wireman Foreman. Mr. Borgeson also thanked all of the employees who helped to pull together the annual meetings each year. He extended a special thank you to Corinne Bradish, Public Relations Officer, who has overseen the last 27 annual meetings.

Golden Valley 201: Accounting

Chairman Schikora reported that GVEA is in good financial health. In 2016, margins increased to \$31 million; equity increased from 23 percent to 27 percent; operating costs were reduced; and more than \$6 million in capital credits checks were distributed to members of record from 1990 and 1991.

Chairman Schikora then spoke about electric bills. He reported that every winter a steady stream of members call and/or visit GVEA offices to complain about high bills. He said these complaints taper off in the spring. He asked the audience “*Why does GVEA get more complaints in the winter?*” Because members use more electricity when it is cold and dark. Some members use space heaters, while others plug in vehicles. He added that pumps on oil-fired furnaces use quite a bit of power during the winter.

Chairman Schikora reported that residential electric bills are divided into four components:

- Customer Charge: This charge is a flat monthly fee that every residential member pays. The charge is currently \$17.50 per household. It covers the costs of meter reading, billing and customer service.
- Fuel and Purchased Power Charge: This charge reflects the cost of fuel to generate power and the cost to purchase power from other utilities. These costs are passed through to members dollar-for-dollar, as allowed by the Regulatory Commission of Alaska (RCA). This rate is recalculated on a quarterly basis and is billed based on the kilowatt hours used. The current rate is 10.8 cents per kilowatt-hour.
- Utility Charge: This charge covers the cost of power plants, substations, power poles, interest on loans, depreciation, etc. The amount on bills vary depending on the number of kilowatt hours used. The current rate is 11.6 cents per kilowatt-hour.
- Regulatory Cost Charge: This charge is about 3 cents and goes to fund the RCA; every regulated utility in Alaska must include this charge on its bills.

Chairman Schikora commented that the two biggest components on bills are the Fuel and Purchased Power Charge and the Utility Charge, because they are based on usage. When a member uses more power, these two charges go up; when a member use less power, these charges go down. He said members have the power to save on their electric bills. He shared his personal endeavor to reduce the electrical usage in his home: he added insulation above the ceiling and on the garage doors; the boiler was replaced and incandescent light bulbs were replaced with LED light bulbs. His consumption was reduced from 660 kwh to around 400 kwh. He said that members can learn more about savings on GVEA's web site at GVEA.COM/SAVE.

Chairman Schikora said that members who participate in the Goodcents Program, may see a donation for up to 99 cents on this line-item of their electric bill. The small change from each bill is pooled together and raises thousands of dollars every year for grants awarded to various nonprofit organizations in the communities GVEA serves.

Chairman Schikora reported that in December 2016, GVEA submitted its Electric Rate Study to the RCA. Every few years GVEA undertakes a rate study to make sure every rate class is paying its fair share for costs. After having done a comprehensive revenue requirements study, the GVEA Board of Directors approved the request to the RCA asking for a reduction in overall rates of 1.3

percent, or \$3 million dollars annually. At the same time, GVEA requested a \$5 increase to the Customer Charge. The Board did this to better match the revenues coming in from members with the cost of doing business; this concept is called “cost causer, cost payer.” Details about the rate study and the proposed rates for all classes are on GVEA’s website. He said the RCA is expected to make a decision on the rate case later this year or early in 2018.

Golden Valley 301: Information Technology

Mr. Borgeson reported that GVEA made huge technological strides over the past year. He spoke about four of the new technologies:

- The Interactive Voice Response (IVR) is an automated telephone system that interacts with the member, gathers information and routes calls. By following the prompts, members can conveniently make payments, report outages and update their information 24/7. A video was shown on the IVR system.
- The Outage Management System (OMS) is a computer system used to assist in restoring power during outages. This system allows GVEA to get the lights back on faster and with less man-power. Tied to the OMS is an online outage map that members can use to track their outages via their computers, smartphone and/or tablets at OUTAGE.GVEA.COM. A video was shown explain how the OMS and IVR work together.
- The Meter Replacement Project will invest in new technology that will help GVEA operate more efficiently and improve outage restoration time. When all meters have been replaced, members will have a portal available to them where they can retrieve energy usage, monitor energy consumption and make more informed decisions to manage electrical usage. GVEA will start with the installation of 1,400 meters this fall, and the remaining meters over the next three years, until all 44,000 meters are replaced. Members will be notified in advance of when GVEA will be installing new meters in your area.
- The GVEA Mobile App will allow members to view electric usage and bills and make secure payments on their mobile devices. A video was shown on the Mobile App.

Golden Valley 401: Physics

Mr. Borgeson talked about how GVEA makes power: past, present and future.

Mr. Borgeson reported that back in the 1960s, Golden Valley Electric owned one aging power plant it had purchased from the FE Company. Demand for power was growing, so the GVEA Board of Directors made a bold decision to build a 25 megawatt coal-fired unit in Healy, Alaska. What’s known today as Healy Unit 1, began operations in 1967 and has operated almost continuously for half a century.

Mr. Borgeson said that Healy Unit 2 sits right next door to Healy Unit 1. Healy Unit 2 is currently off-line due to modifications that need to be made in the coal-feed system. Two firms have conducted a review of the coal-feed system. They have identified problems with the original

design and have made recommendations for changes. These changes are anticipated to take six to 12 months. Mr. Borgeson commented that Healy Unit 1 had its share of bugs during its start-up period back in the 1960s, and that it's been a "star performer" ever since. The same is expected of Healy Unit 2.

Mr. Borgeson reported that the Eva Creek Wind Farm just finished its fourth year of operation, and it continues to perform as expected. One of the 12 wind turbines recently had a crack in the gearbox – one of the teeth broke off. Fortunately, GVEA has a contract with the vendor, and this multi-million dollar repair will result in no cost to the membership.

Mr. Borgeson reported that two other wind producers have approached Golden Valley to take more power – Cook Inlet Region's Fire Island (CIRI) Phase II wind project in Anchorage, and the Delta Wind Farm. As members may have read in the paper, GVEA considered both the benefits and costs associated with the interconnection of the proposed Delta Wind Farm project and filed a Notice of Denial for Interconnection with the Regulatory Commission of Alaska, because adding Delta Wind Farm's 13.5 megawatts would cause GVEA's fuel costs to rise \$19 million. He further said that a recent order issued by the Commission requires GVEA to reassess its filing. The RCA deemed GVEA's filing void, which means they will treat it as if it never was filed, and they gave GVEA guidance on what they want in the new filing.

Mr. Borgeson reported that the project managers for the CIRI Fire Island II Wind Project recognize that GVEA cannot afford to regulate CIRI's wind project, and CIRI has been working with the Anchorage utilities to provide this service, so that GVEA's fuel costs will not rise if GVEA procured their wind. He went on to say that most members assume wind power is the cheapest and greenest power GVEA generates. But if wind power is not carefully balanced with other power sources, it can actually drive-up electric bills and generate more greenhouse gas emissions. Every megawatt of wind power GVEA generates requires an expensive oil-fired power plant to be running in the background. The oil-fired units are the only units that can react fast enough to match the changing output of the wind turbines. Coal-fired plants and purchased natural gas cannot react quickly enough.

Mr. Borgeson reported that the GVEA Board of Directors is looking to build a solar demonstration project in south Fairbanks later this summer. A video was shown on the proposed Solar Demonstration Project.

Mr. Borgeson acknowledged new SNAP Producers Alvin and Mitch-Lynn Patterson. Currently, GVEA has 165 members participating in the SNAP Program generating 879 kilowatts of electricity.

Mr. Borgeson reported that GVEA is one of six interconnected power-generating utilities in the Railbelt. GVEA has been actively collaborating with the Railbelt utilities to create a system-wide transmission company. The group has adopted open access regulations for the Alaska Intertie and has been studying economic dispatch models. Chugach Electric, Matanuska Electric and Municipal Light and Power have all entered into a power pooling agreement for sharing of

generation resources. Mr. Borgeson added that GVEA has been sharing power from the Anchorage utilities since the construction of the Alaska Intertie in the early eighties. A video was shown featuring several Railbelt managers.

President & CEO Closing Comments

Mr. Borgeson concluded his report by saying he believes that the future is bright for the Interior of Alaska: Tourism is anticipated to be strong this year; lower energy prices bode well for mining projects; Fort Knox has delayed shutting down its milling operations from 2017 to 2019; Clear Air Force Base is expanding its radar capabilities and Eielson Air Force Base has been chosen to host two F-35 squadrons. In closing, Mr. Borgeson said that he hoped that tonight's presentation was informative and enjoyable for everyone.

New Business

Chairman Schikora asked the members if there was any new business for the annual meeting; there was no new business.

Member Comments

- James Laferriere, District 3, asked how often AMI meters would be monitored. He also questioned the efficiency of solar panels and their ability to function in sub-zero temperatures.
- Diane Preston, District 2, thanked the Board for all of its work this past year. She said she was particularly grateful for the Eva Creek Wind Project and that the Board is now considering a solar project. She was also pleased to learn about GVEA's loan to the Co-op Market and asked that GVEA continue to work on additional renewable energy.
- John Rathbun, District 4, thanked everyone for the brief and informative meeting. He requested that GVEA seek a \$2.50 increase to the residential customer charge instead of \$5 in the Rate Case to help members on fixed incomes.
- Charlotte Basham, District 1, expressed her thanks to the Board for responding to last year's requests for a movement toward a solar project. Since last year's meeting, she installed solar and recently received her first check as a SNAP producer. She said she trusts that GVEA's Renewable Pledge will be updated to define goals regarding emissions reductions that move away from coal and fossil fuels. She is proud that GVEA is a cooperative and appreciates the opportunity to share her thoughts.
- Alex Gagne-Hawes, District 3, voiced his concerns regarding the poor air quality in the Fairbanks and North Pole areas. He also commented on the recent shutdown of Healy Unit 2 and inquired about plans to restart the plant. He suggested GVEA charge 10 times its normally rate one day a month to raise the consciousness of electric usage and encourage reduced consumption.
- Lily Cohen, District 2, thanked the Board for its commitment to renewable energy by considering a possible solar project and GVEA's investment in the Eva Creek Wind Project. She asked that the Board invest more time and resources into looking into how GVEA can increase its renewable energy.

- Tricia Perkins, District 2, commented that her residential bill increased more than \$5 and asked when it might decrease.
- Elmer Leistikow, District 2, suggested that the customer charge should align with actual electric usage; the more a member uses energy, the more they pay—this would encourage conservation.
- Mike Craft, District 2, said members who burn wood are not creating all of the air pollution problems in Fairbanks and North, but that there are other contributions including coal ash and GVEA's generation units. He also commented on the Delta Wind Farm Project and GVEA's Eva Creek Wind Project; he said that the Eva Creek Wind Project, Healy Unit 1 and Healy Unit 2 cannot all operate at the same time because of the power line.
- Randy Frank, District 1, said he was glad to hear that GVEA is working closely with the Anchorage power producers to secure economic power sales and wondered if GVEA ever sent power south.
- Randolph Griffin, District 3, said he appreciated that GVEA helped the Co-op Market open its doors and is happy that they are doing well. He inquired about the interest rate on GVEA's loan to market.
- Peter Van Flein, District 1, offered two suggestions: He would like GVEA to move towards online voting which will only reduce costs, and he would like GVEA to give members the option of donating additional monies to the Goodcents Program.
- David Pelunis-Messier, District 1, thanked GVEA staff, board of directors and the MAC committee members for all of their hard work on the Annual Meeting. He also introduced himself as a candidate for the board seat in District 1.
- Mike Musick, District 2, requested that GVEA continue looking into renewables—solar, wind, geothermal. He said GVEA needs to quit burning carbon.
- Dale Durrwachter, District 2, cautioned members about the consequences of too much renewable energy. He spent the winter in the southwest where an explosion of solar power was installed and that the feedback into the system was greater than what was used. This also caused the utility's revenues to decrease and rates to increase.

Adjournment

At 8:15 p.m., Chairman Schikora entertained a motion to adjourn the meeting. A motion was made and seconded; the motion passed.

Winners of Electric Certificates

- \$50 – Terri Ramsey
- \$250 – John & Shirley Hanchett, Douglas Hanson, Vernon & Janet Miller and Thomas Theisen
- \$500 – Patricia Donovan, Margaret Ungrodt, Michael Schuetz and Claire Wingfield

Winners of HomeSense Audits

- Mary Bishop, Beth Cender, James Durst, John Hanchett and John Rathbun