

**Golden Valley Electric Association
Meeting Minutes of the May 3, 2018 Annual Members' Meeting
Approved by the Membership on May 2, 2019**

Welcome: President & CEO Cory Borgeson welcomed members to Golden Valley Electric Association's 71th 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 for the second consecutive year.

Pledge of Allegiance: Mr. Borgeson led the audience in the Pledge of Allegiance. He then introduced Chairman of the Board Rick Schikora who recently celebrated 32 years on the board and represents members in District 3.

Call to Order and Introductions: Chairman Schikora called the meeting to order at 6:31 p.m. He introduced David Messier, District 1; Tom DeLong, Vice Chairman, District 2; Gary Newman, District 4; Chris Bunch, District 5; John Sloan, Secretary, District 6 and Bill Nordmark, Treasurer, District 7; Susan Redlin, Executive Administrative Assistant; John Burns, Vice President and General Counsel; and Jeannie Phillips, Parliamentarian.

Sergeant-At-Arms: Chairman Schikora recognized the Sergeants-At-Arms: Allison Carter; Angela Ritchie; Karm Singh; Richard Theilmann; Peter Van Flein; Enlow Walker and Gary Woody.

Secretary's Notice of Meeting and Proof of Quorum: Secretary Sloan reported that on April 1, 2018, Ruralite Services mailed copies of the April 2018 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 2018 Annual Members' Meeting.

Secretary's Quorum Report: Secretary Sloan said he was pleased to announce that 456 members on record registered for the 2018 Annual Meeting, which exceeds the 100-member quorum required by GVEA's Bylaws. The final registration count was 488 members.

Approval of the 2017 Annual Meeting Minutes: Chairman Schikora asked for a motion to approve the 2017 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. Messier announced and congratulated the 2018 scholarship award winners:

- \$2,000 Continuing Education Scholarships: Cassandra Sanborn, Elora Swan and Evan Venechuk
- \$2,500 Academic Scholarships: Tigan Donaldson, Shayna Matson and Kiara Simpson
- \$15,000 Academic Scholarship: Samuel Brown

Mr. Messier reported that GVEA's Career & Technical Education Scholarship will be awarded in August 2018.

Director Elections for Districts 4 and 7: Mr. Bunch reported that the April 2018 *Ruralite* magazine introduced members to candidates for director elections in Districts 4 and 7.

Mr. Bunch reported that the candidates for District 4 are Frank Eagle, incumbent Gary Newman, and Rob Wall, and the candidates for District 7 are Brad Benson and incumbent Bill Nordmark. Members in these districts will receive an election packet by mail. The packet will contain a paper ballot to be returned by mail, as well as instructions for online voting.

Member Advisory Committee: Mr. Bunch said that one resource GVEA has for potential board members is 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, and assist at annual meetings. 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 reclearing crews are back in the field, and when you see them working in your neighborhoods, please keep a safe distance from their machinery.

Theme for the 2018 Annual Members' Meeting: Tree Wars

Mr. Borgeson presented a video entitled "Tree Wars," which is the theme for the 2018 Annual Meeting.

Right-Of-Way Re-Clearing Efforts

Mr. Borgeson stated that warmer winters and longer growing seasons are causing vegetation to grow at an accelerated pace. He reported that 60 percent of GVEA's outage minutes last year were due to fallen trees in the power lines, with squirrels coming in at a close second. To combat this problem, GVEA has beefed up its Right-of-Way Reclearing Program by adding four more crew members, purchasing additional equipment and initiating the reclearing work season earlier in the year.

Mr. Borgeson reported that GVEA is putting new technology in the field, which includes new software to allow GVEA's Right-of-Way Maintenance Planner to record and photograph exact locations that need to be cleared. GVEA is also accelerating its reclearing schedule from seven-to-ten years to five-to-seven years.

For safety reasons, Mr. Borgeson recommended that members do not approach clearing crews in the field. Members should also keep right-of-ways clear of obstructions, since these obstructions can slow down reclearing crews and slow down linemen when restoring power during outages.

Mr. Borgeson stated that GVEA will continue to do its best to keep the lights on. However, as long as there are trees in the Interior, there will be tree-related outages. Hazard trees outside of the right-of-ways can still fall into power lines. The easements granted by members provide GVEA with the options when removing hazard trees. He added that GVEA is thankful for the membership's patience and support as the "Tree Wars" continue.

Service Drop Maintenance

Mr. Borgeson said that while GVEA works to keep its right-of-ways clear, it is the member's responsibility to keep the area under their service drop clear. If a member allow trees to grow under their service drop, it may disrupt their power. A video was shown on service drops.

Mr. Borgeson emphasized that safety is of utmost importance and scheduling GVEA come out to temporarily remove the service drop before members start cutting trees near their service drop is a free service available to the membership. He reminded members that they should not touch trees that have fallen on any power line, instead call GVEA immediately. The safest policy is to hire a professional to remove your trees.

Meter Replacement Project

Mr. Borgeson explained that the meters on homes and businesses connected to service drops are about 20 years old and have reached the end of their useful life. New meters will be installed in 2018.

Mr. Borgeson explained there are many benefits to the new meters, including outage detection and restoration. GVEA dispatchers will know if a house or business is experiencing an outage, resulting in faster response times. The new meters will save the co-op money because a meter technician will not be needed for disconnects or reconnects, nor will they have to drive through neighborhoods once a month to download meter reads. The new meters will be remotely read and be able to connect or disconnect a service from the office. This will save time and money and reduce air pollution by having fewer vehicles on the road.

Mr. Borgeson said an online portal would be launched after all the new meters are installed and will give members secure access to their usage data. This will give members the ability to view their usage at its highest, which can help them plan a strategy to reduce consumption and save on their electric bills.

Mr. Borgeson explained that the radio frequency of the new meters is less than earth, cell phones, and the old meters. The meters do not invade members' privacy and are unable to record or track individual appliances. The meters only records whole-house usage, just like the existing meters. The new meters do not transmit any personal information over the network. The data from all these new meters are transmitted to GVEA via secured and encrypted means. They include two data points: a meter number and the amount of energy a whole home uses.

Mr. Borgeson reported that GVEA will be notifying members by mail before the meters are changed out. An automated phone call will be made with a callback number, should members have questions. The meter replacement program is driving technology upgrades throughout GVEA offices. GVEA has installed a new SCADA system that allows staff to more efficiently dispatch our generation plants and substations. Computer tablets have also been issued to field staff to access detailed system maps and diagrams allowing GVEA to respond to members' needs more timely and efficiently.

Cybersecurity

Mr. Borgeson explained that cybersecurity is a major focus at GVEA. GVEA is working with other Railbelt utilities to keep systems safe and secure. A video was shown on cybersecurity.

Mr. Borgeson thanked GVEA's IT team for keeping our system free from cyber-attacks and said GVEA aims to keep it that way.

Mobile App

Mr. Borgeson presented a video on the mobile device app introduced at last year's annual meeting.

Update Member Contact Information

Mr. Borgeson said that GVEA's automated voice response phone system can notify members in case of an outage, which requires a member's email and/or cellphone number. Members were encouraged to update their information with Member Services by filling out a form on the GVEA website or by contacting or stopping by a GVEA office.

Payment Kiosks

Mr. Borgeson explained that computerized, automated kiosks are becoming popular. GVEA will be installing its first kiosk in the arctic entry of the Fairbanks lobby later this year and will eventually expand to other communities, like Delta and Healy.

Healy Unit 2 Update

Mr. Borgeson shared the good news about GVEA's 50 megawatt coal-fired plant, Healy Unit 2. Since the purchase from the State of Alaska in December, 2013, GVEA has invested in general refurbishing of the plant and improving the plant's environmental performance.

Mr. Borgeson said that the plant has worked, except for the coal feed system, which had a design flaw that has knocked the plant offline twice. He reported that the repairs are nearly complete and GVEA will be firing up Healy 2 in June 2018 to begin testing. GVEA is confident of where the plant will be in the future.

Financials-Annual Report

A video was played on capital credits.

Chairman Schikora reported that in late 2017, GVEA's board authorized an accelerated payout of \$4.2 million in capital credits from calendar year 2016. This was in addition to capital credits from 1992, which totaled \$3 million, for a grand total of \$7.2 million. This is the first year capital credits refunds were issued after just one year. Typically refunds are issued after 25 years. He reminded new members that capital credits are one of the many perks of belonging to a co-op and being member-owned.

Chairman Schikora reported that GVEA is in good financial health. In 2017, total operating margins were just under \$26 million; total revenue of just under \$242 million and general and administrative costs were reduced, despite significant increases in operating costs due to winter storm costs.

Chairman Schikora reported GVEA's equity has grown during the last five years to just under 30 percent equity. This shows GVEA's financial strength. Five years ago, GVEA stood at 20 percent equity and GVEA was concerned about going forward with large projects. GVEA has been able to build capital projects, like the Eva Creek Wind Farm and the acquisition and restart of Healy 2, while building equity.

Chairman Schikora praised GVEA's 275 employees for their hard work, making sure that the memberships' power is on when needed by maintaining power lines, ensuring our substations are functioning, and operating the day-to-day business of the cooperative.

Environmental

Vice Chairman DeLong shared that before becoming a director, he would attend the annual meeting. During one such meeting, he recommended that GVEA form a committee to pursue renewable energy. The GVEA Green Power Advisory Committee (GPAC) was formed, which was made up of members and staff that were well known in the community for their interest and expertise in renewable energy.

Vice Chairman DeLong said that the GPAC was responsible for the creation of the Sustainable Natural Alternative Power (SNAP) program. Under this program, members volunteer a monthly dollar contribution on their electric bill to be split up among members that produce renewable energy. GVEA now offers SNAP Plus, a net-metering program that allows members to offset their own electric use with their own on-site production. Today, GVEA has 200 producers of renewable energy on GVEA's system.

Vice Chairman DeLong said he was elected in 2005 and has seen the co-op take a positive direction toward greater environmental stewardship. In 2005, the board established a Renewable Energy Pledge to meet a goal set at name plate capacity of renewable generation equal to 10 percent of its annual peak load by 2007 and 20 percent by 2014.

Vice Chairman DeLong shared that with the Eva Creek Wind Farm, GVEA has achieved those goals and is reviewing its pledge with a new stretch goal this year. It will be based on CO2 production and not name plate capacity. GVEA built the Eva Creek Wind Farm north of Healy and

it is capable of producing 24 megawatts of renewable power. This summer, GVEA will be building a 563-kilowatt (or ½ a megawatt) solar demonstration in South Fairbanks.

Vice Chairman DeLong mentioned the solar panel that was on display in the lobby and said GVEA will install 1,760 panels for the solar demonstration project. The solar demonstration project will be the largest solar installation in Alaska. The goal of the project is to give GVEA experience in solar plants. A video was played regarding the solar demonstration project.

Vice Chairmen DeLong commented that electric vehicles are going mainstream and could be a game changer for GVEA. He asked the audience to imagine several thousand vehicles charging on GVEA's system every night, which would increase electrical demand, while decreasing tailpipe emissions.

Vice Chairman DeLong shared that GVEA added two hybrid electric vehicles to GVEA's fleet for employees to use when traveling around town on GVEA business. This is just one way to reduce GVEA's carbon footprint. A video was played outlining GVEA's environmental commitments.

RCA & DWP Ruling Recap

Mr. Borgeson said that in February 2018, the Regulatory Commission of Alaska (RCA) resolved all regulatory issues relating to Delta Wind Farm's (DWF) request to interconnect and sell energy from its proposed 13.5 MW wind facility in Delta Junction to GVEA.

Mr. Borgeson said that GVEA's evaluation and modeling showed that putting more wind power into the grid would have significantly increased GVEA's fuel and maintenance costs and would have jeopardized reliability. In the final analysis, the RCA agreed; the cost of integrating Delta Wind Farm's proposed wind project far exceeded the benefits, which would be an economic disadvantage to members.

Mr. Borgeson shared a quote from the RCA's report, "*Unless DWF agrees to pay GVEA \$0.16 per kWh to take DWF power (which we do not expect it to do), GVEA's ratepayers will be subjected to higher costs if GVEA takes power from DWF.*"

Mr. Borgeson said that the RCA's decision was bitter-sweet; while GVEA is pleased with the commission's ruling, particularly that GVEA acted in good faith in complying with the RCA's regulations, the decision underscores the difficulty of economically integrating renewables into GVEA's system.

Mr. Borgeson assured members that GVEA will continue to work internally and with independent power producers to integrate more renewable power into our system, as long as GVEA can keep members' costs low and maintain system reliability.

Mr. Borgeson shared that the developer of Delta Wind has come back to GVEA with an exciting geothermal idea, which GVEA is very interested in pursuing.

President & CEO Closing Comments

Mr. Borgeson concluded his report by talking about the importance of communications. GVEA communicates with its members through the *Ruralite*, GVEA's web page, blogs, social media, newspapers and the annual meeting. Members are invited to GVEA's monthly board meeting. He also recognized the importance of communications within GVEA. He said he meets with all new employees, has all-employee meetings on a quarterly basis, meets with supervisors once a month, and meets with the Executive Team once a week.

Mr. Borgeson emphasized that communications are critical, and he shared his top issues, which are:

- 1. Safety**

Mr. Borgeson said he hopes that everyone goes home safely to their families. He does everything he can, with the support of the board, to have a culture of safety at GVEA and wants every employee, whether a lineman or a member service rep to be safe. He continued to say GVEA is concerned about the safety of family members and the community.

- 2. Trust**

Mr. Borgeson emphasized that there needs to be trust within GVEA, between union and non-union employees, older and younger employees, and with our members. Employees' interactions with members are opportunities to build that trust and each and every member, as an owner, is important to GVEA.

- 3. Cost matters**

Mr. Borgeson said we need be considerate of members who are on fixed incomes and those who cannot pay their electric bills. GVEA must be good stewards of all revenue that comes into GVEA.

- 4. Golden Valley College/Succession Planning**

Mr. Borgeson expressed the importance of all employees being educated and having opportunities for training, development and mentoring. This will ensure GVEA keeps the power on and that the utility is successful for years to come. It is really about succession planning and Golden Valley College is his vision to make this happen.

- 5. Quality Performance Management/Continuous Improvement**

Mr. Borgeson wants to ensure GVEA has a high-quality performance management program. Performance management is about setting goals, measuring performance, and then reviewing and recognizing that performance. This creates a circle of continuous improvement, which is why GVEA has quarterly meetings to review performance.

Mr. Borgeson expressed his appreciation to employees for their phenomenal work at GVEA.

Member Comments

- Alan M. Armbruster, District 1, asked about the status of the Susitna-Watana Hydroelectric Project.
- James A. Laferriere, District 3, requested an article be placed in the *Ruralite* regarding the AMI meter usage website that includes a timeline when it will be available.

- Sean McGuire, District 2, thanked GVEA for their efforts regarding renewable energy.
- Michael R. Pollen, District 2, asked if GVEA is involved with the state's \$54 million dollar implementation plan to improve air quality and reduce PM2.5 in Fairbanks.
- Lisa Baraff, District 2, commented that May 3rd is the 40th anniversary of Sun Day and also thanked GVEA for their efforts regarding solar energy.
- Diane Preston, District 2, thanked the board for taking on renewable energy and encouraged GVEA to consider other wind projects or partnering with the Railbelt utilities, before Healy 1 is decommissioned.
- Randall Frank, District 1, asked if it is possible not to receive a paper bill since he pays and views his bill online.
- Charlotte Basham, District 1, thanked GVEA for bringing more solar energy to the community and purchasing hybrid electric cars. She asked GVEA to consider a community solar project.
- Richard Seifert, District 1, thanked the board and GVEA for the loan to the Co-op Market, which is doing well. He asked that GVEA be bold in the solar endeavor. He also voiced his support of Gary Newman and questioned why his name was not submitted by the Nominating Committee.
- Daniel Osborne, District 1, a former GVEA director for 30 years, said he supports GVEA's decision to not purchase wind power from the Delta Wind Farm. He encouraged GVEA to shorten the right-of-way reclearing time frame from a seven-year to a five-year rotation.
- Philip D. Martin, District 2, thanked GVEA for the Eva Creek Wind Project and for the solar demonstration project. He urged GVEA to set a new renewable goal.
- James A. Eddy, District 4, stated he has been receiving power since 1969 and asked why he receives notification when the power goes out, but not when it comes back on.
- Karm S. Singh, District 2, commented that when he worked for Golden Valley for 21 years, right-of-way reclearing was on a five-year plan and asked when it went to a ten-year plan. He suggested GVEA keep the right-of-way reclearing crew on through the winter months to reduce outages.
- Mark W. Hodge, District 1, commented that the Kershaw 500 is a very powerful machine and that his property was damaged and may never recover as a result of the reclearing crews' efforts last fall. He suggested that smaller machines be used in residential areas.
- Patrice Lee, District 4, encouraged GVEA to explore all alternative options for producing power at lower costs and clean up our air. She also thanked GVEA for the renewable energy, as well as the board, especially Gary Newman for the hard work that he puts in to being her representative.
- Bruce Foote, District 1, was upset after the reclearing crew left debris in his right of way. He also stated that he sent a letter to GVEA 15 years ago, giving permission to clear 20 feet to reduce outages.

- Sharon Alden, District 4, thanked the reclearing crew for clearing problem trees before they caused an outage.
- Scott V. Bell, District 2, thanked GVEA for the Eva Creek Wind Project and the Solar Demonstration Project. With the new meters, members can possibly shift load times. He asked that GVEA look into additional renewables.
- Bradley Benson, District 7, said he is running for the District 7 board seat. He commented that he is currently serving on the MAC. GVEA should continue to push forward with green energy and thanked the members for their support.
- Allison M. Carter, District 3, suggested the Nominating Committee review the policies and bylaws regarding nominating board members.
- Catherine Walling, District 2, thanked GVEA for the solar project and encouraged the co-op to be bold and creative and think outside the box for future projects. The board should consider annual metering instead of monthly metering on the solar project.
- Paul Koop, District 3, thanked the board and the crews for their extra work this winter. He asked if the rates would be reduced when Healy Unit 2 came back online, what the rates are for distribution verses cost of electricity, and what Clear Air Force Base pays for their electricity.

Adjournment

At 8:09 p.m., Chairman Schikora entertained a motion to adjourn the meeting. A motion was made and seconded; the motion passed.

Winners of Electric Certificates

- \$250 – Bruce & Margaret Foote; Lindy Newsome; Thomas & Bonnie Marsh; and Jiang Zhu.
- \$500 – Christian Drury; Mary & Delmar Lashinski; Erik & Charmaine Matson; and Roy Nictune.

Winners of Home\$ense Audits

- Gary Depue; Kathy Glodowski; Bridget Handy; Cynthia Klepaski; and Ann Richards.

Winners of Home Depot Gift Card

- \$50 – Don & Julia Triplehorn.