

Golden Valley Electric Association

Meeting Minutes of the May 2, 2019 Annual Members' Meeting

Subject to Membership Approval (As Recorded by the Recording Secretary)

Call to Order and Introductions: Chairman Schikora called the meeting to order at 6:33 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; Bill Nordmark, Treasurer, District 7; Susan Redlin, Executive Administrative Assistant; John Burns, Vice President and General Counsel; and Jeannie Phillips, Parliamentarian.

Welcome and Pledge of Allegiance: President & CEO Cory Borgeson welcomed members to Golden Valley Electric Association's 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 third consecutive year. Mr. Borgeson led the audience in the Pledge of Allegiance. He then introduced Chairman of the Board, Rick Schikora, who was elected by members in District 3. *(Note: Door prizes were awarded throughout the meeting and are noted at the end of these minutes.)*

Sergeant-At-Arms: Chairman Schikora recognized the Sergeants-At-Arms: Carol Lee Gho, Kerry Kirby, Angela Ritchie, Karm Singh, Richard Theilmann and Enlow Walker.

Notice of Meeting and Proof of Mailing and Publication: Secretary Sloan reported that on April 1, 2019, Ruralite Services mailed copies of the April 2019 edition of the *Ruralite* magazine to all GVEA members of record. The *Ruralite* contained the notice of the annual meeting informing members of the time, date and place of the 2019 Annual Members' Meeting. (Members on record 35,104.)

Report of the Quorum: Secretary Sloan said he was pleased to announce that 447 members on record registered for the 2019 Annual Meeting, which exceeds the 100-member quorum required by GVEA's Bylaws. The final registration count was 493 members.

Approval Meeting Minutes: Chairman Schikora asked for a motion to approve the 2018 Annual Meeting Minutes. A motion was made and seconded; the motion passed.

REPORTS BY PRESIDENT & CEO AND DIRECTORS

Scholarship Awards: Director Gary Newman announced and congratulated the 2019 scholarship award winners:

- \$2,000 Continuing Education Scholarships: Logan Lockwood, Daniel Manley and Kiara Simpson.
- \$2,500 Academic Scholarships: Travis Brase, Sam Delamere and Isabel Lesseig.
- \$15,000 Academic Scholarship: Sabrina White.

Mr. Newman reported that GVEA's Career & Technical Education Scholarship will be awarded in August 2019. (The 2018 recipient was Amanda Roberts.)

Board of Director Elections for Districts 5 and 6: Director Dave Messier reported the April 2019 *Ruralite* magazine introduced members to candidates for the director election in District 5: Incumbent Chris Bunch and Mark Oppe.

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He also stated that in District 6, director John Sloan is running unopposed. He explained that the District 6 Nominating Committee fulfilled its duties and submitted two names. However, one of the candidates subsequently withdrew. GVEA received no other candidates for this seat via the petition process. GVEA Bylaws do not allow for write-in candidates. Therefore, in accordance with GVEA policy, a motion was made and passed by the board at the March 25, 2019 board meeting to forego the election process for District 6. The board voted to appoint director Sloan to serve another 3-year term effective June 24, 2019, which is the date the election results will be certified.

Member Advisory Committee (MAC): Mr. Messier reported that the MAC is a group of 21 members who help GVEA better serve members. The MAC meets one evening a month; they volunteer on nominating committees, serve as judges for director elections, and assist with annual membership meetings. Mr. Messier highly recommended members apply to serve on the MAC. A video was shown on the MAC.

Safety Moment: Mr. Borgeson explained that every meeting at GVEA begins with a safety moment. Mr. Borgeson and Art Hughes, GVEA Right-of-Way Maintenance Technician, spoke about and demonstrated chain saw safety.

Annual Meeting Theme: Mr. Borgeson reported that the theme for the 2019 Annual Meeting is “Here Comes the Sun.”

GVEA’s Solar Project: Mr. Borgeson reported that GVEA recently commissioned the largest solar project in Alaska. He then introduced Vice Chairman Tom DeLong to talk about the project. Mr. DeLong said this project will help GVEA understand how large-scale solar performs and what it costs to operate in GVEA’s part of the world. A video was shown on GVEA’s Solar Farm.

SNAP Program: Mr. DeLong reported that small-scale solar and wind projects, built by GVEA’s members, are experiencing huge growth. These members are a part of GVEA’s SNAP Program, GVEA’s Renewable Energy Program. SNAP pairs-up members who want to produce green power with members who want to purchase it. Two years ago, GVEA had 165 SNAP power producers; today there are 249 producers. A video was shown on SNAP producers.

SNAP Plus Program: Mr. DeLong reported that a few years ago GVEA introduced a new and improved version of SNAP called SNAP Plus. Members can use the power they generate to offset their own energy use, while selling their excess power to GVEA. Some of GVEA SNAP Plus members are seeing zero dollar electric bills during June and July. A video was shown on the SNAP Plus Program.

GVEA Leader in Green Power Amongst Railbelt Utilities: Mr. Borgeson reported that amongst the six Railbelt utilities, GVEA dispatches the highest percentage of renewable power.

Renewable Energy Pledge: Mr. DeLong reported that in 2005, the board adopted a Renewable Energy Pledge. It set two targets: the capacity to generate 10 percent of peak load by 2007, and 20 percent of peak load by 2014. GVEA achieved those goals, making GVEA the greenest utility in the Railbelt.

Carbon Reduction Goal: Mr. DeLong indicated that it had been five years since GVEA met its green goal, so the board decided to go big. Unlike GVEA's previous goals that focused solely on power plant capacity factor, the new goal is much more comprehensive. A committee of GVEA board members, staff, and members spent more than a year working on this project. The board adopted GVEA's new Carbon Reduction Goal at the January 2019 board meeting. GVEA is committed to reducing the co-op's total carbon output by 26 percent by the year 2030, as compared to 2012 emissions levels, without impacting members' rates or reliability over the long-term.

Mr. DeLong added that the board recognizes there are many ways to reduce emissions besides large-scale renewable power projects. These include renewable energy, waste-heat recovery, demand-side management, alternative fuels and energy storage. GVEA may also reach its goal via carbon off-sets. He said that this is a very aggressive goal, and the technology required to reach it does not yet exist. However, GVEA board members have complete confidence that GVEA can and will achieve this goal. Management will update the board semi-annually on the co-op's progress, and the board will report progress to members each year at the annual meeting.

Eva Creek Wind Farm: Mr. DeLong reported that the Eva Creek Wind Farm is performing very well. On occasion, Eva Creek produces more power than GVEA can economically use on its system, so GVEA has been selling some wind energy to Matanuska Electric Association in Palmer. After decades of purchasing power from Southcentral Alaska, it is nice to be sending some locally generated, clean energy back down the line.

PM_{2.5}: Naomi Morton Knight, GVEA's Environmental Officer, spoke about the Fairbanks and North Pole air quality problems. She reported that while PM_{2.5} can be threatening to one's health, it may soon impact members' finances. As each month passes that the PM_{2.5} problem is not fixed, regulations and requirements from the Environmental Protection Agency (EPA) continue to ratchet-up. These regulations can raise the price members pay for electricity and heating oil. Regulators could demand that GVEA and other power plants add millions of dollars in emissions controls or maybe even shut some plants down. Bureaucrats could also outlaw the use of #2 heating oil in the borough, forcing residents to use more-expensive, ultra-low-sulfur fuel in their furnaces. She said the great irony is these actions will not solve the PM_{2.5} problem.

Ms. Knight displayed a chart from an independent study that showed that over seven winters just 17 percent of ground-level PM_{2.5} in Fairbanks comes from power plants and home heating oil. Another 17 percent comes from vehicles. Sixty-six percent of ground-level PM_{2.5} comes from wood smoke. So, expensive emissions controls on power plants and more expensive heating oil would only impact this relatively small slice of the problem.

Ms. Knight reported that GVEA joined with a number of local businesses, associations, non-profits and educational institutions to form the Affordable Energy Group. The goal of the group is to stop the government from increasing the cost of energy in Fairbanks. The group wants to solve the PM_{2.5} problem without additional government regulations. She reported that the Affordable Energy Group commissioned two informational TV spots asking the public for its help with PM_{2.5}. The TV spots were shown. Mr. Borgeson added that Fort Wainwright said they are unable to expand their mission because of air quality concerns; they can't bring in new troops or new equipment because of the PM_{2.5} problem.

GVEA's Reclearing Efforts: Mr. Borgeson reported that the milder winters and warmer summers are causing trees to grow faster, which is resulting in more tree-related outages. GVEA has accelerated its clearing schedule from every seven years, to every five years and has invested in new equipment, a larger clearing crew, and hired a planner who identifies key areas that need to be addressed. A video was shown on GVEA's right-of-way planning efforts. Mr. Borgeson also reported that the reclearing and line crews now use drones to patrol the rights of ways quickly, easily and safely. A video was shown on line drone work.

Financial Update: Chairman Schikora reported that GVEA's financial performance for 2018 was very good. Total operating margins were just under \$6.3 million. This was based on total revenues of just over \$248.5 million. Non-operating margins of almost \$3.5 million brought total margins for 2018 to just over \$9.7 million. General administrative costs were up for the year, as were operation and maintenance costs for distribution and transmission. The latter was due to a significant increase in right-of-way clearing efforts. Depreciation costs were up a bit under \$1.3 million, mostly due to depreciation of Healy Unit 2.

Of note was a loss in "Other Income" this year – that is the recognition of the loss GVEA incurred in 2019 on the sale of its pipeline facilities, netted against other normal non-operating margin items. For accounting purposes, because the loss was known and measurable in 2018, GVEA recognized this in 2018. GVEA operated the crude and residual oil lines between Alyeska's pipeline and the refineries for many years. Despite a regulated return, the board believed it was best to sell this asset, because it was not directly related to GVEA's electric operations and to reduce potential environmental liabilities.

Chairman Schikora reported that GVEA is getting closer to its target of 30 percent equity. The equity position compared to the total assets on GVEA's books is a measure of financial strength. The more equity, the stronger GVEA is. Five years ago, GVEA's equity stood at 20 percent, and GVEA was concerned as it went forward with large projects that it could potentially drop below 20 percent. GVEA is very pleased that it was able to build capital projects like the Eva Creek Wind Farm, the solar farm, as well as the acquisition and restart of Healy Unit 2, while building equity.

Chairman Schikora reminded members that GVEA is a member-owned, not-for-profit cooperative. Electric cooperatives do not earn profits in the sense that other businesses do. Instead, any margins left over at the end of the year are reinvested in the co-op. But after a time, members get their margins back, based on the amount they originally paid for electricity. These are called capital credits, and they are typically refunded after 25 years. In late 2018, GVEA's board authorized repayment of \$4.5 million in capital credits from 1993. In addition to capital credits from 1993, the board also authorized refunds of \$4.8 million in capital credits from 2017. Together that was a grand total of \$9.3 million. This was the second year that GVEA refunded capital credits in an accelerated payout schedule – the prior year had a grand total of \$7.2 million for the years 2016 and 1992. That's over \$16 million that was returned to our members and went back into our local economies over the past two years. This is a great way to remind new GVEA members that capital credits are one of the many perks of belonging to a co-op and being a member-owner. When GVEA does well, members do well.

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Chairman Schikora reported that overall GVEA is in excellent financial shape. He added that one of the ways GVEA saves money every day is through economic dispatch. Like a motorist who goes out of their way to save money on gas, GVEA goes out of its way to find low-cost resources to provide members power. A video was shown on economic dispatch.

Healy Unit 2: Mr. Borgeson reported that coal is one of GVEA's least-expensive, most-reliable fuel sources; and that is why GVEA purchased and refurbished the Healy Unit 2 power plant. After two failed startups, GVEA employees were concerned about safety. So GVEA turned to one of the most-trusted names in safety: Caterpillar, the earth moving equipment company. Representatives from CAT Safety Services made multiple trips to Healy and supervised an employee-driven, continuous-improvement process that resulted in a safe and successful restart. A video was shown on CAT Safety Services with Healy employees.

Healy Unit 1: Mr. Borgeson reported that Healy Unit 1 has been operating almost continuously since 1967. He then introduced director Dave Messier to give an update on Healy Unit 1.

Mr. Messier said that Healy Unit 1 has proven to be a reliable generation asset for GVEA, providing low-cost power to residents of the interior for the last 52 years. A recent, extensive evaluation by Golden Valley staff showed that Healy Unit 1 could continue to operate safely for at least another decade. He added that utilities across the country are closing their coal-fired power, replacing them with lower-cost, lower-emitting natural gas power plants combined with low-cost renewables. Unfortunately, GVEA does not have access to low-cost natural gas at this time, and proposals that the directors and staff have reviewed so far for wind and solar are 3 to 5 times the cost of what renewable developers are building in the Lower 48. As GVEA evaluates options for keeping Healy Unit 1 online, GVEA is weighing a variety of different factors into the decision, and the board hears and respects all members' viewpoints on this important issue. Some of the factors the board is weighing:

- Golden Valley faces a deadline in 2024. By consent decree with the EPA, GVEA will be required to add millions of dollars more in emissions controls to Healy 1, or shut the plant down.
- If Healy Unit 1 were to be shut down, GVEA would have to find another base-load fossil fuel to make up the shortfall. That fossil fuel is currently oil. The price of oil rises and falls like a roller coaster taking electric bills with it.
- A pressing issue for the entire community is air quality. Currently, Healy 1, and the 28 MW of energy it provides to our community, is located 90 miles south of town, and it does not contribute to the PM_{2.5} issue Fairbanks and North Pole communities are faced with. Modeling shows that by shutting down Healy Unit 1, GVEA would need to burn millions more gallons of oil each year at the North Pole Power Plant, doubling or tripling the cost of fuel for this portion of GVEA's base load and worsening our community's PM_{2.5} issues.

Mr. Messier said GVEA could invest millions of dollars into new environmental controls for Healy Unit 1, but GVEA would have to run the plant for decades to recover that investment. That would make it much harder to reach GVEA's carbon reduction goal. And, he added, the cost of emissions controls would increase members' electric bills. Mr. Messier said that as battery storage and renewable energy technology advance and decrease in cost and as our community gets closer to, we hope, importing low-cost, cleaner-burning natural gas, GVEA is trying to use Healy Unit 1 as a

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bridge to an affordable lower-carbon future. GVEA upgraded Healy Unit 1's emissions controls in the 1990s and again in 2015. GVEA is evaluating petitioning the EPA to allow us to keep Healy Unit 1 operating until 2030 with the existing emissions controls.

Technology Update: Mr. Newman reported that members can now pay their electric bills via cash, check, credit card or debit card at a kiosk located in the Fairbanks Member Services building. GVEA is hoping to add kiosks in Delta Junction and Healy in the next few years.

Mr. Newman also spoke about GVEA's new online Member Portal. Members can now manage their accounts from the comfort of their home, with their computer or mobile devices. Members can view or pay bills; manage account settings; and view electrical usage by the month, week, day or hour. Members have the opportunity to learn about their own usage patterns and consumption. A video was shown on the new Member Portal.

Mr. Newman reported that Golden Valley is in the final stages of its Meter Replacement Project. GVEA has replaced over 47,000 meters and has fewer than 1,300 to go. The new meters give members secure access to their usage data. If a member is interested in seeing their consumption, they will be able to see how many kilowatt hours they've used down to 15-minute increments. These new meters also improve outage detection and restoration efforts. GVEA's dispatchers will know about outages before members can phone to report them.

Mr. Newman said a few members have expressed concerns about the new meters and GVEA recently hosted a series of four special member meetings in both North Pole and Fairbanks. GVEA publicized these meetings in the Fairbanks Daily News-Miner and on social media. About a dozen members attended at least one of the four meetings, and it was a good opportunity to hear their concerns over privacy, health and safety impacts. Mr. Newman reported the new meters do not invade members' privacy; the meter records whole-house usage, just like the old meter did. The new meters do not transmit any personal information over the network; all the data is sent to GVEA's office securely encrypted. Mr. Newman said some members are concerned about radio frequency emissions or RF. The new meters emit less RF than the meters they are replacing, much less than the wireless internet in one's house, and 12,000 times less than cell phones. He said there is RF all around us, both natural and human created. If GVEA thought the new meters created a health or safety risk, GVEA would not have installed them. Nevertheless, some members have still expressed a desire to move their meter service entrance equipment off their house and onto a yard pole. Members with that concern can contact GVEA's New Construction department to determine their options.

President & CEO Closing Comments: Mr. Borgeson concluded his report by saying the future is bright and full of potential. GVEA is a critical part of the military: Missile Defense at Fort Greely, Long Range Discrimination Radar at Clear Air Force Station and the F35s that are coming to Eielson Air Force Base, with an estimated 3,000 new jobs. Mr. Borgeson reported that the mining community is vibrant, as well as the tourism industry. He said GVEA has so much to be proud of: dedicated employees who are constantly improving the ways that we serve members and a safety culture that is second to none. He thanked everyone for attending the 2019 Annual Members' Meeting.

Member Comments

1. Juanita Pearce, District 5, asked if GVEA is exploring the use of geothermal energy.
2. Timothy Holoday, District 6, asked GVEA to keep the Delta office open.
3. Joseph Lavorgna, District 6, also requested GVEA to keep the Delta office open.
4. Shoshana Kun, District 1, encouraged GVEA to pursue additional renewable energy and to decommission Healy Unit 1.
5. Eric Muehling, District 1, suggested GVEA consider paying SNAP producers the full residential rate for energy production, instead of the avoided cost rate.
6. James Laferriere, District 3, suggested GVEA consider having the same billing date each month.
7. Jeanne L. Olson, District 5, requested future annual meetings be scheduled for a night when the borough assembly meeting is not being held and commented on coordinated community efforts to tackle PM_{2.5} air pollution.
8. John Gaedeke, District 1, asked GVEA to consider allowing members to add money to their electric bills to go towards funding solar projects.
9. Douglas Yates, District 2, commented on AMI meters and efforts to bring 5G technology to the Interior.
10. Tom Baring, District 2, commented on global warming and encouraged GVEA to reduce carbon emissions by 45 percent.
11. Erica East, District 1, shared concerns about right-of-way reclearing that occurred at her home in April 2019.
12. Eugene Augustin, District 2, inquired about President & CEO Cory Borgeson's salary.
13. Sean McGuire, District 2, encouraged GVEA to continue pursuing renewable energy.
14. Nicole Eiseman, District 2, encouraged GVEA to continue pursuing renewable energy and to re-think the commercials regarding PM_{2.5} that were aired during the meeting.
15. Roger Kaye, District 1, commented on climate change; asked GVEA to promote energy efficiency; and find new ways to incorporate renewables into the grid.
16. Frank Keim, District 1, commented on climate change, commended GVEA for its focus on renewables and spoke against coal.
17. Sharon Alden, District 4, encouraged GVEA to continue to pursue renewable energy, to increase GVEA's Carbon Reduction Goal and to implement off-peak-use discount rates.

DRAFT

18. Randolph Griffin, District 3, offered his support for keeping Healy Unit 1 running through 2030.
19. John Davies, District 1, commented on GVEA's Carbon Reduction Goal and suggested adding a carbon tax to fund renewables.
20. Robert Bird, District 3, commented on burning wood pellets instead of wood.
21. Kasey Casort, District 2, suggested GVEA increase the Carbon Reduction Goal to 45 percent; increase renewables, and perform a feasibility study for broadband.

Chairman Schikora read a statement regarding broadband: *As a result of member support for broadband at prior board meetings and indications of additional online interest, GVEA has reviewed the terms of the Asset Purchase Agreement with MTA that was entered into when GVEA sold AlasConnect to them in December 2015. While GVEA appreciates that many members are unhappy with the quality and extent of internet service available in our community – particularly in the outlying areas, GVEA has concluded that we are contractually prohibited from engaging directly or indirectly in providing either wireless or wireline broadband services for a period of five years. GVEA has always honored its contractual commitments, and we intend to continue doing so. For that reason, GVEA is not able to provide Broadband services ourselves, or participate with or assist others in providing broadband at this time. Please contact AlasConnect, MTA, ACS or GCI regarding these services or conducting studies.*

22. Patrice Lee, District 4, commented on the need for regional energy policies; encouraged GVEA to support electrostatic precipitators to help mitigate the PM_{2.5} air quality conditions; and asked for increased renewables.
23. Diane Preston, District 2, commented on climate change; asked that GVEA continue to pursue additional renewables; suggested time-of-day metering; and said that she would like GVEA to develop a community solar project.
24. Karl Franke, District 1, suggested GVEA increase the Carbon Reduction Goal to 45 percent and look into hydrogen energy.
25. Mary MacFarlane, District 1, commented that she is grateful to GVEA's right-of-way clearing crews for reclearing efforts and encouraged GVEA to pursue more renewables.
26. Scott Bell, District 2, suggested GVEA increase the Carbon Reduction Goal and renewables. He also asked GVEA to consider a community solar project and implement demand-side management.
27. Odin Miller, District 2, commented on climate change and encouraged GVEA to transition away from coal-fired generation.
28. Philip Martin, District 2, thanked GVEA for the Carbon Reduction Goal and suggested staff review emerging technologies while working on the goal.

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29. Michael Musick, District 2, suggested GVEA increase the Carbon Reduction Goal to 50 percent by 2030 and net-zero fossil fuels by 2050.
30. Alison Carter, District 3, suggested that GVEA pursue a feasibility study to provide broadband services and said she is proud that GVEA is at the top of the list of renewable energy providers in Alaska.
31. Savannah Fletcher, District 2, suggested GVEA increase the Carbon Reduction Goal and expressed her concerns over the PM_{2.5} commercials that were shown during the meeting.
32. Merrick Peirce, District 1, inquired about the total cost to purchase and refurbish Healy Unit 2 and if GVEA was working with the Interior Gas Utility to bring natural gas to Fairbanks.
33. Mark Oppe, District 5, said the PM_{2.5} air pollution issue is a community issue and encouraged GVEA to support the distribution of electrostatic precipitators into the community.
34. Linda Brown, District 1, suggested GVEA transition off of coal and added that she would be willing to pay more on her electric bill to keep the coal in the ground.
35. Charlotte Basham, District 2, commented on GVEA's SNAP Program and suggested that income from the Goodcents Program be directed towards energy efficiency/renewable energy projects.
36. Walter Rutherford, District 2, said he appreciates GVEA's fuel diversity and he supports the PM_{2.5} commercials that were shown during the meeting.
37. Tristan Glowa, District 1, commented on GVEA's Carbon Reduction Goal and said GVEA should be spending more on innovative technologies rather than pricey fossil fuel.
38. Dianne Marshall, District 1, commented on hydropower, PM_{2.5} issues, broadband and solar energy.
39. Princess Lucaj, District 2, said she was moved by the video on building a safety culture at the Healy Unit 2 plant and suggested GVEA increase the Carbon Reduction Goal to 50 percent by 2030.
40. Alex Koponen, District 2, commented on the pie chart slide for PM_{2.5} air pollution in Fairbanks and suggested additional slides about dry wood, energy audits and pellet stoves.
41. James Eddy, District 4, commented on steam heat, the Alaska Intertie and Fairbanks Natural Gas.
42. Catherine Walling, District 2, echoed support for increasing renewables and GVEA's Carbon Reduction Goal.
43. Roger Burggraf, District 1, commented on liquefied natural gas to help reduce PM_{2.5} air pollution.

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44. Ruth Knapman, District 4, thanked GVEA for the member comment portion of the meeting and the board for their hard work.
45. Shirley Liss, District 1, commented on solar power and questioned the location for GVEA's Solar Farm.
46. Terry Duszynski, District 2, commented on GVEA's HomeSense program; asked that BusinessSense be reinstated; and spoke about the U.S. Department of Energy's Zero Energy Ready Home Program.
47. Jacquelyn Evans, District 3, asked community members to do their part to reduce energy consumption.
48. Mike Craft, District 2, commented on PM_{2.5} air pollution.
49. Harold Graetz, District 4, suggested GVEA allow members to opt-out of the AMI meter replacement installation.
50. Glen Risse, District 4, commented on solar energy and asked GVEA to help members install solar on their homes.

Adjournment

At 9:19 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 Electric Credit: James & Linda Conley; Doug & Lisa Jones; Guy & Patrice Lee and Ken Rydberg.
- \$500 Electric Credit: Roger & Melinda Evans; Mary & Delmar Lashinski; Hiroe Petrie and Alfred & Erna Sturmann.