

DIRECTOR DUTIES & COMPENSATION

A Local Viewpoint

BY ROD MARTINEZ, PRESIDENT, GRAND VALLEY POWER BOARD OF DIRECTORS



ROD MARTINEZ, GUEST COLUMNIST

I believe that Grand Valley Power's hometown nature is a big reason for its success over the years. Everyone in the organization — members, directors and employees — has a connection to Mesa County. With local ownership, operation and governance, our cooperative structure encourages open lines of communication that build trust and accountability. If you have a question about something the co-op is doing, you can pick up the phone and talk to one of your directors. Since he or she lives and works in your community and faces the same kind of challenges you face, they are likely to understand your perspective and answer your question in a meaningful way.

The hometown governance of electric co-ops is widely recognized as a good thing, but it presents its own set of challenges. Our cooperative has assets totaling about \$90 million and takes in more than \$30 million per year in revenue. This qualifies as big business in our neck of the woods. We must have directors on our governing board with financial literacy and competency in planning and other key areas. Expertise and experience in these areas is not always easy to find. With the pace of change in the world around us, it is critical for Grand Valley Power to have the ability to attract and develop qualified directors.

A director is a person elected or appointed to the governing board of the organization. Collectively, directors are authorized to direct the affairs of Grand Valley Power. The board must ensure the long-term operational and fiscal health of the cooperative. It must provide guidance so that the direction of the organization is consistent with the wishes of its consumer-members. All the power

of the cooperative, except that explicitly reserved to the membership, resides in the board. In exercising this power, the directors cannot disregard obligations that the cooperative may have under state or federal laws or regulations, such as Occupational Safety and Health Administration and Environmental Protection Agency regulations or federal antitrust laws. With power comes responsibility and potential liabilities common to all corporate directors.

A cooperative board of directors has three fundamental roles:

- 1. Representing members and advocating their interests.** The board must prudently represent the interests of the cooperative and the interests of the members as a group in directing the business and affairs of the cooperative within the law.
- 2. Fiduciary oversight responsibility.** A fiduciary is one who owes to another the duties of good faith, trust, confidence and candor; one who must exercise a high standard of care in managing another's money or property. These duties are owed to all members.
- 3. Regulator-setting rates.** Rates must be just, reasonable and defensible. They must be sufficient to cover necessary costs; and be nondiscriminatory regarding consumers, classes of consumers or locations. They must ensure that electric service is adequate, safe and dependable and be responsive or restored in a timely manner.

GVP belongs to its consumer-members and is operated as a business for and in the best interest of GVP's consumer-members. The board of directors has the power to determine the corporate mission; approve

policies; allocate resources; decide what lines of business to be in (consistent with state law); hire, appraise and compensate the CEO; approve the auditor; approve the corporate attorney; and hire, select and retain other consultants as needed.

For an electric co-op board of directors, proper management of these concerns would not be possible without training and education. This kind of training and education requires an investment by the co-op, and by the individual director. The co-op pays for instructors, materials and facilities used for training, and the individual director contributes his or her time and effort. Directors attend courses covering topics such as strategic planning, financial decision-making and energy risk management. Members of the Grand Valley Power board devote the time and attention necessary to go to school to learn what they need to know to carry out their duties for the members of the co-op.

In order to ensure that it can engage qualified men and women to serve on its board, Grand Valley Power bylaws provide that directors should be compensated. In this context, it is fair for co-op members to want to know how much their directors are spending on themselves. Grand Valley Power compares favorably with other Colorado cooperatives. In 2018 cooperatives in the state expended an average of about \$208,000 to compensate directors and pay for travel and tuition in connection with industry conferences and education. In comparison, Grand Valley Power incurred expenses totaling about \$145,000 for its nine

directors. The rate impact averages out to about \$9.21 per meter annually. Breaking it down further, this equates to about 8 cents per director per month.

It is important to note that the level of participation and engagement of each director impacts the amount of compensation he or she receives. If a director misses a board meeting or does not take advantage of educational opportunities, compensation will not be as great. The board president and GVP board members who serve as directors on the boards of associated cooperatives receive additional compensation. Members with questions about the details of Grand Valley Power's director compensation

policies are encouraged to contact me or any member of our board of directors. Director email addresses can be located on gvp.org.

When I look around the GVP boardroom, I see that what drives our directors is a commitment to the communities they call home. With their service, they are simply trying to improve the quality of life in these communities. Their real reward comes in knowing that they have helped our cooperative achieve this goal, for their friends and neighbors across the Grand Valley.

COMMENTS TO THE CEO

You are a member of a cooperative and your opinion does count. If you have any questions, concerns or comments, please

let Tom Walch know by writing to Ask the CEO, P.O. Box 190, Grand Junction, CO 81502, or send an email to twalch@gvp.org. Check out our website at gvp.org.

BOARD MEETING NOTICE

Grand Valley Power board meetings are open to the members, consumers and public. Regularly scheduled board meetings are held at 9 a.m. on the third Wednesday of each month at the headquarters building located at 845 22 Road, Grand Junction,

The monthly agenda is posted in the lobby of the headquarters building 10 days before each meeting, and posted on the GVP website. If anyone desires to address the board of directors, please let us know in advance and you will be placed on the agenda.



Tom Holman retires on January 2 after 41 years of service at GVP.



Tom Holman is featured in the 1983 edition of the GVP Annual Report for five years of service.

FOUR DECADES OF SERVICE: Tom Holman Retires

Tom Holman, one our talented service planners, has decided to retire from Grand Valley Power after 41 years of service. His last day was January 2.

It's hard for some to imagine four decades of a career at one company. For Tom, it was a simple answer. "I always wondered about where to work [when I was younger] and decided to go to school to be a lineman," Tom said. "I started at GVP as an apprentice lineman in 1978 and never left. I stayed because we have really great people at GVP and I enjoyed working with our members. Thank you to all of GVP members, employees and the board of directors. I'll miss working with all the different people."

Born and raised in Montrose, Tom decided to attend the lineworker school at Mesa College, known as Mesa College Hotline School. After school, he was hired on at Grand Valley Power in May 1978 as an apprentice lineman and eventually was named foreman. After 14 years of being in the field, he then moved to engineering as

a service planner. He was responsible for working with consumers directly, building new services or upgrading old ones to ensure their power demands were met.

Tom's dedication over the last four decades definitely deserves a little rest and relaxation. He plans on spending time with his wife, Theresia, and helping out with his granddaughter, Aubrey. In addition, he has some projects at home and golfing in his spare time.

"It's an amazing accomplishment to have an employee reach 40 years of service. We can't give enough thanks to Tom for his dedication in serving our members all these years," stated Tom Walch, chief executive officer of Grand Valley Power.



DON'T POST ON ME: POWER POLES

Most jobs do not require you to climb 40 feet in the air and conduct business within a few feet of high-voltage power lines that carry 7,200 volts of electricity. However, for many utility workers, this is just another day at the office.

Across the nation there are millions of utility poles that provide the electricity that powers everything in your daily life — including the brewing of your morning cup of coffee and the lighting you turn off before going to bed. The electricity we depend on would not be possible without the utility workers who maintain and repair these utility poles. While power poles may seem like a convenient place to advertise for a garage sale or business, they're the last place you should be hanging anything on. By respecting utility poles, you can help keep your community powered and your local utility workers safe.

Posters or other objects (like birdhouses, balloons, flags or décor) create hazards for the lineworkers who repair and maintain

UTILITY POLES ARE NOT BULLETIN BOARDS

Staples, nails, tacks and screws used to hang signs and fliers create dangerous obstacles for electric lineworkers.

**THINK BEFORE YOU
POST THAT SIGN**



utility poles and other electrical infrastructure. Utility workers use specialized climbing devices to perform regular maintenance and repair damaged power lines at the top of utility poles. Nails, tacks and other metal objects that are used to attach objects to utility poles can cause a lineworker to slip and can interfere with the safe operation of the climbing tools used by utility workers.

Foreign objects that are embedded in utility poles can also snag or damage the protective clothing and gloves that keep

lineworkers safe from electrocution. These men and women already work in extremely hazardous conditions, so everyone who relies on electricity should take steps to make their job as safe as possible.

Other items that have been found on utility poles include tree stands for hunting. If you plan on hunting, do not place tree stands or other objects on utility poles. Doing so not only creates a risk for utility workers, but it is also extremely dangerous for yourself or anyone who uses it. For your own safety, please keep as much distance between yourself and overhead power lines as possible.

Because our employees work in a dangerous industry, we take safety seriously. We want each and every one of our employees to make it home safely each night. We have a pretty good track record so far — we recently celebrated 365 days without a lost-time accident. But we need your help to keep it that way. We appreciate your help in keeping utility poles clear and our lineworkers safe.

ENHANCED METER CORNER

BY MEMBER SERVICES



TOP 5 BENEFITS



METERS IDENTIFY
SOURCE OF POWER
OUTAGES MORE
QUICKLY



DAILY AND HOURLY
ENERGY USE AVAILABLE



FEWER VISITS TO
YOUR HOME OR
BUSINESS



IMPROVED
RELIABILITY SO YOU
HAVE FEWER SERVICE
INTERRUPTIONS



USAGE DATA CAN
HELP YOU MAKE
SMARTER ENERGY
CHOICES TO SAVE
MONEY

GVP is continuing deployment of our enhanced metering project in the Grand Junction area. Visit gvp.org/EnhancedMeters for more information and FAQ's.

Three Easy DIY Projects to Save Energy



One of the best ways to seal air leaks is to weather strip exterior doors, which can keep out drafts and help you control energy costs. ▶

Applying caulk around windows, doors, electrical wiring and plumbing can save energy and money. Photo credit: Rare Form Properties. ▶

BY ABBY BERRY



Winter weather can have a big impact on your energy bills and pocketbook. Now that spring is just around the corner, it's the perfect time to tackle a few DIY efficiency projects for your home. The good news: You don't have to be an energy expert to do this. There are several easy ways to save energy, but if you're willing to take a hands-on approach, here are three projects you can do now to start saving.

Make the most of your water heater

Start with one of the easiest projects: insulating your water heater. Insulating a water heater can save 7 to 16 percent annually on your water heating bills. If your water heater is new, it is likely already insulated, but if your water heater is warm to the touch, it needs additional insulation.

You can purchase a pre-cut jacket or blanket for about \$20. You'll also need two people for this project. Before you start, turn off the water heater. Wrap the blanket around the water heater and tape it to temporarily keep it in place. If necessary, use a marker to note the areas where the controls are so you can cut them out. Once the blanket is positioned correctly,

tape it permanently in place and then turn the water heater back on. If you have an electric water heater, do not set the thermostat above 130 degrees, as it can cause overheating. Setting it at 120 degrees will save on heating costs.

Seal air leaks with caulk

The average American family spends \$2,000 annually on energy bills. Unfortunately, much of that money is wasted through air leaks in the home. Applying caulk around windows, doors, electrical wiring and plumbing saves energy and money. There are many different types of caulking compounds available, but the most popular choice is silicone. Silicone caulk is waterproof and flexible and won't shrink or crack.

Before applying new caulk, clean and remove any old caulk or paint with a putty knife, screwdriver, brush or solvent. The area should also be dry before you start.

Apply the caulk in one continuous stream and make sure it sticks to both sides of the crack or seam. Afterward, use a putty knife to smooth out the caulk, then wipe the surface with a dry cloth.

Weather strip exterior doors

One of the best ways to seal air leaks is to

weather strip exterior doors, which keeps out drafts and helps you control energy costs. Weather stripping materials vary, so ask your local hardware or home store for assistance if you're unsure about the supplies you need.

When choosing weather stripping materials, make sure it can withstand temperature changes, friction and general wear and tear for the location of the door. Keep in mind, you will need separate materials for the door sweep (at the bottom of the door) and the top and sides.

Before applying the new weather stripping, clean the moldings and let the area dry completely. Measure each side of the door, then cut the weather stripping to fit each section. Make sure the weather stripping fits snugly against both surfaces so it compresses when the door is closed.

By completing these simple efficiency projects, you can save energy while increasing the comfort level of your home and impress your family and friends with your savvy energy-saving skills.

Abby Berry writes on consumer and cooperative affairs for the National Rural Electric Cooperative Association.