

# COST-OF-SERVICE STUDY EXPLAINED

BY TOM WALCH CHIEF EXECUTIVE OFFICER

In our November issue, I discussed inflation and the rising costs that electric cooperatives, such as Grand Valley Power, are facing. All operations of an electric cooperative are funded through the rates paid by the members. As a not-for-profit, member-owned business serving Western Slope communities, GVP has two primary objectives.

The first is to provide safe, reliable and affordable service to the members. The second objective is to maintain sound financial operations that satisfy the requirements of our lenders.

This past summer, GVP commissioned a cost-of-service study conducted by a third-party provider, GDS Associates, Inc. The cost-of-service study is an independent analysis used to determine the actual cost to provide electric service to our members. The study reviews the current rate design to see if costs are recovered as they are incurred. As with any organization or business, there are fixed costs and variable costs. It is important that fixed costs are recovered through fixed charges (your basic monthly service charge) and variable costs (such as energy use) are recovered through the variable energy charges on the monthly bill.

GVP's rate tariffs are designed to recover our costs to purchase power from Xcel Energy as well as the expenses we incur distributing that power to consumers. Our goal is to develop rates that recover costs as

fairly and equitably as possible. A cost-of-service study considers all of GVP's costs and allocates those costs to the various rate classes using established industry standards. The recommended rates that flow out of a cost-of-service study are often called "cost-based" rates.

The study seeks to balance cost recovery among customer classes, with a goal of minimizing one class subsidizing the others. As noted last month, our last cost-of-service study was completed over eight years ago. The new study has indicated that, with projected future wholesale power costs increasing along with growing costs to build and maintain a resilient and sustainable power supply, we will have to undergo a rate restructure in 2022.

Future energy costs are still uncertain. Laws and regulations seeking to advance a clean energy future, from both state and federal policymakers, continue to drive reduction in carbon and greenhouse gas emissions, integrating clean power sources and adopting beneficial electrification technologies — all at a cost. Xcel Energy has signaled an increase in our future power supply bills. Since purchased power accounts for approximately 54% of GVP's annual costs, any adoptions made by Xcel Energy toward infrastructure and supply could substantially impact our rates.



TOM WALCH

Our board of directors will consider the cost-of-service study, as well as management recommendations, and decide this winter on the rate adjustment needed for 2022. As always, the objective will be delivering reliable and affordable power while providing exceptional customer service at the lowest possible cost.

## 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 me know by writing to Ask the CEO, P.O. Box 190, Grand Junction, CO 81502, or send an email to [twalch@gvp.org](mailto:twalch@gvp.org). Visit our website at [gvp.org](http://gvp.org).

## BOARD MEETING NOTICE

Grand Valley Power board meetings are open to members, consumers and the 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, CO.

The monthly agenda is posted in the lobby of the headquarters building 10 days before each meeting and is also posted on the GVP website. If anyone desires to address the board of directors, please let us know in advance by calling 970-242-0040, and you will be placed on the agenda.



## YOU GET THE CREDIT!

Check your mailbox this December! Our board of directors has approved to retire (pay) over \$1.4 million in CashBack Credits this year.

[gvp.org/CashBackCredits](http://gvp.org/CashBackCredits)

## DECK THE HALLS SAFELY

There's nothing like putting up lights and decorations to get you in the holiday spirit. It's something that many of us do each and every year without incident, yet the holidays are also one of the most hazardous times of the year when it comes to electrical fires and accidents.

We at Grand Valley Power and our friends at Safe Electricity offer several tips as you deck the halls this season:

- When decorating outside, look up and around for power lines. Never throw lights or other decorations into trees near power lines.
- Keep ladders, equipment, and yourself at least 10 feet from power lines.
- Match plugs with outlets. Do not force a three-pronged plug into a two-pronged outlet or extension cord.
- Outside, use only lights, cords, animated displays and decorations rated for outdoor use. Follow manufacturers' instructions on how to use them. Ensure outdoor outlets and extension cords are equipped with ground fault circuit interrupters (GFCIs)
- Never string more strands of lights together than recommended by the manufacturer.
- Do not staple or nail through light strings or electrical cords. Use plastic or insulated hooks to hang lights.
- Do not attach cords to utility poles.

The outside of your home is not the only place where you need to be cautious of electrical dangers. Use care when placing and decorating trees inside your home. Place freshly-cut and artificial trees away from heat sources such as registers, fireplaces and radiators and water a freshly-cut tree frequently. And don't forget to turn the tree lights off before you go to sleep — using a timer can help.

Grand Valley Power wishes you and your family a safe and happy holiday season. For more information on holiday safety tips visit [gvp.org/energy-efficiency](http://gvp.org/energy-efficiency).



**Official Drop-Off Location**

**TOYS FOR TOTS**

DROP OFF YOUR NEW, UNWRAPPED TOYS THROUGH DECEMBER 7

GRAND VALLEY POWER  
845 22 ROAD, GRAND JUNCTION, CO 81505  
MON-FRI FROM 8 A.M. - 5 P.M.

MARINE CORPS RESERVE  
**TOYS FOR TOTS**

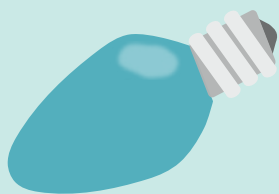


**Let it Glow**  
Christmas Light & Decorating Contest

Open to all Fruita, Loma, and Mack Residents & Businesses

Entry Deadline **Tue, Dec 7th** Winners Announced **Fri, Dec 17th**

Visit [fruitachamber.org](http://fruitachamber.org) For More Information



Consider LED lights when replacing old light strands. LEDs use 80 to 90% less energy than incandescent bulbs. That's a savings of up to \$3.00 per strand of bulbs\*!

\*Estimated savings calculations are based on running lights five hours a day for 30 days and are based on GVP's cost of 10.58 cents per kilowatt-hour, as of December.

# 5 MYTHS ABOUT APPLYING FOR SCHOLARSHIPS

BY DANA POGAR COMMUNICATIONS SPECIALIST

Here's the fact: Applying for scholarships can be time-consuming and overwhelming. There's a variety of information and myths surrounding scholarships and your next steps toward college. Grand Valley Power has a longstanding and robust scholarship program and we are here to help you navigate the application process. So, let's bust the top five most common misconceptions when applying for scholarships.

## Myth #1: You must be an "A" student to receive a scholarship.

Wrong. Of course, academic performance is considered in GVP's scholarship selection process. However, grades and test scores don't always give a full picture of a student. Scholarship applications are graded based on a variety of qualities, such as financial need, school and community involvement, chosen career path and much more. Don't allow one bad grade on your transcript discourage you from applying for this once-in-a-lifetime opportunity.

## Myth #2: You must be a high school student to receive a scholarship.

False. Whether you are a traditional graduating high school senior or a parent looking to go back to school in order to change career fields, we have a

scholarship for you. To apply to GVP's scholarship program, you must submit a completed application that includes an official transcript from the last high school or college attended, two letters of recommendation and a typed essay on why you should be awarded this opportunity. The time it would take you to complete your essay is equivalent to watching three episodes of your favorite Netflix series.

## Myth #3: Scholarship competition is too intense. I shouldn't bother applying.

Not true. This is one of the many benefits of being a member of a rural electric cooperative. The competition for scholarships is much less in a hometown community when compared to a larger city or national programs. GVP's scholarship program is reserved for cooperative members only, with the exception of the Western Colorado Community College Electric Lineworker scholarship — this scholarship is available to any Mesa County resident pursuing a career in the lineworker industry.

## Myth #4: You must be a great essay writer to receive a scholarship.

Grand Valley Power requires all applicants to submit a 500-word essay describing current community and leadership

involvement, extracurricular activities and why the student should receive a scholarship. Although the scholarship selection committee looks for proficient writing skills, they often take a closer look at the "meat" of the essay. This means we want to get to know you. Tell us about your time as a student and what makes you stand out above all the rest.

## Myth #5: Scholarship applications are too much work for the results.

Some scholarship applications can be very daunting. And when competing with thousands of students, it can seem pointless. However, GVP makes applying for scholarships easy to help applicants avoid the anxiety of having a big competition — that's a benefit of being a hometown student.

We just busted the top five misconceptions and it's time to start your future NOW. Grand Valley Power is accepting scholarship applications through March 1, 2022.

For more information and to apply, visit [gvp.org/scholarship-program](http://gvp.org/scholarship-program).



DANA POGAR



## Co-op Holiday Office Schedule

Christmas Eve (Dec. 24) - CLOSED

Christmas Day Observed (Dec. 27) - CLOSED

New Years Day Observed (Dec. 31) - CLOSED

## Co-op Calendar

December 7 - Toys For Tots Drop-Off Closes

December 11 - Fruita Winter Wonderland Parade of Lights & Tree Lighting



## Sandeen-Hall Achieves Board Credential

BY CHRISTMAS WHARTON, COMMUNICATIONS MANAGER

Carolyn Sandeen-Hall, Board President of Grand Valley Power, recently received the Board Leadership Certificate (BLC) from the National Rural Electric Cooperative Association (NRECA) which recognizes individuals who continue their electric cooperative professional development. The BLC is the next step in advancing the knowledge and experience directors need to govern the cooperative effectively.



^ Carolyn Sandeen-Hall has been on the board since 2016. Carolyn serves as the current board president. Her completion of this Credential program demonstrates her strong commitment and ongoing preparation to serve our members.

An ever-changing business environment has imposed new demands on electric cooperative directors, requiring knowledge of changes in the electric utility business, new governance skills and a solid knowledge of the cooperative principles and business model.

The NRECA BLC is part of the continuing Director Education Certificate Program and recognizes individuals who further their professional governance development beyond the basic requirements of a Credentialed Cooperative Director (CCD). Directors who have attained the BLC have completed ten advanced credits in issues-oriented courses.

## LINE CREW POV

Preston Dillingham, GVP Lineman, recently shared his point of view (POV) from up top on the Grand Mesa after a recent snowfall in October - the first snow of the year! His POV was submitted by his father, Clint, and family friend, George.



Submit your POV photos to [cwharton@gvp.org](mailto:cwharton@gvp.org)



### NOTICE TO MEMBERS: LATE FEES TO RESUME JANUARY 1

Beginning on January 1, 2022, Grand Valley Power is returning to standard billing procedures and assessing penalties for late fees, trip charges and reconnect fees which were temporarily waived during the height of the COVID shutdowns. For additional information please visit [gvp.org/news-center](http://gvp.org/news-center).