

HARD CHOICES

BY CAROLYN SANDEEN-HALL GRAND VALLEY POWER BOARD PRESIDENT

As a director of our member-owned electric cooperative, one of the most difficult decisions I am called on to make is to vote on a rate increase. The questions and concerns directors are hearing from members about the rate change are the same ones we deliberated ourselves. The impacts rate changes have on directors are the same ones felt by many consumers. As board president, I see it as my responsibility to address some of these concerns in hopes that the members can understand why the rate adjustment is necessary. I will use these pages to share my thoughts.

WHY ARE RATES GOING UP?

With inflation hitting a 40-year high, consumers everywhere are seeing costs rise for just about everything we have to buy. GVP is a consumer too. We buy poles, wire, transformers, conduit — everything we need to deliver electricity to our members. We buy trucks and equipment, along with fuel, tires and parts needed to get to those poles and wires. We have seen our prices for these essentials rise dramatically. We all know that fuel prices have gone up 50% in the last year. As much ground as our crews must cover, this is a significant addition in cost. At the last board meeting, staff reported that, in the space of a week, the cost of conduit increased from about \$10 per foot to \$16 per foot. The price of our wood poles went up 10% that same week. It looks like interest costs will be increasing as well. This is significant, as funding our workplan requires that we borrow \$3 million or more each year.

Supply chain issues also affect us. Some of our costs may go up as we try to build inventories. Orders for garden variety transformers take a year or more to fill. If we order a replacement bucket truck now, we will be lucky to take delivery in 2025.

Taking these factors into account, our cost-of-service study recommended a 4.25% rate increase to cover projected cost increases.

The cost challenges don't stop there. Xcel Energy, GVP's wholesale electricity

provider, has advised us that our wholesale power bill will be going up 1.5% to 2% every year for the foreseeable future. In addition to these cost increases, Xcel indicates that the monthly fuel cost adjustment that is added to our bill will also increase. Xcel's costs are going up for a variety of reasons. Coal-fired generation plants are being shut down before the end of their projected life cycle as part of the move to cleaner energy. But ratepayers still have to pay for these plants. Xcel is increasing its reliance on natural gas burning generation to replace some of its coal generation. Natural gas is also being used to provide power when Xcel wind and solar generation facilities are not producing. The cost of natural gas is volatile and has been on a steady rise. Our wholesale power costs are also expected to go up to help pay for additions to Xcel's transmission system. Xcel is proposing that its transmission customers pay for a \$1.7 to \$2 billion investment to improve the grid and enable future renewable energy development.

Our cost-of-service study recommended a 3.61% increase to cover rising wholesale power costs. The total increase averages 7.85% across all rate classifications.

COSTS EVERYWHERE ARE GOING UP.

DO GVP RATES HAVE TO BE INCREASED NOW?

The GVP board always views rate discussions with empathy for the members. GVP has been facing increasing cost pressures for several years. The board initially talked about a rate adjustment several years ago. It was initially delayed so that we could gather data from our new enhanced metering system to help us come up with an effective, equitable rate design. We delayed it again when the pandemic hit. Instead of a rate increase, we tapped our unclaimed capital credit balance and used it to support members with the GVP Hometown Relief Fund. Last February, the \$2.4 million Xcel fuel cost adjustment caused us to postpone the move again, as we knew that combining a rate increase with the fuel cost recovery could have devastated some



CAROLYN SANDEEN-HALL

of our consumers. But in 2022, with cost pressures ramping up, the board feels that GVP cannot put this off any longer.

WHAT CAN CONSUMERS DO TO MANAGE THE COST INCREASE?

In addition to providing a more equitable rate structure, GVP's new time-of-use rates give consumers who are able to shift their electricity usage the opportunity to reduce the impact of the rate increase. Consumers naturally focus on the increase in the kilowatt-hour charge during the five-hour on-peak window. You should not lose sight of the fact that the kilowatt-hour charge goes down during the remaining 19 hours of the day. Consumers with less than 25% of their energy consumption during the on-peak period will lessen the impact of the rate increase. In most cases, a drastic change is not necessary because most consumers are already below 30% consumption during the on-peak window.

Over the course of the year, if enough GVP consumers shift their usage, it could lower — or at least reduce the rate of increase of — our wholesale power bill. Any savings would be passed along to our consumers with a power cost adjustment, or PCA.

IS THERE ANYTHING GVP CAN DO TO CUT ITS COSTS SO THAT A RATE INCREASE IS NOT NECESSARY?

GVP historically runs very efficiently. The board and management staff continually track our performance. Compared to other Colorado electric cooperatives, our total controllable expenses per consumer are among the lowest in the state. For the past five years, GVP rates have been among the lowest in the state for cooperatives with similar size and load characteristics. The rate adjustment we are implementing will

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move us near the mid-point. If we were not dealing with higher costs from Xcel, our rates would still be lower than average. We achieve these results because we are always looking for ways to control costs.

Other than power supply, our biggest cost is labor. As we celebrate National Lineman Appreciation Day in April, it is a reminder of the special skill and commitment that is required of our team members. That skill and commitment comes with a cost. It is always a challenge to balance workforce needs and requirements, and the contributions from consumers that must pay for the workforce. We try to find a balance that is fair to the employees as well as the members. Our experience confirms what experts have told us: The best way to do this is to pay wages that are consistent with the labor market. This is what we try to do. By paying fair wages, we have developed a team that is engaged and motivated. Team members work efficiently, without the added cost of high turnover that many employers are seeing. We have a team that focuses on our core principles of safety, service and value. We see the results of this focus in an outstanding safety record, where our employees just marked three

years without a lost-time accident. We see it in great reliability, where we wrapped up 2021 with the best reliability rating in our co-op's history — and one of the best reliability records in the nation. And we see it in the pride our team members take in providing the Five-Star Customer Service that members have grown accustomed to. These results have been produced efficiently, as we have not had a rate increase in 10 years.

Other factors make it difficult to contain costs. We must deal with the growing risk of wildfires and costs associated with reducing that risk. Increased cybersecurity threats also put us at risk and require investments to protect our organization and our consumers. With the pace of growth in the Grand Valley, we have more consumers to serve and more miles of line to build and maintain. As much as we would like to avoid a rate increase, the board cannot see a way to do so and maintain our financial position in an acceptable way.

The challenges outlined here underscore the difficult job that GVP directors have. The board was faced with a hard choice. It would have been easier to ignore the cost pressures and kick the can down the road for another board to address. To their

credit, the directors recognized why the rate change was necessary, and they made the tough decision to vote for it. Using serious and thoughtful decision-making processes, these directors have the interests of GVP members foremost on their minds.

ASK THE CEO

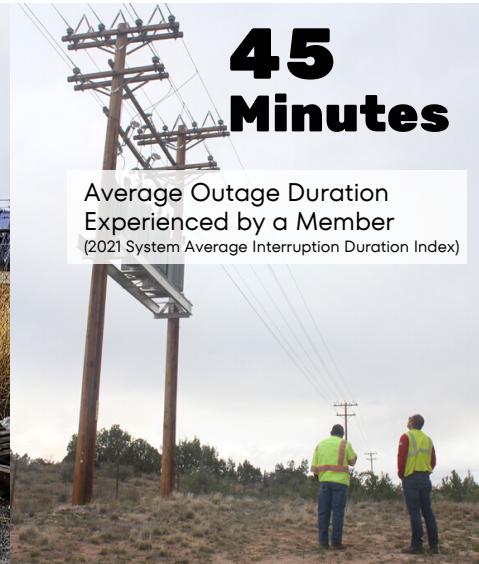
You are a member of a cooperative and your opinion does count. If you have any questions, concerns, or comments, please write to Ask the CEO, P.O. Box 190, Grand Junction, Colorado 81502, or email twalch@gvp.org. Check out our website at gvp.org.

BOARD MEETING NOTICE

Grand Valley Power board meetings are open to the members, consumers and public. The April 2022 board meeting is scheduled for 9 a.m., Tuesday, April 19, at the headquarters building located at 845 22 Road, Grand Junction, Colorado.

The monthly agenda is posted in the lobby of the headquarters building 10 days before each meeting and 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 to be placed on the agenda.

Safety & Reliability Highlights



NO FOOLIN': APRIL IS SAFE DIGGING MONTH

BY CHRISTMAS WHARTON COMMUNICATIONS MANAGER

Spring showers bring May flowers, but digging in your yard this spring could bring big trouble. Even if you think you could get lucky or that digging one small hole (or two) won't matter, don't take for granted what lines might lurk beneath the soil in your yard or easement.

Before you use that post-hole digger or other unearthing tools, STOP and call 811 to request that buried electric, gas, cable and other live lines in or near your yard be marked. The service is free, but digging in an unmarked yard may not be.

You might think you don't have time for that and ask yourself, "What's the worst that could happen?" You could die, injure

yourself or injure others. Read that one more time! It doesn't make that yard project quite as pressing, does it?

Other consequences of blindly digging and taking a chance? You could cause a power outage. You could hit a gas line and get burned or cause an evacuation in your neighborhood. You could be fined. If you hit a telephone line or fiber optic line, you might lose your telephone, cable TV or internet service.

Although it all seems like "your" yard, utilities have the right-of-way to the live lines lurking under the ground in places where you might dig. In fact, nearly two in five U.S. homeowners will put themselves



CHRISTMAS WHARTON

and their communities at risk this year by digging without calling 811 beforehand, according to data collected by Common Ground Alliance.

So, before you start to dig this spring, call 811 or submit a locate request online at Colorado811.org before you dig. Each state has its own call center and website dedicated to help you get digging safely. As call811.com says, "Know what's below." Then dig safely. For more about outdoor electrical safety, visit gvp.org/outdoor-safety.

GVP WILL BE CLOSED
ON GOOD FRIDAY:
FRIDAY, APRIL 15



Welcome Aboard

COLE ZUNICH

Journeymen Lineman

Promotions

DAN REID

Purchasing, Materials and Compliance Manager

ERIC LOWARY

Warehouseman

Retirements

GARY BILLIET

Purchasing, Materials and Compliance Manager



Director Petitions Available April 25

The election for the Grand Valley Power Board of Directors is approaching. While the election is held in August, the nominating procedure starts in April. There are three director positions up for election every year. This year, the directors whose terms expire are Rod Martinez, Carolyn Sandeen-Hall and Sylvia Spangler.

To be eligible to become or remain a director, a person must receive electric service from GVP at the member's primary residence. A director cannot be engaged in a competing enterprise or in other businesses involving a conflict of interest. GVP's bylaws provide in-depth information on director qualifications, terms, elections, meetings and officers.

Election procedures for the board of directors are governed by Colorado statute. The cooperative's bylaws and election policy comply with statutory requirements. These bylaws and policies can be found on GVP's website at gvp.org/director-elections. Upon request, these written documents can be picked up at GVP's headquarters or mailed to you.

Nominating petitions will be available to be picked up beginning April 25 at the GVP office. **Petitions must be signed and returned no later than the close of business on June 3, 2022.**

If no more than three petitions are returned to fill the three director positions that are open for this year's election, there will be no mail ballot and the election of directors will take place at GVP's annual meeting to be held on Thursday, August 4, 2022, at Colorado Mesa University's Meyer Ballroom.

More details on the election process can also be found at gvp.org/bylaws.

WHAT IT TAKES TO BE LINEMAN STRONG

BY DANA POGAR COMMUNICATIONS SPECIALIST

Everyone knows that it takes years of education, training and experience to become a doctor — and because of this, we immediately trust their abilities to care for our medical needs. But have you ever considered the same line of thought when turning on your television or electric stove? Behind every switch is a lineworker who has committed years of their life to learn how to safely deliver reliable electric service to your home.

To understand what a person has been through, it's best to put yourself in their shoes — or in this case, climbing boots. Though we celebrate all year, to honor our crews for National Lineworker Appreciation Day on April 11, we are going to walk you through what it takes to power our hometown community and the education needed to become lineman strong.

ELECTRIC LINEMWORKER SCHOOL

To begin your career as an electric lineworker, you must start as a groundsman, earn an associates of applied science, or a technical certificate in electric linework. Fortunately, we're lucky enough to have an electric lineworker program right here in the valley at Western Colorado Community College. During school, students can expect to learn the fundamentals of electric line work while diving into complex subjects such as transformer connections, underground repair and installation, equipment operation, and most importantly, job safety. This program can take approximately one to two years to complete.

APPRENTICESHIP

Now that you've learned the fundamentals of electric linework in a classroom (or in the field), it's time to find an apprenticeship and put your knowledge on the line. During your apprenticeship, you will endure four years of rigorous on-the-job training in preparation for the journeymen lineman certification exam.

To qualify for the exam, an apprentice must complete over 8,500 hours of field training and countless hours of studying before becoming a certified journeymen lineman. "Each month, I am assigned a module that focuses on a specific area of line-work. Before moving onto the next module topic, I must pass a series of smaller exams," GVP Apprentice Hunter Henderson said. "I have to score a minimum of 80% on each section before I can move onto the next topic," he explained. He is on his fourth year of Grand Valley Power's apprenticeship program and is expected to earn his journeymen certificate in this year.

JOURNEYMAN CERTIFICATION EXAM

You've made it through four years of training and it's time take the next step in your career and take the journeyman lineman certification exam. The exam consists of 300 multiple-choice and short-answer questions that are designed to test the knowledge and skills of a lineworker to determine their competency to work with high voltage. The exam covers every aspect of the electric utility industry and takes approximately four hours to complete. "This was the most important test of my life..."



DANA POGAR

I remember pulling many all-nighters to get ready for this," GVP Lineman Destry Smith said. Students must score an 80% on the exam to receive their journeyman lineman certificate. "I can't even begin to describe the feeling of accomplishment I had when I found out I passed the exam," Smith recalled.

A BROTHERHOOD FOR LIFE

After at least five years of training, education and studying, you are now a certified journeyman lineman. Looking back, the countless hours of studying and nights working through Mother Nature's most horrific storms were worth it because nothing compares to the brotherhood of lineworkers. "Some of my most memorable moments as a lineman were spent in sub-zero temperatures with the guys. Your crew is your family, and you watch out for one another; there's no other industry like it," stated long-time GVP Service and Line Patrolman (a.k.a troubleshooter) Scott Bradley.

Please join us in honoring our line crews for their dedication in delivering co-op members a safe and reliable source of electricity. Post your favorite lineworker picture on Facebook and tag @GVRuralPower!



▲ GVP Service and Line Patrolman Scott Bradley is the longest-working employee at Grand Valley Power. This year he will celebrate 41 years of service to the co-op.



▲ GVP Apprentice Hunter Henderson is on the third year in his apprenticeship program and is expected to earn his journeyman certification in early 2023.