



TOM WALCH

Denver, We Have a Problem

BY TOM WALCH CHIEF EXECUTIVE OFFICER

The rapid escalation in the cost of electricity we buy from Denver-based Xcel Energy is the problem we are all too familiar with. In paraphrasing the famous understatement attributed to Apollo 13 Mission Commander Jim Lovell in the title of this column, I want to signal to the leaders of our power supplier that it is time to address the problem.

I was 9 years old when the Apollo 13 mission launched 53 years ago. I have a vague recollection of watching the drama of the crew's return on my family's old black and white television. More of us are familiar with the Tom Hanks movie that has helped tell one of the great American stories where grit, perseverance and ingenuity helped overcome adversity. The Apollo 13 crew and NASA's Mission Control faced problem after problem and came up with solution after solution. The lives of the crew members depended on it. The solutions came because, in the words attributed to Flight Director Gene Kranz, "Failure is not an option."

While Grand Valley Power's situation doesn't have life or death ramifications, our leadership team and board have been working through a host of challenges. The root cause is overdependence on volatile natural gas as a fuel source for electric generation. The cost of natural gas is volatile

for a host of reasons, including the move away from coal driven by the transition to clean energy. Even with higher prices, natural gas exploration and production lags. Don't take my word for it — ask any western Colorado gas field worker. Increasing regulation and uncertainty about future limitations on carbon emissions have affected investment in natural gas development. To make matters worse, inflation and supply chain issues inject higher costs and more complexity. Unfortunately, there is not much that we can do about the supply chain, inflation or the cost of natural gas.

What can we do? Keep our members informed. We educate members so they can make the best decisions for their personal situations. Recently we shared with members the possibility that we could see a fuel cost adjustment for December after an Arctic Blast threatened to put the central U.S. in a deep freeze. We wanted members to have the opportunity to reduce their energy consumption if they chose. Fortunately, the cold temperatures did not last as long as forecasters anticipated, and wholesale gas prices quickly retreated from their temporary spike.

We can try to stay on top of rising costs so that we maintain our strong financial footing, without big surprises or rate shock

for our consumers. This is why we have to pass along increases in the cost of wholesale power and other growing costs with a rate increase effective March 1. The details of the rate adjustment are set forth in the pages of this magazine and on our website.

Another challenge, which you may have heard about recently in the media, goes back to the fuel cost adjustment that our members paid to Xcel after Winter Storm Uri in 2021. Grand Valley Power, along with three other Colorado electric co-ops that purchase wholesale power from Xcel Energy, filed a complaint with the Federal Energy Regulatory Commission (FERC) to recover surcharges that Xcel collected after Winter Storm Uri.

Xcel charged its wholesale customers a fuel cost adjustment when it found itself unprepared to meet the gas demands that Xcel's own projections said were necessary for the winter weather conditions. Later, after temperatures rose, it sold extra gas that it had purchased at high prices to its gas customers and didn't credit its electric customers. Xcel's corporate parent also reported big profits that same quarter and attributed it to its natural gas and electricity sales.

The complaint is the first step in a long process that could have us measuring time in years rather than months, but it's necessary that we stand up for our members and hold Xcel accountable for the excessive charges it imposed on Colorado customers.

The FERC complaint process is certainly important and has far-reaching implications for members and the co-op. But we must look forward. Looking forward, we have to fix our power supply problem. That's

why our board and management team is exploring the power supply market on multiple fronts. From alternative suppliers to negotiations with Xcel for a restructured contract, our goal is to bring home to our GVP members lower costs and more price stability. This is the biggest challenge of all. There are doubters and detractors on all sides. Gene Kranz responded to doubters at the Apollo 13 Mission Control with the declaration that, rather than NASA's biggest failure, bringing the crew home safely would be "our finest hour." And then he delivered.

Yes, we have challenges. There are uncertainties. The power supply market we are dealing with is not favorable. But failure is not an option. I am confident we will deliver to our Grand Valley Power membership. I believe it will be our finest hour.

WRITE THE CEO

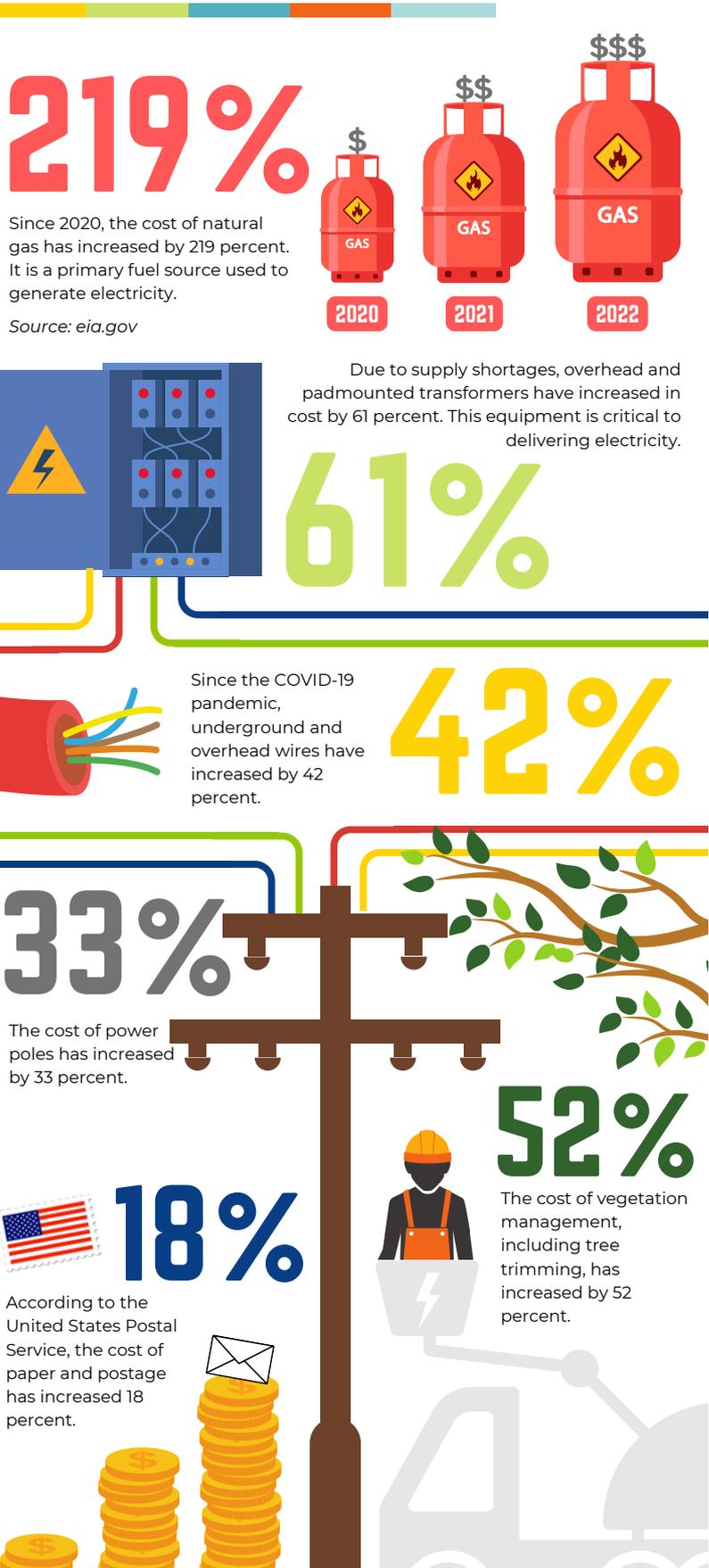
You are a member of a cooperative and your opinion does count. If you have any questions, concerns, or comments, please let me know by writing to *Ask the CEO*, P.O. Box 190, Grand Junction, Colorado 81502, or send an email to me at twalch@gvp.org. Check out our website at gvp.org.

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, Colorado.

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.

THE IMPACT OF RISING COSTS



NOTICE OF CHANGE IN TARIFFS FOR GVP SERVICE

Proposed Rates Effective for March 2023 Energy Use

The Grand Valley Power Board of Directors approved new rates at its December 2022 board meeting. These changes are necessary to cover rising wholesale power costs and the inflationary costs of maintaining the cooperative's electrical distribution system.

Included in this issue is a chart with the new rates for the three largest consumer rate classifications. Rates for all classifications are posted on the GVP website and are available upon request.

The increase has two parts. First, GVP's wholesale power provider, Xcel Energy, is increasing its rates, and these are passed through to consumers. The average GVP consumer who uses 847 kilowatt-hours per month, with 25% of that usage occurring during on-peak hours, would see their kilowatt-hour charge increase by approximately \$6.85 per month.

Additionally, GVP's Grid Connectivity charge will increase from \$30 to \$31.50 for all General Service — Time-of-Use (GS-TOU) members. This charge covers GVP's costs of maintaining a safe and reliable distribution infrastructure. Specific examples of rising costs on the distribution side are shown in a graphic on page 8. These cost increases range from the higher cost of paper and postage (which has gone up 18%, according to the U.S. Postal Service) to a 61%

increase in transformers. Grand Valley Power has been absorbing these increases in distribution costs over the past few years.

The new rates will take effect March 1 and be reflected on the bills sent out in April. Combined, the total increase for the typical GVP consumer will be about 6.7%.

Even though Xcel raised the power rates it charges GVP beginning January 1, the GVP Board chose to hold off on passing this increase on to consumers until March, after the winter heating season. Consumers who need assistance paying electricity bills can find a list of resources on the GVP website at gvp.org.

GRAND VALLEY POWER 2023 RATES EFFECTIVE MARCH 1, 2023



Rate Description	Grid Connectivity Charge		Rate (\$/kWh)		
	2022	2023	2022	2023	
General Service Time-of-Use (GS-TOU)	\$30.00	\$31.50	On-Peak (4 p.m. – 9 p.m.)	\$0.18250	\$0.19697
			Off-Peak	\$0.08950	\$0.09546

Rate Description	Grid Connectivity Charge		Rate (\$/kWh)		
	2022	2023	2022	2023	
Irrigation Time-of-Use (I-TOU)	\$45.00	\$47.25 <i>(Billed April through September)</i>	On-Peak (4 p.m. – 9 p.m.)	\$0.22000	\$0.23457
			Off-Peak	\$0.13000	\$0.13588

Rate Description	Grid Connectivity Charge		Rate (\$/kWh)		
	2022	2023	2022	2023	
Commercial Small Power – Demand (CSP-D)	\$50.00	\$52.50	Energy Charge (\$/kWh)	\$0.09850	\$0.10359
			Demand Charge (\$/kW)	\$5.00	\$5.57343

The rate changes shown here are for Grand Valley Power's largest consumer classes. All rate changes can be viewed on our website at gvp.org/rates.

NOTICE OF ANNUAL MEETING AND ELECTION

Board of Director elections will take place at the Grand Valley Power Annual Meeting of the Members on Thursday, August 3, 2023, at Colorado Mesa University. Directors whose terms expire in 2023 are Joe Burtard, Don McClaskey and Janie VanWinkle.

More information about the election process and how to petition to run for the Board will be forthcoming in the months ahead. You can also visit gvp.org/director-elections to read more about Grand Valley Power's election policy.



2023 BUDGET APPROVED

The Grand Valley Power Board of Directors approved the 2023 budget at its December board meeting. The budget is the cooperative's road map for the year and management uses it to guide our cooperative business. Conditions and situations vary, and that could potentially change the budget during the year. During that time, the budget may be amended. The following is a comparison of the 2022 budget, the estimated actual results for 2022 and the 2023 budget.

	2022 Budget	2022 Est Act	2023 Budget
Operating Revenue & Patronage Capital	<u>\$37,291,488</u>	<u>\$36,880,528</u>	<u>\$39,479,471</u>
Purchased Power	\$20,339,357	\$19,922,873	\$21,373,495
Transmission Expense	68,766	26,900	72,992
Distribution Expense: Operations	2,739,238	2,558,901	2,864,708
Distribution Expense: Maintenance	1,442,445	1,080,259	1,353,118
Customer Accounts Expense	1,166,186	1,011,917	1,104,484
Customer Service & Information	573,643	553,830	788,812
Administrative & General	<u>3,211,658</u>	<u>3,363,277</u>	<u>3,673,974</u>
Total Operations & Maintenance	<u>\$29,541,292</u>	<u>\$28,517,957</u>	<u>\$31,231,583</u>
Depreciation & Amortization	\$3,160,023	\$3,044,151	\$3,152,318
Tax Expense: Property	837,917	919,226	942,422
Interest on Long-Term Debt	1,866,220	1,914,840	1,882,070
Interest Expense: Other	200	66	200
Amortization of RUS Premium Payoff	52,868	52,868	52,868
Other Deductions	<u>100,000</u>	<u>20,000</u>	<u>75,000</u>
Total Cost of Electric Service	<u>\$35,558,520</u>	<u>\$34,469,107</u>	<u>\$37,336,461</u>
Patronage Capital & Operating Margins	<u>\$1,732,968</u>	<u>\$2,411,421</u>	<u>\$2,143,010</u>
Non-Operating Margins: Interest	\$35,000	\$50,000	\$50,000
Non-Operating Margins: Other	15,500	19,352	21,500
Capital Credits & Patronage Dividends	<u>285,000</u>	<u>285,000</u>	<u>300,000</u>
Total Patronage Capital or Margins	<u>\$2,068,468</u>	<u>\$2,765,773</u>	<u>\$2,514,510</u>

Make Your GVP Scholarship Application Shine Bright

BY DANA POGAR

COMMUNICATIONS SPECIALIST

Each year, Grand Valley Power awards more than \$20,000 in scholarships to students aspiring to continue their education. Applications are open to any current member residing in a home served by Grand Valley Power, continuing their education to obtain an undergraduate degree and enrolling as a full-time student. In addition, the Western Colorado Community College Electric Lineworker Scholarship is open to any applicant currently residing in Mesa County (at the time of application).

Applying for scholarships should be treated like a job interview. You want to stand out to the application committee and showcase your best self in a written format. Here are some tips for applying to GVP's scholarship program.

Write to your Reader

Consider asking a trusted friend, family member or teacher to read your essay before submitting your completed application. Having another set of eyes never hurts and can be an opportunity to develop your skills.

Dress it Up

Dress up your writing by adhering to a professional essay format. Most organizations prefer APA or MLA. Pick one and be consistent. There are many credible online resources to help you through this process.

Make it Personal

Lastly, make it personal. Judges review hundreds of scholarship applications and select a limited number of awardees. Make yourself memorable by sharing your most outstanding achievements, how life events have shaped you and goals for your adventures ahead.

It's Your Time to Shine!

Now take what you've learned and put it to the test — submit your application to Grand Valley Power's hometown scholarship program. **All scholarship applications are due March 1, 2023.** Visit gvp.org/scholarship-program for application requirements.

HOMETOWN SCHOLARSHIP PROGRAM
Apply Now!

APPLY BY MARCH 1

Over \$20,000 in scholarships are awarded each year!

SCAN ME

gvp.org/scholarship-program

In accordance with Grand Valley Power's bylaws, scholarships are funded by unclaimed capital credits.