

VALLEY ELECTRIC ASSOCIATION, INC.

**REGULAR MEETING
OF THE
BOARD OF DIRECTORS**

A regular meeting of the Board of Directors of Valley Electric Association, Inc. ("VEA") was held on Wednesday, January 30, 2019, beginning at approximately 8:30 a.m., at VEA's headquarters in Pahrump, Nevada.

Mr. Derschan called the roll of Directors present: Ken Derschan, President; Rick Johnson, Vice President; David Dawson, Treasurer; Dave Hall, Secretary; Pete Gazsy, Assistant Secretary; and John Maurer attended by video conference.

Also present were: Angela Evans, Chief Executive Officer ("CEO"); Steve Morrison, Chief Financial Officer ("CFO"); Bart Thurgood, Chief People Strategist; Nate Johnson, Executive Vice President ("EVP") of Broadband; Mike Hengel, EVP of Communications & Regulatory Affairs; Amy Carlson, Executive Administrative Assistant; Doug Maughan, Manager of Power Supply; Josh Weber, Davison Van Cleve, PC, General Counsel. Also present were: Frank Bonesteel, Member; and Jeff Meehan, Pahrump Valley Times.

Mr. Derschan called the meeting to order at 8:30 a.m.

1. Approval of the Agenda. Mr. Gazsy **moved** to approve the Agenda as presented. The motion was **seconded** by Mr. Johnson, and it was approved unanimously.
2. Member Comment. There was no member comment.
3. Director Comment. Mr. Hall notified the Board and Staff that new physical addresses have been assigned in Amargosa in order to align with the 911 emergency call system, and that the new addresses would take effect soon.
4. Approval of the Minutes. Mr. Dawson **moved** to approve the minutes of the Friday, December 21, 2018, Board Meeting. The motion was **seconded** by Mr. Gazsy, and it was approved unanimously.
5. Financials. Mr. Morrison presented the financial and statistical reports, including year-over-year trends.

Mr. Darrel Holmes joined the meeting at 9:00 a.m.

Mr. Morrison then presented the unaudited December financials, comparing performance against the budget and against 2017 performance. Mr. Morrison also presented the preliminary consolidated income statement, providing an annual view of the balance sheet and cash flow. The Board asked questions regarding costs and changes to the balance sheet

year over year, which were driven by a few significant events. Mr. Morrison discussed the impact of power purchases and sales, and the Board asked questions about revenue and cash outlay goals. The Board also asked questions regarding various customer classes and growth of meters and usage. Mr. Morrison concluded with a review of uses of cash for the month.

6. Unfinished Business. There was no unfinished business.

7. New Business.

a. Early Capital Credits Retirement. There were fourteen requests for early capital credit retirements for a total amount of \$61,103.00, with a net present value of \$28,831.42. Mr. Hall **moved** to approve the early capital credit retirement requests as presented. The motion was **seconded** by Mr. Gazsy, and it was **approved** unanimously.

b. Ms. Evans presented the monthly report on donation requests. Ms. Evans presented the Staff recommendation for approval of four of the requests, for a total donation amount of \$2000.00. Mr. Gazsy **moved** to approve the four donation requests. The motion was **seconded** by Mr. Hall second, and it was unanimously **approved**.

c. Wholesale Distribution Access Tariff ("WDAT"). Ms. Evans outlined the work being done on the WDAT and introduced Mr. Holmes, VEA's Planning Engineer, to discuss the WDAT process. Mr. Holmes provided an overview of the WDAT and its process. The Board asked multiple questions regarding the WDAT and requested additional copies to review prior to consideration of the WDAT next month.

8. CEO and Staff Reports.

a. CEO Report. Ms. Evans began her report with the annual overtime and double-time report, consistent with Corporate Policy 101. The Board discussed employment needs and VEA's overtime policies with Ms. Evans.

Ms. Evans had no further additions to her report, but answered several Board questions.

b. Human Resources Report. Mr. Thurgood updated the Board regarding the initiative to make safety a core value, and then reported on the Near Miss program. Mr. Thurgood also reported on two new hires: Ms. Ortega, the incoming VP of Engineering and Operations; and a new Human Resources Manager who is starting tomorrow. In addition, Mr. Bill Purna has been reassigned to Customer Service.

Mr. Thurgood also commented on new systems, training, generational differences, and compliance issues, including the currently ongoing compliance audit.

- c. Administration and Finance Reports. Mr. Morrison had no additions to his report, other than the power services report, which was to be presented by Mr. Maughan.
- d. Power Resource Report. Mr. Maughan discussed the weather trends and impact on power sales, and discussed current pricing and California Independent System Operator market activity. Mr. Maughan noted that the 2019 Congestion Revenue Rights (“CRR”) annual auction netted VEA approximately \$1.9 million. He also noted that a hearing is scheduled for the Colorado River Commission to review, and hopefully affirm, the initial recommendation that no changes be made to VEA’s allocation of the Salt Lake City Area Integrated Projects (“SLCAIP”).
- e. Communications Report. Mr. Hengel acknowledged the hard work and many contributions of Ms. Cassandra Selbach, former EVP of customer relations, who recently passed. He also noted that Mr. Hollis, former Board member, has also been recently deceased.

Ms. Perkins and Mr. Hee, Staff, joined the meeting at 10:45 a.m.

Mr. Hengel also informed the Board regarding the current status of the annual meetings and the upcoming elections. Mr Hengel previewed the upcoming Ruralite.

- f. Community Relations Report. Ms. Evans introduce Ms. Perkins and Mr. Hee, who presented the VEA Core Values program. The Board thanked Ms. Perkins and Mr. Hee for their presentation.

Mr. Duvall and Ms. Siefert, Staff, joined the meeting at 11:10 a.m. Ms. Perkins and Mr. Hee left the meeting.

- g. Engineering Report. Ms. Evans called the Board’s attention to a note regarding the reconfiguration of the system at the Nevada Test Site. She also noted that VEA’s work on the Nevada Electric Highway, Phase II is underway and is being undertaken with the Governors Department of Energy.

Mr. Duvall and Ms. Siefert, a former Intern, were introduced by Ms. Evans. They provided a presentation to the Board explaining the work done in the mapping department, and how the department facilitates the work of the electric and communications departments. The Board learned about a vast array of services that can be made available for Members.

Mr. Duvall and Ms. Seifert left the meeting at 11:50 a.m.

The Board commented favorably on the information that was presented during the day’s meeting.

- h. Operations Report. Ms. Evans presented an update regarding the 2018 system performance. She identified data for individual districts and demonstrated the significant reduction in outages year over year since 2017. She tied the planned system upgrades to the work plan.

The Board took a break at 12:06 p.m. for lunch and returned in Executive Session at 1:53 p.m. The Board rejoined regular session at 3:45 p.m. Mr. Maurer left the meeting at 2:30 p.m. during the Executive Session.

9. Board Resolution 2019-001. Mr. Gazsy **moved** to adopt the rate schedules as presented, subject to capping the energy charge rate increase at 9% for all classes, and making a commensurate adjustment to the basic service charge increase for any customer class so adjusted to be effective March 1, 2019. The motion was **seconded** by Mr. Dawson, and it was **approved** on a vote of 5-0. Mr. Maurer was not present for the vote.

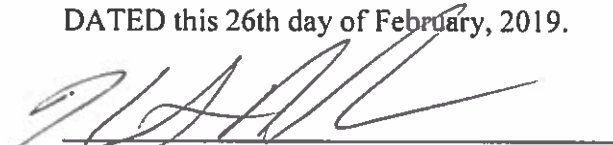
The Board took a break at 3:50 p.m., and re-entered Executive Session at 4:03 p.m.

Mr. Gazsy left the meeting at 4:15 p.m.

It was determined that the next meeting of the Board of Directors would be held on Tuesday, February 26, 2019.

There being no further business to come before the Board, Mr. Hall **moved** to adjourn the meeting. The motion was **seconded** by Mr. Dawson, and it was **unanimously approved**. The meeting was adjourned at 4:31 p.m.

DATED this 26th day of February, 2019.



Ken Derschan, President



Dave Hall, Secretary