

**MINUTES OF THE REGULAR MEETING OF  
THE BOARD OF DIRECTORS OF  
UNITED POWER, INC.  
FRIDAY, JANUARY 15, 2016**

**GENERAL**

President Brian McCormick called the regular meeting of the United Power Board of Directors to order at 9:00 a.m. on January 15, 2016. The meeting was held at United Power Headquarters in Brighton, Colorado. Present were Directors Ginny Buczek, Tim Erickson, Robert Grant, Beth Martin, Brian McCormick, Ursula Morgan, Rick Newman, Susan Petrocco, Douglas Pryce, Dave Rose and James Vigesaa. Chief Executive Officer Ron Asche and Executive Assistant to the Board Michele Sack were also present.

Others present for the meeting were staff members Dean Hubuck, Delaine Orendorff, John Parker, Mitzi Rea, Bryant Robbins, Antelia Salazar-Ball, Myke Weis and Troy Whitmore. Also present was Marketing and Communications Coordinator Heidi Storz and United Power member Eric Kleffner.

**INVOCATION/PLEDGE**

Director Buczek gave the invocation and led in the Pledge of Allegiance.

**AGENDA APPROVED**

**A motion was made by Director Newman**, which was seconded and carried, to approve the agenda as presented.

**CONSENT AGENDA**

The December 15, 2015 Regular Board meeting minutes were included in the Board packet for review. **A motion was made by Director Buczek**, which was seconded and carried, to approve the consent agenda which consisted of the December 15, 2015 Regular Board meeting minutes as presented. Director Pryce abstained from this vote due to his absence last month.

**25 YEAR EMPLOYEE RECOGNITION**

**A motion was made by Director Buczek**, seconded and carried, to adopt the following Resolution honoring Edgar Maycumber for his 25 years of Dedicated Service to United Power.

**RESOLUTION HONORING EDGAR MAYCUMBER FOR 25 YEARS OF SERVICE**

WHEREAS, Edgar Maycumber completed 25 years of service with United Power, Inc., as of the 3rd of December, 2015; and

WHEREAS, United Power's Board of Directors wishes to show its appreciation to Edgar for his many years of service.

NOW, THEREFORE, BE IT RESOLVED that Edgar Maycumber is hereby awarded a travel voucher equal to \$1,500.00 as an expression of United Power's gratitude for his many years of faithful service.

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**REVIEW 2016 COST OF SERVICE STUDY/PROPOSED 2016 RATE CHANGES**

CEO Asche introduced Joe Mancinelli and Max Bernt, Rate Consultants from NewGen Strategies & Solutions, who have been working with United Power on the Cost of Service/Rate Study and proposed retail electric service rate changes for 2016. As previously discussed with the Board, the proposed 2016 Operating Budget requirements are forecast to be met without an overall general increase in electric service rates for 2016. However, rates for individual rate classes may need adjustment, either by increase or decrease, to better reflect the cost of serving those rate classes. Recommendations on proposed rate adjustments were reviewed and discussed with the Board.

At 10:22 a.m. the Board recessed for break. The Board reconvened at 10:35 a.m.

**ADOPT PROPOSED RETAIL RATES FOR 2016**

CEO Asche discussed the various options on the retail rate recommendations for 2016 which were included in the Board packet. He advised that, with the exception of the proposed Transmission Service (ITD) rate, staff will present its final recommendations on proposed 2016 retail rate changes for the Board's consideration at their February, 2016 Board meeting. Following discussion, **Director Martin made a motion**, which was seconded and carried, to adopt the following Resolution to Approve Transmission Service (ITD) Retail Rates for 2016.

**RESOLUTION TO APPROVE TRANSMISSION SERVICE (ITD)  
RETAIL RATES FOR 2016**

WHEREAS, there has been significant load growth in United Power's service territory associated with the electrical service requirements of the developing oil and gas industry; and

WHEREAS, significant electric facilities have been or are planned to be built to adequately serve the new loads and provide reliable electric service; and

WHEREAS, United Power's wholesale electric service provider, Tri-State Generation and Transmission Association, Inc., has adopted a new wholesale rate structure which will apply to power and energy purchases made by United Power from Tri-State G&T effective on and after January 1, 2016; and

WHEREAS, United Power prepared a cost of service study in late 2015 for purposes of assessing the adequacy and reasonableness of the electric service rates charged to all members receiving electric service from United Power; and

WHEREAS, the cost of service study indicated that a rate structure change was appropriate for electric service provided to large electric loads served directly from a 230/115 KV transmission line, from a high voltage substation, or from a 69 KV or 34.5 KV sub-transmission line; and

WHEREAS, such new rate structure needs to adequately recover the service and facility costs associated with the electric infrastructure constructed to serve these loads and to properly provide for wholesale power cost recovery under the new Tri-State wholesale rate structure; and

WHEREAS, a new ITD rate structure was developed from the cost of service study that would provide adequate cost recovery and provide a reasonable margin on power and energy sales made pursuant to the ITD rate schedule; and

WHEREAS, the Board has reviewed the cost of service study results and proposed transmission service (ITD) retail rates for 2016 to better reflect the cost of providing service to such rate class; and,

WHEREAS, the Board has determined that it is fair and reasonable to adjust the rates of this rate class as indicated by the cost of service study; and

WHEREAS, it is necessary to revise the United Power tariff sheets to reflect the new proposed retail rates effective with billings on and after April 1, 2016 (to affect usage on or after MARCH 1, 2016);

NOW, THEREFORE, BE IT RESOLVED, that the attached tariff changes are hereby approved by the Board of Directors of United Power, Inc., for public notice in accordance with Section 40-9.5-106(1), C.R.S. and Regulation No. 5 of United's Regulations Governing Consumer Complaints and Related Matters; and

BE IT FURTHER RESOLVED that the said tariff changes shall be filed in Advice Letter format for informational purposes with the Public Utilities Commission of the State of Colorado concurrently with the public notice, and the Secretary is directed to file the original copy thereof for safekeeping and to distribute copies to assigned personnel; and

BE IT FURTHER RESOLVED that in the event informal complaints or formal complaints are timely filed regarding said change in the tariffs of United Power, Inc., a meeting of the Board of Directors may be scheduled to act upon said complaints.

United Power member Eric Kleffner left the meeting at 11:30 a.m.

### **EXECUTIVE SESSION**

**Director Vigesaa made a motion** that the Board go into Executive Session to discuss legal and contract issues. The motion was seconded and carried unanimously.

The Board went into Executive session at 11:31 a.m. Attending were Directors Buczek, Erickson, Grant, Martin, McCormick, Morgan, Newman, Petrocco, Pryce, Rose and Vigesaa. Also attending was CEO Ron Asche, CFO John Parker, Director of External Affairs Troy Whitmore and Engineering and Rates Manager Dean Hubbuck.

The Executive Session concluded at 11:50 a.m. and the Board reconvened in regular session.

### **25 YEAR AWARD PRESENTATION**

Edgar Maycumber and his wife Joni joined the Board Meeting to receive his Resolution and award from the Board of Directors for his 25 years of dedicated service to United Power. Following presentation of the Resolution and award at 11:55 a.m., Mr. & Mrs. Maycumber joined the Board for lunch.

The Board recessed for lunch at noon and reconvened at 12:45 p.m.

### **EXECUTIVE SESSION**

**Director Newman made a motion** that the Board go into Executive Session to discuss legal and contract issues. The motion was seconded and carried unanimously.

The Board went into Executive session at 12:45 p.m. Attending were Directors Buczek, Erickson, Grant, Martin, McCormick, Morgan, Newman, Petrocco, Pryce, Rose and Vigesaa. Also attending was CEO Ron Asche, CFO John Parker, Director of External Affairs Troy Whitmore and Engineering and Rates Manager Dean Hubbuck.

The Executive Session concluded at 12:53 p.m. and the Board reconvened in regular session

## **RATE STABILIZATION**

CEO Asche advised that consideration of adopting a rate stabilization plan was previously discussed with the Board of Directors in 2013. A rate stabilization plan is a tool that can be utilized to help keep rates stable and predictable. The general approach to a rate stabilization plan is to set aside excess cash margins in years with better than expected financial results by deferring revenue, and recognizing that revenue in subsequent years to help offset rate increases. Following discussion of an alternative plan structure, the Board directed staff to provide additional information on this subject at the February Board meeting.

## **SOUTHWEST WELD EXPANSION PROJECT**

CEO Ron Asche discussed the Southwest Weld Expansion Project, which is an electric power facilities expansion plan to support expanding oil and gas loads in our service territory. This project includes transmission lines and substation facilities to be built, owned, and operated by both Tri-State G&T and United Power. Two Resolutions were presented to the Board for their approval which would authorize management to execute agreements with Tri-State and each of the oil and gas companies when such agreements are in a final form acceptable to management and legal counsel. Such agreements set forth the projects to be constructed, the estimated project completion schedules, cost sharing arrangements, and related responsibilities.

Marketing and Communications Coordinator Heidi Storz left the meeting at 1:51 p.m.

## **EXECUTIVE SESSION**

**Director Martin made a motion** that the Board go into Executive Session to discuss contract issues. The motion was seconded and carried unanimously.

The Board went into Executive session at 1:52 p.m. Attending were Directors Buczek, Erickson, Grant, Martin, McCormick, Morgan, Newman, Petrocco, Pryce, Rose and Vigesaa. Also attending was CEO Ron Asche and staff members Dean Hubbuck, Delaine Orendorff, John Parker, Mitzi Rea, Bryant Robbins, Michele Sack, Antelia Salazar-Ball, Myke Weis and Troy Whitmore.

The Executive Session concluded at 2:22 p.m. and the Board reconvened in regular session.

## **SOUTHWEST WELD EXPANSION PROJECT (cont.)**

Following the Executive Session, **Director Newman made a motion**, which was seconded and carried, to adopt the following Resolution Authorizing Tri-State Letter Agreement No. TS-15-0015.

**RESOLUTION AUTHORIZING TRI-STATE LETTER AGREEMENT NO. TS-15-0015**

Whereas, requests for electric service have been received to serve a significant amount of new oil and gas load being developed in southwest Weld County; and

WHEREAS, United Power and Tri-State have jointly studied and determined that significant transmission system and distribution system additions and improvements are necessary to adequately serve the new loads being developed in southwest Weld County, Colorado; and

WHEREAS, Tri-State has determined, pursuant to its policies, that the new loads being developed in this area are indeterminate loads, thus requiring a capital contribution from United Power and/or the end user of the services, for a portion of the costs of the transmission system additions and improvements necessary to provide reliable electric service to the new loads, as well as maintaining reliable service to existing loads in the area; and

WHEREAS, the Southwest Weld County Expansion Project, (the "Project") is planned to include both transmission system and distribution system additions and improvements that will enable reliable electric service to be provided to the new indeterminate loads as well as maintaining reliable electric service to existing loads in the area; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of United Power, Inc. authorizes management to execute the necessary contracts and agreements, when deemed to be in satisfactory form as determined by management and legal counsel, and to make and receive payments related to the Project among United Power and Tri-State Generation and Transmission Association, Inc. in order to provide for the timely construction and in-service date of the transmission system and distribution facility additions and improvements required for the provision of reliable electric service to the new loads being developed and the existing loads in United Power's service territory in southwest Weld County.

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**Director Buczek made a motion**, which was seconded and carried, to adopt the following Resolution Authorizing Execution of Interconnection Agreements for Electric Facility Construction.

**RESOLUTION AUTHORIZING EXECUTION OF INTERCONNECTION  
AGREEMENTS FOR ELECTRIC FACILITY CONSTRUCTION**

WHEREAS, four participating oil and gas companies--Anadarko Petroleum Corporation, Noble Energy, Saddlehorn Pipeline Company LLC (a subsidiary of Magellan Inc.), and Saddle Butte Energy have requested electric service facility installations to serve several new oil and gas pumping loads in southwest Weld County, and

WHEREAS, United Power and Tri-State have jointly studied and determined that significant transmission system and distribution system additions and improvements are necessary to adequately serve the new loads being developed in southwest Weld County, Colorado, and

WHEREAS, the eastern part of the Southwest Weld County Expansion Project, (the “Project”) is planned to include both transmission system and distribution system additions and improvements that will enable reliable electric service to be provided to the new indeterminate oil and gas loads as well as maintaining reliable electric service to existing loads in the area, and

WHEREAS, an Interconnection Agreement between United Power and each participating oil and gas company, describing the projects to serve this load, project completion schedules, financial cost sharing requirements, and related responsibilities of the parties is being negotiated.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of United Power, Inc. authorizes management to execute an Interconnection Agreement, with each of the participating oil and gas companies, when such agreement is deemed to be in satisfactory form as determined by management and legal counsel, and to receive payments related to the Project from Anadarko Petroleum Corporation, Noble Energy, Saddlehorn Pipeline Company LLC (a subsidiary of Magellan Inc.), and Saddle Butte in order to provide for the timely construction and in-service date of the sub-transmission system and distribution facility additions and improvements required for the provision of reliable electric service to the loads being developed in United Power’s service territory in southwest Weld County.

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At 2:24 p.m. the Board recessed for break and reconvened at 2:35 p.m.

**ELECT TRI-STATE BOARD MEMBER**

Annually an election is held to nominate a Board Member to represent United Power on the Tri-State Board of Directors. Following nominations and voting by secret ballot, **Director Grant made a motion**, which was seconded and carried, to adopt by acclamation the following Resolution Electing Richard Newman to the Tri-State Board.

**RESOLUTION ELECTING MEMBER TO THE TRI-STATE BOARD**

WHEREAS, the bylaws of Tri-State Generation and Transmission Association, Inc., provide that, “Each Class A member shall elect one of its Directors or its Manager to serve on the Board of Directors of the (Tri-State) Association from that Class A member.”

NOW, THEREFORE, BE IT RESOLVED that United Power, Inc., hereby elects Richard Newman for the Board of Directors of Tri-State Generation and Transmission Association, Inc., effective as of Tri-State’s 2016 Annual Meeting, to serve until such time as a successor shall have been elected and certified in writing to Tri-State, or until his/her term is otherwise concluded in accordance with Tri-State’s bylaws.

## **2015 MAJOR ACCOMPLISHMENTS**

The 2015 Major Accomplishments prepared by staff were included in the Board packet. Following discussion, staff received positive feedback from the Board on the major projects, initiatives, and activities completed during 2015.

## **STATUS REPORT ON 2015 STRATEGIC PLAN**

The status report for the 2015 Strategic Plan was included in the Board packet. The completion status of the action items within each of the two Strategic Plan categories, Member Engagement and Power Supply were reviewed. Overall, most action items in the Strategic Plan were either substantially or partially completed. Staff will continue to work on many of the action items included in the plan. Staff addressed Board questions.

## **CAST BALLOTS IN ROUND-UP DIRECTOR ELECTION**

The Annual Meeting of the Round-Up Foundation will be held Friday, January 15, 2016 at 4:00 p.m. at United Power Headquarters. Per the Round-Up Bylaws, Directors are elected at the annual meeting to represent each United Power member district. Round-Up Directors from the East, West, Mountain and South Districts were up for election for three year terms. Additionally, three alternate directors at-large are elected for a one year term. After discussion, **Director Buczek made a motion**, which was seconded and carried, to adopt the following Resolution Authorizing Vote in Election of Directors for the Round-Up Foundation's Annual Meeting of Members.

### **RESOLUTION AUTHORIZING VOTE IN ELECTION OF DIRECTORS FOR THE ROUNDUP FOUNDATION'S ANNUAL MEETING OF MEMBERS**

WHEREAS, the annual meeting of members of the Roundup Foundation is scheduled January 15, 2016, at 4:00 p.m.; and

WHEREAS, the principal purpose of said annual meeting is to elect directors in Districts E, W, S, and Mountain Districts; and to elect three alternate at-large members to the Board; and

WHEREAS, United Power, Inc. ("United") is the sole member of the United Power Roundup Foundation; and

WHEREAS, four incumbent Directors have indicated they would like to continue to serve on the Board; and

WHEREAS, Ken Fisher, Mary Zink, and Larry Trudell are interested in serving as Alternate Directors at large.

NOW, THEREFORE, BE IT RESOLVED, that United Power, Inc., cast a unanimous ballot for the following directors to the Roundup Foundation Board:

District E:	Bonita Welsh	(three-year term)
District W:	Andrea Nabarrete	(three-year term)
District S:	Ken Kreutzer	(three-year term)
District M:	Connie Sasse' Price	(three-year term)

Alternate Members at large:  
Mary Zink (one-year term)  
Ken Fisher (one-year term)  
Larry Trudell (one-year term)

BE IT FURTHER RESOLVED, that United Power's presiding officer is hereby authorized and directed to take all steps necessary to effectuate said vote on behalf of United Power, Inc.

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### **CREA RESOLUTIONS REVIEW**

The Colorado Rural Electric Association (CREA) Annual Meeting will be held February 26 through March 1, 2016 in Denver, Colorado. Part of this annual meeting will be to review and vote on the resolutions proposed by CREA. These resolutions were included in the Board Packet and discussion was held on United Power's position on these proposed resolutions. Director Grant and Director Rose are United Power's primary and alternate voting members, respectively, at the CREA Annual Meeting and will be casting United Power's vote on the resolutions.

### **EXECUTIVE SESSION**

**Director Vigesaa made a motion** that the Board go into Executive Session to discuss personnel and contract issues. The motion was seconded and carried unanimously.

The Board went into Executive session at 3:08 p.m. Attending were Directors Buczek, Erickson, Grant, Martin, McCormick, Morgan, Newman, Petrocco, Pryce, Rose and Vigesaa.

The Executive Session concluded at 3:51 p.m. and the Board recessed for a break until 4:00 p.m. at which time the Board attended the Round-Up Foundation Annual Meeting which was held at 4:00 p.m. in the Civic Room of United Power. The Board reconvened at 4:30 p.m.

## **CEO REPORT**

CEO Asche reviewed his January 6, 2016 written report which was included in the Board packet. He discussed the safety report and provided information on the Northwest Rural Power District Board Resolution regarding Kit Carson Electric Cooperative's withdrawal of its membership in the Tri-State Generation & Transmission Association. He addressed Board questions.

## **FINANCIAL REPORT**

CFO John Parker reviewed his January 6, 2016 written report which was included in the Board packet. He also reviewed the Financial Report for period ending December 31, 2015 which was provided as a handout at the Board meeting. He addressed Board questions.

## **EXTERNAL AFFAIRS REPORT**

Director of External Affairs Troy Whitmore reviewed his January 6, 2016 written report which was included in the Board packet. He provided an update on the upcoming Chamber Events which are being held in our service territories. He also reported on future Clean Power Plan meetings being held by the Colorado Energy Office with the first one held on January 14, 2016 in Commerce City and the second scheduled for January 27, 2016 in Brush, Colorado. He addressed Board questions.

## **ENGINEERING/RATES DEPT. REPORT**

Engineering and Rates Manager Dean Hubbuck reviewed his January 6, 2016 written report which was included in the Board packet. He provided an update on 2015 system renewable energy generation and demand response programs. There was a large amount of interest in solar from our members in 2015 and United Power is expecting that interest to continue in 2016. He addressed Board questions.

## **DIRECTOR FORUM**

Director Pryce, Director Newman and Director Grant commented on the Silicon Flatirons Future Grid Conference which they attended on January 14, 2016 at the University of Colorado Law School in Boulder. They noted this program was well attended and very beneficial and suggested these events be placed on the Board calendar for 2016. Director Vigasaa shared a success story with the use of United Power's recently installed AMI meter in a member's place of business.

## **ASSOCIATED ORGANIZATIONS**

The 2016 NRECA Annual Meeting will be held in New Orleans February 14-17, 2016. President McCormick advised that the voting delegate and alternate delegate from the United Power Board of Directors are Beth Martin and Doug Pryce respectively. He also discussed the various Associated Organization meetings which will be held during this Annual Meeting. He addressed Board questions.

## **TRI-STATE REPORT**

Director Newman reviewed his written Tri-State Board Report for December 2015 and addressed Board questions.

## **CREA REPORT**

Director Buczek reported on the CREA Resolutions which will be voted on during the upcoming Annual Meeting to be held February 26 through March 1, 2016 in Denver, Colorado. She addressed Board questions.

## **WUE REPORT**

Director McCormick reviewed the Western United Electric report which was included in the Board packet and addressed Board questions.

## **ROUND-UP FOUNDATION**

The Round-Up Foundation December Regular Meeting Minutes, Update and Year-to-Date Summary by Director District were included in the Board packet for review and discussion.

## **WRITTEN REPORTS**

The following written reports were included in the Board packet for review and discussion.

- Absences and Regular Hours Worked
- New Memberships by District
- Report on Collection Activities

## **MEETING SCHEDULE**

The next Regular Board Meeting is scheduled for Friday, February 19, 2016 at 9:00 a.m. at United Power Headquarters, 500 Cooperative Lane, Brighton, Colorado.

## **ADJOURNMENT**

President Brian McCormick declared the meeting adjourned at 5:35 p.m.



Michele Sack, Recording Secretary