

RATE RESTRUCTURE APPROVED

BY TOM WALCH CHIEF EXECUTIVE OFFICER

Regular readers of this newsletter are aware that Grand Valley Power has been planning a rate restructure for several months. We have been working to provide information about why changes are necessary. This month's issue of our magazine will continue our efforts on this front. A special publication is included to further explain the coming changes in our rates and demonstrate how they will impact — and benefit — GVP members.

Broad rate changes were approved by the GVP Board of Directors at the December board meeting. To help our cooperative keep pace with the inflationary economy and rising wholesale power costs, our retail rates are increasing for all consumer classes. Other key changes include:

- Combining all consumers with single-phase service and loads less than 50 kilowatts (this includes residential, residential auxiliary, non-residential general) into one general service rate class. This makes sense since the character of service, and cost to serve these consumers, is similar.
- Implementing time-of-use rates for all consumers in the general service class.
- Offering a new electric vehicle charging rate.
- Introducing three-part rates with demand

charges for small commercial accounts.

The changes will be effective for electric energy consumed beginning March 1, 2022, and will be reflected on bills generated in April.

TAKE CONTROL WITH TIME-OF-USE RATES

Most of our consumers will be seeing time-of-use rates for the first time. Why are we pulling the trigger on this kind of a change? It's no surprise that electricity use fluctuates throughout the day based on member demand. Electric co-ops, such as Grand Valley Power, must be able to provide enough electricity to meet the energy demands of our members during times of highest energy use. The time of day when we have the highest energy demand is referred to as our system "peak." This is usually late afternoon and early evening when people get home from work and start using their air conditioning and electric appliances. During this time, our wholesale power supplier charges are the highest. "Off-peak" hours are during the time of day when energy demand is the lowest. This is usually late morning into early afternoon when the energy being demanded is lower due to significantly fewer people being in their homes. Wholesale power costs less at these times. It makes sense that the amount we charge for retail sales of electricity should



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reflect these wholesale power cost variations.

The time-of-use pricing we are introducing more accurately reflects the cost of electricity at the time you consume it. This means electricity costs will vary based on the time of day. In the evening hours, electric demand goes up as we turn on our lights, run air conditioning and cook dinner, resulting in higher, or "on-peak," prices for energy. During the daytime hours, consumption and demand are lower, resulting in lower, off-peak energy costs. To encourage energy use during off-peak hours when more renewable energy is available, GVP's time-of-use rates apply a kilowatt-hour charge that is less than half of the kilowatt-hour charge during peak periods.

Charging your electric vehicle and using major appliances such as washing machines and dishwashers during daytime off-peak hours helps use excess clean, renewable energy on the grid and keeps your bill low. If you own an electric vehicle, we have a new rate option that allows members to pay a lower rate to charge their EV during the overnight charging period (11 p.m.-7 a.m., seven days per week, year-round).

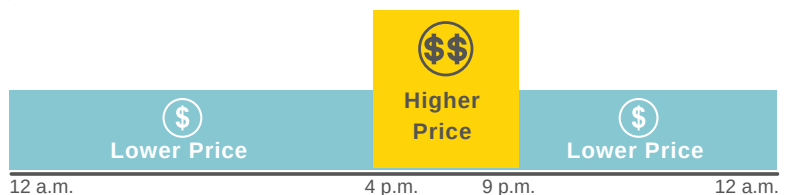
[continued on page 8]

Electricity pricing effective with March energy use:

OFF-PEAK 8.95¢/kilowatt-hour (kWh)

ON-PEAK 18.25¢/kWh

The pricing shown in this graph represents total energy cost, also displayed on bills as kilowatt-hour price. This does not include other charges like the grid connectivity charge.



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MANAGE YOUR ENERGY USAGE AND COSTS

Cost-conscious consumers who can adjust the times they use electricity will have more control over the amount of their electric bills. Electric rates based on time of use offer consumers the ability to lower their electricity costs without reducing the amount of electricity used. By performing some of your daily chores (such as running the dishwasher or doing laundry) during off-peak hours, you can save on your utility bill. In a similar vein, electronic equipment such as computers, printers, TVs and power tools can be plugged into a power strip and then turned off during peak hours to save electricity and money.

You can also put technology to work for you. With a programmable thermostat, settings can be adjusted so your heating/cooling system syncs to run during the off-peak rate periods. Automatic timers can be used to run hot tubs, pool pumps, water heaters and other appliances in the same way. Look in our special publication insert this month, as we have listed the most common energy appliances to give you a better idea of what the costs would be to use energy during off-peak and on-peak periods. Further education and future programs will continue to be developed, so we encourage you to continue to read our monthly magazine or follow our Facebook page to stay up to date.

Saving energy can be simple. Remember, by shifting your energy use to off-peak times,

you have the power to save on your monthly energy bill. This is important, because the cost of electricity — like so many other commodities — is rising. That's why we have to increase our rates. Charges for all rate classes have been adjusted. The average increase will be about 7.85%. This is approximately \$8.44 each month for the typical residential consumer.

Why are our rates going up? GVP's wholesale power supplier, Xcel Energy, has indicated that the costs of electric generation and transmission will increase year over year as the energy industry continues to drive reduction in carbon and greenhouse gas emissions, integrating clean power sources and adopting beneficial electrification technologies. An adjustment was needed to further account for rising costs. GVP's rates have not been raised since 2011. Meanwhile, costs have increased significantly for transportation, materials and labor — all of which impact our bottom line. And a healthy bottom line is essential to ensure the financial integrity of our organization.

While power costs are on the rise, members who take advantage of the TOU rate and shift their use of electricity to off-peak periods have the potential to save energy, reduce carbon emissions and save money. If we can pull together and reduce energy purchases during peak periods, it will help keep the overall cost of electricity down for the cooperative, and the cooperative will pass those savings on to the members.

The table on page 9 details additional rate class adjustments including the Commercial and Small Power (CSP-1) changes that now include a three-part (demand) component. Personal letters and information pertaining to all changes have been sent to our members to advise you of effective changes and resources to help you manage your energy costs.

To learn more about changes for each rate class and the resources and tools you have access to, please visit gvp.org.


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 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, but due to current COVID-19 health concerns, please call us at 970-242-0040 if you are interested in attending our meeting remotely. 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.

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.



TAKE CONTROL OF YOUR ENERGY USING SMARTHUB



-  **View and Compare Your Energy Use.** Compare your current bills with past bills while adding weather analysis and daily usage comparisons.
-  **Monitor Your Energy Use.** View and compare your monthly usage with previous time periods.
-  **New for 2022!** Sign up for power usage alerts to notify you if you exceed a certain threshold you determine through email or text.

Visit gvp.org/SmartHub to get started!

NOTICE OF CHANGE IN TARIFFS

Proposed Rates Effective for March 2022 Energy Use

You are hereby notified that Grand Valley Rural Power Lines, Inc., proposes to make changes in its rates and tariffs to become effective for March 2022 energy use (reflected on April 2022 bills).

Grand Valley Rural Power Lines, Inc., will revise its rates to adjust charges to recover its costs to operate and maintain its distribution system. GVP proposes changes in the following rate classes listed in the table. All members will receive a personal letter with changes listed based on your current rate class. Official notice of tariff changes have been published in *The Grand Junction Daily Sentinel*. The current and proposed tariff provisions are available for examination and explanation at the offices of Grand Valley Power located at 845 22 Road, Grand Junction, CO. The proposed changes can also be viewed at gvp.org/rates.

Current Rate Description	Grid Connectivity Charge	Current Rate (\$/kWh)		<i>(Proposed rates effective March 2022 use)</i>			
				New Rate Description	New Grid Connectivity Charge	New Rate (\$/kWh)	
Farm & Home (FH-1)	\$30	\$0.10282		General Service Time-of-Use (GS-TOU)	\$30	On-Peak (4 p.m. – 9 p.m.)	\$0.1825
Auxiliary Farm & Home (FH-2)	\$22	\$0.10934				Off-Peak	\$0.0895
Non-Residential General (NRG)	\$28	\$0.10387				Optional EV Charge (11 p.m. – 7 a.m.)	\$0.0470*
Time-of-Use Farm & Home (TOU-1)	\$26	On-Peak	\$0.19363				
		Off-Peak	\$0.05937				

*Electric Vehicle rate requires proof of EV vehicle registration.

Current Rate Description	Grid Connectivity Charge	Current Rate (\$/kWh)					
				New Rate Description	New Grid Connectivity Charge	New Rate (\$/kWh)	
Irrigation (I-1)	\$45	\$0.13231		Irrigation Time-of-Use (I-TOU)	\$45	On-Peak (4 p.m. – 9 p.m.)	\$0.2200
Time-of-Use Irrigation (TOU-2)	\$45	On-Peak	\$0.18403			Off-Peak	\$0.1300
		Off-Peak	\$0.06832				

Current Rate Description	Grid Connectivity Charge	Current Rate (\$/kWh)					
				New Rate Description	New Grid Connectivity Charge	New Rate	
Commercial Small Power (CSP-1)	\$37	\$0.10899		Commercial Small Power – Demand (CSP-D)	\$50	Energy Charge (\$/kWh)	\$0.0985
						Demand Charge (\$/kW)	\$5.00

CURRENT RATE DESCRIPTION	GRID CONNECTIVITY CHARGE	CURRENT RATE (\$/KW/KWH)		NEW RATE DESCRIPTION	NEW GRID CONNECTIVITY CHARGE	NEW RATE (\$/KW/KWH)	
Large Power (LP-1)	\$75	\$/kWh	\$0.05563	Large Power- Demand (LP-D)	\$100	\$/kWh	\$0.0500
		\$/kW	\$16.00			\$/kW	\$19.70
Industrial (IND-1)	\$105	\$/kWh	\$0.06473	Industrial – Demand (LP-D)	\$125	\$/kWh	\$0.0675
		\$/kW	\$9.00			\$/kW	\$11.25
Industrial Coincident Peak (IND-CP)	\$105	\$/kWh	\$0.05423	Industrial Coincident Peak - Demand (IND-CP-Demand)	\$200	\$/kWh	\$0.0595
		Non-CP Demand	\$3.00			Non-CP Demand	\$3.25
		CP Demand	\$18.27			CP Demand	\$18.50

In addition to the rates and charges described above, consumers will be billed a monthly Power Cost Adjustment for all kWh consumed. The Power Cost Adjustment shall be computed and billed on a uniform per kWh basis each month to ensure that all wholesale power costs are passed through to consumers without markup.

More Questions?

Check Out These Resources



SCAN & LEARN
VISIT OUR TIME-OF-USE WEBSITE

Tip 1: Find the four-page special publication in this issue of *Colorado Country Life* for further information on our time-of-use rates, energy conservation tips and programs to fit your lifestyle.

Tip 2: Scan the QR code to the right to visit our time-of-use rate webpage for energy calculators, rate details and tools to help you control your power costs.

2022 BUDGET APPROVED

The Grand Valley Power Board of Directors approved the 2022 budget at the December board meeting. The budget is our road map for the year, and management will use it to guide our cooperative. Conditions and situations may vary that could potentially change our budget during the year and, during that time, the budget may be amended. The following is a comparison of the 2021 budget, the estimated actual results for 2021 and the 2022 budget.

	2021 Budget	2021 Est Act	2022 Budget
Operating Revenue & Patronage Capital	<u>\$33,942,517</u>	<u>\$34,210,223</u>	<u>\$37,291,488</u>
Purchased Power	\$18,762,555	\$19,087,130	\$20,339,357
Transmission Expense	67,618	32,989	68,766
Distribution Expense: Operations	2,498,956	2,459,692	2,739,238
Distribution Expense: Maintenance	1,488,293	1,354,382	1,442,445
Customer Accounts Expense	1,146,572	1,055,142	1,166,186
Customer Service & Information	484,110	473,231	573,643
Administrative & General	<u>3,203,136</u>	<u>2,761,076</u>	<u>3,211,658</u>
Total Operations & Maintenance	<u>\$27,651,240</u>	<u>\$27,223,642</u>	<u>\$29,541,292</u>
Depreciation & Amortization	\$3,201,723	\$3,032,306	\$3,160,023
Tax Expense: Property	742,354	798,016	837,917
Interest on Long-Term Debt	1,844,861	1,767,092	1,866,220
Interest Expense: Other	200	66	200
Amortization of RUS Premium Payoff	52,868	52,868	52,868
Other Deductions	<u>100,000</u>	<u>25,000</u>	<u>100,000</u>
Total Cost of Electric Service	<u>\$33,593,246</u>	<u>\$32,898,990</u>	<u>\$35,558,520</u>
Patronage Capital & Operating Margins	<u>\$349,271</u>	<u>\$1,311,232</u>	<u>\$1,732,967</u>
Non-Operating Margins: Interest	\$35,000	\$35,000	\$35,000
Non-Operating Margins: Other	1,078,541	1,079,558	15,500
Capital Credits & Patronage Dividends	<u>260,000</u>	<u>279,516</u>	<u>285,000</u>
Total Patronage Capital or Margins	<u>\$1,722,812</u>	<u>\$2,705,306</u>	<u>\$2,068,467</u>

CARS, POWER LINES AND A PLAN OF ACTION

Ice, heavy snow and accidents can bring down power lines. If you get in a car accident involving power lines and your car is on fire or you see smoke, make a solid, clean jump from your vehicle and hop away with your feet together; go as far away as you can. If you run or walk away, you could get electrocuted.



February 2022 Energy Efficiency Tip of the Month

About 30% of a home's heating energy is lost through inefficient windows. Caulk and weather-strip windows to seal air leaks. When running your home heating system, lock all operable windows to ensure the tightest seal possible.

Source: U.S. Dept. of Energy

NOTICE OF ANNUAL MEETING & ELECTION

Board of Director elections will take place at the Annual Meeting of the Members on Thursday, August 4, 2022, at Colorado Mesa University. Directors whose terms expire in 2022 are Rod Martinez, Carolyn Sandeen-Hall and Sylvia Spangler. More information about the election process and how to petition to run for the board of directors 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.