

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
October 9, 2024**

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at the Oklahoma Association of Electric Cooperatives in Oklahoma City, Oklahoma on October 9, 2024. Notice was given pursuant to 25 O.S.A. § 301 et seq. by submitting a schedule of regular monthly meetings to the Secretary of State on November 21, 2023 at 9:55 a.m. and on August 6, 2024; by posting the agenda with the Oklahoma County Clerks' offices on October 8, 2024, at 8:53 a.m.; by posting said agenda at www.grda.com; and by posting said agenda at the principal office of Grand River Dam Authority at least 24 hours prior to the meeting.

Chair Meyers called the meeting to order at 10:03 a.m. The Secretary called the roll. All members were present, with the exception of Director Rupe and Director Westbrook. Chair Meyers declared a quorum.

BOARD MEMBERS

| | |
|-----------------------------|---------|
| Chris Meyers, Chair | Present |
| John Rupe, Jr., Chair-Elect | Absent |
| Dwayne Elam | Present |
| Tom Kimball | Present |
| Paul Matthews | Present |
| Charles Sublett | Present |
| Michael Westbrook | Absent |

ADMINISTRATIVE

| | |
|--|---------|
| Daniel S. Sullivan, Chief Executive Officer | Present |
| Erik Feighner, Chief Financial Officer/Corporate Treasurer | Present |
| Sheila Allen, Corporate Secretary | Present |
| Tim Brown, Executive VP - Chief Operating Officer | Present |
| Brian Edwards, Executive VP – Law Enforcement/Lake Operations | Present |
| Laura Hunter, Executive VP - Chief Administrative Officer | Present |
| Heath Lofton, Executive VP - General Counsel | Present |
| Nathan Reese, Executive VP – External Relations | Present |
| John Wiscaver, Executive VP – Corporate & Strategic Communications | Present |
| Chris Carlson, Deputy Chief – Law Enforcement | Absent |
| Tony Dionisio, VP – Chief Information Officer | Present |
| Steve Jacoby, VP – Generation Engineering | Present |
| Robert Ladd, VP – Generation Operations | Present |
| Darrell Townsend II, VP – Ecosystems & Watershed Management | Absent |
| Jeff Tullis, VP – Transmission, Distribution & Engineering | Present |

4. New Business:

a. Capital Work Order Report (*Denotes Addenda Items): Sullivan

| Number | D365 Project | Funding Source | Title | Net GRDA Cost |
|-------------|--------------|----------------|----------------------------------|---------------|
| RF024-01343 | 2098907 | REVENUE | GREC 3 - HEPA Filter Replacement | \$ 217,490 |
| RF024-01341 | 2107071 | REVENUE | HWY 412B ADSS Project | 286,109 |

Grand Total Work Orders

\$ 911,354

Mr. Sullivan explained the items on the Capital Work Order Report.

There were no questions from the Board.

Director Elam moved the Board approve the Capital Work Order Report as presented, seconded by Director Sublett, and voted upon as follows: Elam, Kimball, Matthews, Meyers, Sublett, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

CONSENT AGENDA

4. New Business:

b. Declare Surplus and Not Necessary to the Business of the District:

| Description and/or Make of Item |
|---------------------------------|
| 2 Conventional Refrigerators |

5. Reports:

b. Purchase Order Report (*Denotes Addenda Items):

| Standard Purchase Orders & Contracts | | |
|--------------------------------------|--|-----------------------|
| PO Number | Vendor Name and City State | Amount |
| PCPA-000628 | AAF INTERNATIONAL - CHICAGO, IL | 159,490.00 |
| PCPA-000627 | MITSUBISHI POWER - LAKE MARY, FL | 2,678,848.44 |
| PCPA-000643 | BRENNTAG SOUTHWEST, INC. - DALLAS, TX | 223,465.00 |
| PCPA-000640 | PREMIER TRUCK GROUP OF TULSA - TULSA, OK | 188,646.03 |
| PCPA-000648 | ANIXTER, INC. (WESCO) - OKLAHOMA CITY, OK | 374,970.00 |
| | | \$3,625,419.47 |
| Change Orders & Renewals | | |
| PO Number | Vendor Name and City State | Amount |
| 41494 | ENVERUS, INC. - DALLAS, TX | 49,500.00 |
| 44146 | AT&T CORPORATION - BEDMINSTER, NJ | 7,000.00 |
| 43850R | OKLAHOMA STATE UNIVERSITY - STILLWATER, OK | 0.00 |
| PCPA-000579 | VFP, INC. - ROANOKE, VA | 21,388.00 |
| | | \$77,888.00 |
| Grand Total | | \$3,703,307.47 |

Chair Meyers reviewed items on the Consent Agenda.

Director Sublett asked for further information on an item within the Purchase Order Report for Mitsubishi Power for \$2.6 million. Mr. Sullivan stated this is a scheduled payment on their Long-Term Service Agreement with Mitsubishi on GREC Unit No. 3.

There were no other questions from the Board.

Director Sublett moved to approve the consent agenda as presented, seconded by Director Elam, and voted upon as follows: Elam, Kimball, Matthews, Meyers, Sublett, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

REGULAR AGENDA

1. Discussion and Possible Action Regarding Regular Board Meeting Minutes of September 11, 2024.

Director Sublett moved to approve the Regular Board Meeting Minutes of August 14, 2024, as presented, seconded by Director Matthews, and voted upon as follows: Elam, yes, Kimball, yes, Matthews, yes, Meyers, abstain, Sublett, yes. *Motion passed (4-yes, 0-no, 1-abstained).*

3. Unfinished Business:

a. Progress Reports:

1) Current Operations Reports

a) GRDA Monthly Video Update – October 2024

- *Recognizing Benefits of Public Power During Lineworkers Rodeo*

Mr. Sullivan presented a five-year pin to Mrs. Laura Hunter and thanked her for her leadership.

Mr. Sullivan explained data shown as to GRDA's Demand and Energy for Load Following, comparing information for 2023 and 2024 for GRDA's Full Requirements Customers for the month of September. He said there is no significant change this month. There was a three percent increase in demand and a three percent increase in energy, year over year. Mr. Sullivan showed graphs illustrating a comparison of resource energy production for September 2023 and 2024, noting the reduction in coal utilization to zero percent. The

The Authority is currently at fifty-two safe days working injury-free and three days without property damage. The property damage events have luckily been small, such as damage to an outside mirror, etc.

GRDA participated in the Oklahoma Municipal League Conference September 10-12. The team was present during this time to represent the Authority and provide information to visitors that came to their "Field of Dreams" booth.

Mr. Sullivan told the Board GRDA responded to a call for mutual aid assistance for Hurricane Helene. Line crews went to Thomasville, Georgia, to help with power recovery efforts and are now home. Two GRDA Police officers were involved with a swift water rescue team in North Carolina are also back now, but another group of officers were just deployed to Florida for this purpose. Since GRDA has participated in three mutual aid events this year, and the limited schedule for construction and maintenance work on their transmission system, the Authority will not be deploying anyone right now. They want to make sure they have adequate personnel in place to perform the work. As the situation develops, there could be additional need due to the severity of Hurricane Milton. However, at this point, they do not anticipate sending anyone. Mr. Sullivan showed multiple photographs of the staging and events at various locations during this time and explained some of the circumstances and challenges.

On September 26, GRDA Police officers participated in the *Badges and Bobbers* youth outreach event. Mr. Sullivan showed photographs of the participants.

On October 2, GRDA held its annual Emergency Action Plan (EAP) Tabletop Exercise at the GRDA Administrative Center. This annual event brings GRDA personnel together with representatives from local

emergency response organizations and other agencies that would play a critical role during an emergency response involving GRDA's hydroelectric facilities or a natural disaster across the region. The exercise focused on severe weather events and how they impact the safety of GRDA and their surrounding communities. Mr. Sullivan stated there was a good response for this joint effort as these exercises are very important considering what has been seen on the news in the last several weeks. This event offers an opportunity for all involved to meet prior to an emergency.

Mr. Sullivan introduced the video covering the MESO Lineworkers Rodeo.

Director Sublett said there has been a lot in the news of the lack of response to the damage from Hurricane Helene, and asked Mr. Sullivan to explain how arrangements are made for mutual aid assistance. Mr. Sullivan said GRDA has responded in two different ways. The power restoration portion comes through the American Public Power Association (APPA) which the Authority is a member. He explained how the APPA coordinates requests for mutual aid assistance. The swift water rescue and urban search and rescue portion come through state and regional Emergency Management processes. He also explained how these requests work and how GRDA responded to the most recent need this week. Mr. Sullivan said there is always something our crews and officers learn when they are deployed that prepare them for events locally.

2) Recognition of Former Board Member James B. Richie

Mr. Sullivan told the Board former Board member James B. Richie was unable to join them at this time due to a death in the family. However, they would bring this back at a later time.

4. New Business:

c. Consideration, Discussion, and Possible Approval of Power Cost Adjustment (PCA) of \$ 0.02226 per kWh for November 2024

Mr. Sullivan presented tables showing the PCA calculations based on the staff's forecast for November 2024 and explained the details. All figures are assumptions based on the information they have from historical data. Mr. Sullivan showed a graph illustrating the GRDA PCA rates (both actual and estimated) and what the under or over recovery is expected to look like for the next year. He said the overcollection is continuing to benefit customers as they enter the winter months. Mr. Sullivan presented another graph showing the overall value of GRDA's resource portfolio. The market cost of GRDA load is offset by the Authority's resource revenue, resulting in a cost that will be recovered by the monthly PCA rate. Mr. Sullivan presented a chart illustrating the forward curves for Nymex and the Southwest Power Pool (SPP) South Hub day ahead on-peak demand. He also showed another comparison of October and November rate calculations.

Director Matthews moved to approve the Power Cost Adjustment (PCA) as presented, seconded by Director Sublett, and voted upon as follows: Elam, Kimball, Matthews, Meyers, Sublett, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

d. GREC Unit No. 4 Project and Procurement Status Updates

Mr. Ladd provided an aerial view and drone footage of the construction progress of GREC Unit No. 4, and explained what was happening right now at the site. He also presented photographs of the combustion turbine foundation pour of 870 cubic yards of concrete, approximately eighty-seven truck loads, in this one small area. The foundation will support approximately a million pounds and includes about 230,000 pounds of rebar and reinforcement material steel. He showed a summary of the project, illustrating the overall cost, committed costs for external contracts to date, actual costs incurred, and the Contingency Pool balance. Construction activities are progressing well, with the foundation for the fuel gas compressor building being poured, de-maintain foundation completed, and pre-engineered metal buildings starting to be erected. A

significant amount of underground piping has been installed, with only two miles remaining. The most crucial activity was the pour of the foundation for the Combustion Turbine. This involved a 870 cubic yards of concrete and about 230,000 pounds of rebar. Mitsubishi conducted pre-checks to ensure proper installation. The foundation is designed to secure the combustion turbine that weighs over a million pounds. The financial aspects of the project remain stable, with no major changes reported. However, a shift in incurred costs is expected next month due to late invoice submissions. External contracts have increased slightly to \$288.9 million. Overall project completion is on track, with a slight delay which is expected to be rectified soon. The schedule for the project has been adjusted to focus on key milestones, such as building delivery deadlines. The presentation also highlights potential risks to the project. The International Longshoremen's Association strike could impact the delivery of Mitsubishi materials through the Port of Houston, though no force majeure notices have been received yet. The combustion turbine and sole plates are expected to arrive at the site in early January, and the generator in December. The project team is monitoring the potential impact of the hurricane on switchgear suppliers.

There were no questions from the Board regarding the GREC Unit No. 4 updates.

There is no action required for this item.

e. Consideration, Discussion, and Possible Approval of GREC Unit No. 4 Mechanical Construction Contract – Primoris Energy Services Corporation

Mr. Ladd said the project has made progress towards selecting contractors for mechanical and electrical construction. Soft mobilization is expected in early November for materials to be brought to the site. The electrical mobilization will likely start in November and continue until March due to long lead times for certain items. Primoris Energy Services Corporation was chosen as the mechanical contractor after meeting specific criteria such as safety culture, performance, schedule commitment, combustion turbine experience, and alignment with project partners. Despite Starcom submitting the lowest bid, Primoris Energy was selected for their qualifications, experience, and financial assessment. The contract terms are finalized, with provisions for bill of quantities to ensure critical path milestones are met. Overall, they are deemed the best overall value with the necessary expertise and personnel to execute the project effectively.

Director Matthews asked what the difference was for the three bids received. Mr. Ladd stated it was about five percent, with one being about eleven percent. He explained all of the details were in the information the Board received prior to the meeting should anyone need that. Director Matthews asked where Starcon (low bid) was from. Mr. Ladd said they were located on the Gulf Coast, as many large construction companies are. However, the major concern for the Authority was that Starcon did not have the experience with these other large advanced class machines, to the extent they wanted to subcontract the centerline services. He explained they did not feel like this was in their best interest to have an inexperienced contractor, even with their offer to subcontract that work. He further told the Board they did not do a great job in communicating precisely who they would use as the subcontractor, other than it would be an "experienced contractor". Mr. Sullivan added that as they looked at this contract they are not required to take the low bid since it is performance-based contract. The risk is not just the \$3 million, but is the overall \$500 million project. Mr. Ladd added that they needed a partner that will execute in a way that they have an understanding of the scope of the project and the complexity. They did not feel like the less experience contractors would have this understanding. Director Matthews asked how the number came in related to the budget for this portion of the project. Mr. Ladd said all mechanical were over-budgeted. The aggregate value of mechanical and electrical will fall below budget. Director Matthews asked if Primoris had installed one of these turbines before. Mr. Ladd confirmed this.

Chair Meyers asked if they were still in negotiations. Mr. Ladd said this is the final bid. He introduced Mr. Michael Johnson with Primoris Energy. Mr. Johnson stated they have a very strong team that has Mitsubishi experience and will not have any pause with their execution. Mr. Sullivan stated it is important for the Authority to have partners in this process versus vendors or contractors. Mr. Johnson said they are a very collaborative and transparent contractor and foresees a very mutual relationship. He also said they would like to work with GRDA again at some point later on.

Director Kimball said he sees more of an opportunity for the low bidder to present additional change orders in the amount equal to or more than the \$3 million. He stated he is comfortable with the recommendation of the staff to award the contract to Primoris.

Director Elam echoed Director Kimball's comments and expressed his concern about the timeline issues and potential shipping issues that could become a problem. He stated he is comfortable with the recommendation to award the contract to Primoris as well.

Chair Meyers added that as a Board they have a fiduciary responsibility to evaluate these contracts. He said he has a lot of faith in the staff who is ultimately responsible for ensuring this unit runs properly and is comfortable with this recommendation.

Discussion ensued regarding history of GREC Unit No. 3 and whether this choice would be beneficial in the long-term, as well as how the mechanical and electrical contracts integrate.

Director Kimball moved that the Contract for Mechanical Construction for GREC Unit No. 4 be awarded to Primoris Services Corporation, in the amount of \$65,250,000, subject to approval of final contract terms and conditions that are satisfactory to the General Counsel and Chief Executive Officer, seconded by Director Elam, and voted upon as follows: Elam, Kimball, Matthews, Meyers, Sublett, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

f. Consideration, Discussion, and Possible Approval of GREC Unit No. 4 Electrical Construction Contract - Triad Electrical & Controls Inc.

Mr. Ladd presented the Electrical Construction contractor finalists. The presentation focused on the selection of Triad Electrical & Controls, Inc. as the recommended electrical contractor for this project. The decision was based on a comprehensive evaluation process that considered several factors, including bids, safety concerns, project-specific experience, and overall value. While MMR presented the lowest bid, they lacked the specific experience with Mitsubishi systems required for the project. This was a crucial factor as the project involves unique Mitsubishi equipment and technology. Triad, on the other hand, emerged as the best overall value, demonstrating extensive experience through successful projects with PowerSouth, TVA, ExxonMobil, Holly Frontier, and Tesla. Notably, Triad's involvement in the construction of the Lohman Energy Center by PowerSouth, a project similar to the current one, earned them recognition for exceptional performance from Black & Veatch Engineering. Triad's CEO expressed strong commitment to the project and a willingness to work collaboratively with Primoris to fully understand and address project requirements. The financial assessment of Triad is approved, and negotiations regarding key personnel, direct Mitsubishi experience, and commercial and technical terms have been completed. Mr. Ladd told the Board the contract is expected to be executed this week, utilizing a similar structure to previous successful projects. The partnership between Triad, Primoris, and Black & Veatch is considered highly valuable, as their combined experience in industrial projects and familiarity with GRDA's processes and procedures will contribute to a smoother and more efficient project execution. The staff recommendation to award the contract to Triad at a firm price of \$17,692,485 is based on their strong qualifications, proven experience, and commitment to the project. This portion of the project came in below budget.

The Board and staff discussed the movement of responsibilities between electrical and mechanical aspects, primarily due to market changes. They acknowledged that mechanical market increases drove up costs, while electrical concerns focused on contractor availability. Despite receiving competitive bids, the team faced challenges in labor resources, with most workers coming from Primoris or Triad. The discussion also touched on concerns about copper price fluctuations and lead times for equipment procurement. The team has mechanisms in place to address contractor performance issues, such as penalties for missed milestones and the ability to take over work if needed. Regular communication between the leadership team and contractors will help anticipate and address any challenges that may arise to ensure project success.

Director Matthews moved that the Contract for Electrical & Instrumentation Construction for GREC Unit No. 4 be awarded to Triad Electrical & Controls, Inc., in the amount of \$17,692,485, subject to approval of final contract terms and conditions that are satisfactory to the General Counsel and Chief Executive Officer, seconded by Director Elam, and voted upon as follows: Elam, Kimball, Matthews, Meyers, Sublett, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

g. Consideration, Discussion, and Possible Approval of Salina Pump Storage Project Canal Restoration Project – RFP 4171 – Mid-Continental Restoration Company

Mr. Jacoby told the Board this project focuses on sealing joints in the floor-based structure at the Salina Pumped Storage Project to prevent water leakage that can lead to dam safety risks. Approximately 12,000 linear feet of joints need sealing every few years due to wear and tear. The leakage can cause hydraulic pressure on adjacent clay barriers and potentially lead to reservoir drawdowns. To address this issue, a unit price contract was developed to repair the joints based on the severity of adjacent concrete conditions. Two bids were received, with Mid-Continent Restoration offering a lower price compared to Cook's Consulting. The recommendation is to accept Mid-Continent Restoration's bid due to the cost difference and their willingness to honor the offer without an extension.

Director Sublett asked if Mr. Jacoby had experience with Mid-Continent before. Mr. Jacoby said they did one of the experimental improvements and did a good job. They had initially sought recommendations from material suppliers but were dissatisfied with the result. Mid-Continent then stepped in and offered an alternate repair, which was successful. The work involved replacing a surface by cleaning out joints, creating a bond, and using a backer to cover gaps. This method differs from traditional joint sealants, as it bridges gaps without causing additional stress on the structure.

Director Matthews asked if GRDA ensures inspections are made. Mr. Jacoby said internal teams at GRDA handle most inspections, occasionally overseen by engineers. Mid-Continent's response was impressive, and they were highly recommended due to their responsiveness and quality of work.

Director Kimball moved to award the unit price contract for RFP 4171, Salina Pump Storage Canal Sealant Restoration to Mid-Continental Restoration Company, Inc. at a not-to-exceed value of \$540,341.00, seconded by Director Matthews, and voted upon as follows: Elam, Kimball, Matthews, Meyers, Sublett, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

h. Other New Business, if Any, Which Has Arisen Since the Posting of the Agenda and Could Not Have Been Anticipated Prior to the Time of Posting (25 O.S. § 311(9)).

There was no other new business, and no action is required for this item.

5. Reports

a. Board of Directors Committee Reports

1. Assets Committee:

- a) **Consideration, Discussion and Possible Approval of a Request by Sugartree Nursery, LLC Located on Fort Gibson in Cherokee County, Oklahoma for a Raw Water Contract.**
- b) **Consideration, Discussion and Possible Approval of a Request by Myall LLC for a Partial Release of Utility Line Easement in Exchange for Grant of New Utility Line Easement Located in Mayes County, Oklahoma.**
- c) **Consideration, Discussion and Possible Approval of a Request by Black Mountain Energy Storage II, LLC for a Blanket Easement Release of a GRDA Transmission Line Easement Located in Pawnee County, Oklahoma.**

d) Consideration, Discussion and Possible Approval of a Request by Warren Investments, LLC, d/b/a Morrow Drive Boat Slips for Approval of a Commercial Permit Application for a Facility Located in Delaware County, Oklahoma.

Director Westbrook was absent, but Director Kimball served as Chair, with Director Sublett sitting in for the committee meeting this morning. Director Kimball stated all items were approved unanimously by the committee members and briefly explained what each of the items entailed. He asked if there were questions or comments.

There were no questions from the Board.

Regarding item a, Director Kimball moved to approve a 10-year raw water contract to Sugartree Nursery, LLC to withdraw a maximum of 70 million gallons per year from Fort Gibson in Cherokee County, Oklahoma, as approved by the Assets Committee, and the items were voted upon as follows: Elam, Kimball, Matthews, Meyers, Sublett, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item b, Director Kimball moved to approve a partial release of easement to Myall, LLC as surplus not needed by GRDA, in exchange for the grant of a new easement to GRDA in Mayes County, Oklahoma as presented, as approved by the Assets Committee, and the items were voted upon as follows: Elam, Kimball, Matthews, Meyers, Sublett, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item c, Director Kimball moved to approve a partial release of easement as surplus not needed to GRDA in Pawnee County Oklahoma to Black Mountain Energy Storage, LLC for the amount of \$200.00, as approved by the Assets Committee, and the items were voted upon as follows: Elam, Kimball, Matthews, Meyers, Sublett, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item d, Director Kimball moved to approve the commercial application for Warren Investments, LLC d/b/a Morrow Drive Boat Slips for 3 docks containing 17 slips as submitted, as approved by the Assets Committee, and the items were voted upon as follows: Elam, Kimball, Matthews, Meyers, Sublett, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

2. Audit, Finance, Budget, Policy & Compliance Committee:

- a) First Reading of Updates to Board of Directors' Policy No. 2-4 Conflict of Interest and Business Ethics**
- b) First Reading of Updates to Board of Directors' Policy No. 4-3 Energy Risk Management**

Director Sublett said today they have two governance policy matter to discuss. He asked Mr. Jeff Brown to present the information on Conflict of Interest and Business Ethics.

Regarding item a, Mr. Brown stated, in August, Board Policy 2-4 was first read but adjustments were needed. The policy addresses potential conflicts for employees and board members. A new process captures this information and offers training. Proposed changes were shared in red-line and clean versions for the Board's review prior to the meeting. This first reading will be followed by a formal approval next month.

There is no action required for this item.

Director Sublett asked Mr. Feighner to present information on the Energy Risk Management policy.

Regarding item b, Mr. Feighner said the risk policy, originally adopted in 2014, established the Risk Oversight Committee to manage risks such as stable electric rates, hedging risk, credit risk, and regulatory risk for the GRDA. In June, the Board approved joining The Energy Authority (TEA), which offers portfolio management, natural gas management, and energy trading services. Changes to the policy now will allow

TEA, as a member, to enter into contracts on behalf of GRDA, replacing the previous requirement for only GRDA employees to do so. The aim of this adjustment is to grant TEA the authorization to undertake these transactions that are part of the services provided in conjunction with GRDA's membership. Further modifications may occur in the future as integration with TEA progresses, but currently, the focus is on empowering TEA to conduct these trades. Potential negotiations and discussions will take place to finalize this process.

Director Matthews asked if there is a formal process for the negotiations and discussions to take place. Mr. Feighner said the process of engaging third-party entities to handle energy transactions and risk management involves collaboration and oversight. In November, TEA will begin entering day-ahead offers into the market, and consulting with the organization before finalizing transactions. This process ensures transparency and involvement in decision-making. TEA operates under its own, as well as GRDA's, established risk management and hedging policies, only executing trades within approved guidelines. By leveraging their expertise and industry knowledge, they act as an extension of the Authority's capabilities, utilizing additional data points and national market insights to make informed decisions. They interact with various utilities nationwide, providing a broad perspective that enhances decision-making. Maintaining oversight, key board members monitor their activities, ensuring compliance with policies and best practices. Mr. Sullivan added that this structured approach allows for effective risk management and strategic decision-making while benefiting from the specialized skills and resources of TEA. Collaboration and communication between all involved parties ensure a harmonious and efficient process, ultimately contributing to the organization's success in energy transactions and risk management.

There is no action required for this item. The formal approval will come next month.

3. Compensation & Marketing Committee: Director Kimball had no report.

4. Fuel and Long-Range Planning Committee:

a) Consideration, Discussion, and Possible Approval of RFP 2782 – Salina Pumped Storage Project Units 5 & 6 Modernization

Regarding item a, Chair Meyers said the committee met Monday afternoon and discussed some work that needs to be done on the units five and six at the Salina Pumped Storage facility. He asked Mr. Jacoby to present the material on this for the Board and said the committee recommends approval of this work, after extensive discussion.

Mr. Jacoby provided project background and said this project aims to modernize the Salina Pumped Storage facility that has been operating for over fifty years. The facility, originally built in stages, consists of three units with a total capacity of 260 megawatts. It has been a reliable source of revenue, but changes in the energy market have reduced its profitability and flexibility. This project focuses on refurbishing two units (Units 5 and 6) to improve performance and efficiency. The project includes replacing worn parts, addressing cavitation issues, and conducting model tests to support future modernization efforts. The goal is to enhance the facility's ability to respond to market demands and increase its overall plant factor. The project is also designed to be flexible enough to accommodate future additions and upgrades, such as variable speed additions and hybridization. This will further enhance the facility's ability to participate in the energy market and provide a more reliable and efficient source of energy. Mr. Jacoby showed photographs of some issues they are seeing. Two bids were received for the project, one from Litostroj, US and one from American Hydro. Litostroj's bid was significantly lower, at \$49 million, compared to American Hydro's bid of \$77.9 million. This aligns with the estimated price of \$44.8 million provided by the project's engineer. The project is seen as a cost-effective solution to maintaining a critical asset for the next twenty-five to thirty years, providing a significant return on investment compared to other options. The project will help the facility remain competitive in the evolving energy market and ensure its continued availability as a flexible and reliable energy source.

Chair Meyers said the amount is large, but when calculated to determine the cost per kilowatt-hour, it is appropriate. It cannot truly be compared to a simple-cycle machine and would not perform the same way but is required to be kept in operation. Decommissioning the plant would be challenging due to the dedicated environmental use required. Maintaining units during the process would incur added costs, which would persist even if the plant were not actively used.

Discussion ensued about the plant's potential for future applications. The key issue is making the plant competitive in the market. It is necessary to find a balance between cost management, maintenance, and future utilization of the plant to maximize its value. Continuing to run and manage the plant with a couple of units during this time seems to be the most feasible approach.

Director Meyers moved to award the Salina Pumped Storage Project Units 5 & 6 Modernization Project Request for Proposal 2782 to Litostroj, US in an not-to-exceed value of \$55,863,353.00, inclusive of optional pricing negotiated for the award, subject to final negotiation and reconciliation of contract terms acceptable to the Chief Executive Officer and the General Counsel, seconded by Director Sublett, and voted upon as follows: Elam, Kimball, Matthews, Meyers, Sublett, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Director Elam moved for adjournment at 12:02 p.m., seconded by Director Sublett, and voted upon as follows: Elam, Kimball, Matthews, Meyers, Sublett, yes. *Motion passed (5-yes, 0-no, 0-abstained).*



Sheila A. Allen, Secretary

DATE APPROVED:

November 13, 2024
GRDA Board of Directors