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ANNUAL REPORT



GRAND CANYON STATE ELECTRIC
COOPERATIVE ASSOCIATION, INC.

Your Touchstone Energy® Cooperatives 



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GCSECA



Jorge Canaca



Hannah Capozzi



Nancy Garcia



Dave Lock



Casey Ratlief

Our MISSION

As a nonprofit, nonpartisan organization, the mission of Grand Canyon State Electric Cooperative Association is to **STRENGTHEN, SUPPORT, UNIFY** and **REPRESENT** member interests at the state and national levels.

Our VISION

Grand Canyon State Electric Cooperative Association will serve its membership by providing valued, federated services and a unified voice for electric cooperatives.

2019 Year in Review

Jeff Larson, President of the Board



This past year brought a lot of changes to Grand Canyon State Electric Cooperative Association. While our year was one of transition, I believe 2019 ended up being a good one for our statewide association.

We have a different team in place at Grand Canyon. Fortunately, we retained three of our experienced staff: Jorge Canaca, Casey Ratlief and Hannah Capozzi. All carried on in admirable fashion during the tenure of our Interim CEO Tyler Carlson and the naming of our new CEO, Dave Lock. I want to express my gratitude to Tyler, Jorge, Casey and Hannah for working hard to represent Arizona's co-ops during this uncertain time. I would also like to recognize and thank my fellow board members who provided leadership and support throughout the year. We're happy to have Dave on board now, and we welcomed a new executive assistant, Nancy Garcia. I believe this team is coming together nicely and will do great things for our members in the years to come.

In spite of the changes, we had a successful year in various areas. In Washington, we were able to gain bipartisan support of two congressional bills important to co-ops. One would reduce the Pension Benefit Guaranty Corp.'s premiums by almost 80%, translating into significant savings for co-ops. The other would maintain the tax-exempt status of co-ops that obtain local, state or federal government grants for things like disaster relief and the provision of broadband to their members. It's nice to see members of Congress putting partisan differences aside and working across the aisle on issues important to Arizona's rural electric co-ops.

In Arizona, we held our ground as the Arizona Corporation Commission continued its extremely busy agenda. The ACC touched on various operational and policy issues important to our members. These included a six-month moratorium on terminating service to members for non-payment, intervening to argue for reduced contract terms under the Public Utility Regulatory Policies Act, once again deliberating the enactment of retail electric competition, finalizing interconnection rules and considering various other issues that impact us.

At the State Capitol, we maintained excellent relationships with the Ducey Administration, the Arizona legislature and state agencies and saw no adverse measures advance. We also partnered with the National Rural Electric Cooperative Association, associate members and our fellow Arizona electric providers to show a unified front on state and federal issues.

We bolstered our education, training, communications and outreach programs. We offered two NRECA Board Leadership Certificate courses and hosted a successful workshop for administrative professionals. Our Washington Youth Tour was the highest-attended ever, and we had great conferences in January and July, chock full of interesting speakers and topics. We resumed publication of our monthly electronic newsletter and our quarterly magazine. Dave kept the board and key stakeholders informed of the association's activities through weekly reports.

At the end of 2019, the board and staff engaged in a strategic planning process, which I believe will enable us to sharpen our focus and work collaboratively toward making Grand Canyon a top statewide association. As we enter into a new decade—and GCSECA's 70th year of representing Arizona's co-ops—I am looking forward to much success ahead.

Annual Report Note

Dave Lock, CEO



I have had the privilege of serving Arizona's rural electric cooperatives for most of 2019. It's been a busy, fulfilling, rewarding and challenging year.

We have covered a lot of territory in the time I've been here. I can't say enough about the Grand Canyon State Electric Cooperative Association team. Jorge, Casey, Hannah and Nancy have worked collaboratively and tirelessly to address the many issues that have come our way, and I want to thank them for their dedication to the statewide and to our members. One of my favorite Cooperative Principles is No. 6: Cooperation Among Cooperatives. I am so appreciative to a number of our co-ops who lent their time and talent to GCSECA in 2019. They assisted with our budgeting process, helped produce our summer meeting and work with us to produce our publications, such as this one. On that topic, the talented communications staff at AEPCO deserves special recognition and thanks.

I believe organizations evolve over time. 2019 presented Grand Canyon and our members the opportunity to evolve into what is needed at this time and place. As is reported elsewhere in our annual report, there are myriad legislative and regulatory challenges and changes at the state and federal level, and we are well positioned to address them in our members' best interests. We are providing training and education opportunities to help members face our new reality of a rapidly changing industry. Constant communication is the norm today—inside and outside of our organizations. We are using a variety of channels and methods to ensure we share information in a timely and compelling fashion. Engaging young members into the co-op world has become extremely important as our demographics change. We will continue to do so with the Washington Youth Tour.

At the latter part of 2019, the board and staff engaged in a strategic planning process, which brought clarity to our mission and defined goals and objectives that will continue to shape who we are and how we're best meeting our members' needs. There are many opportunities for Arizona's co-ops to thrive in our changing landscape. Grand Canyon stands ready to facilitate success for our members.

As we celebrate Grand Canyon's 70th year in 2020, I look forward to carrying on our tradition of providing vital, effective and high-quality services to Arizona's cooperative family.



It's been a busy year! The recalibration of GCSECA's personnel, programs and operations in 2019 undoubtedly provided challenges, but it also allowed GCSECA to refocus and execute with more purpose and intent. The federal legislative and regulatory agenda has provided GCSECA the opportunity to play both offense and defense. Although there have been significant improvements made in the federal regulatory arena, by far, the Arizona Corporation Commission has presented the most resource demands, cost prohibitive energy policies—and, frankly, intrusions on our democratically-elected form of governance. That said, we are more committed than ever—to continue to engage in a deliberative and strategic manner to represent, protect and advance the interests of our rural electric cooperative members.



Tom O'Halleran



Ann Kirkpatrick



Raúl Grijalva



Paul Gosar



Andy Biggs



David Schweikert



Ruben Gallego



Debbie Lesko



Greg Stanton

Congressional Bipartisan Legislation

During the first session of the 116th Congress, GCSECA has deployed a multifaceted lobbying and advocacy campaign to secure the support of Arizona's congressional delegation to enact two key pieces of legislation. From the beginning, both have been bipartisan issues. The first, the Revitalizing Underdeveloped Rural Areas and Lands Act (H.R.2147, S.1032), prevents electric co-ops from losing their tax-exempt status when they receive federal, state and local grants. The second, the Setting Every Community Up for Retirement Enhancement Act (H.R.1994), reduces the insurance premiums paid by the NRECA Retirement Security Plan by more than \$30 million, translating into an estimated \$500,000 savings in premiums for Arizona's electric cooperatives.

The RURAL Act garnered the necessary votes for passage in both chambers in late December and was enacted into law. Although the retirement package sailed through the House 417-3 in May, objections from a few Senate Republicans on provisions unrelated to the electric co-ops derailed immediate passage. But the co-ops were diligent and persisted, and the SECURE Act passed late in the year.

WAPA Transparency Act of 2019

Following in the footsteps of their predecessors, U.S. Sens. Kyrsten Sinema (D) and Martha McSally (R) introduced bipartisan legislation to bring transparency and accountability to the Western Area Power Administration. A U.S. House companion bill was introduced by Rep. Paul Gosar with bipartisan support. Both bills include conflicting financial nomenclature. We hope to resolve these issues throughout the legislative process during the second session of the 116th Congress.



Federal Government Relations

Federal Regulatory Matters

Beyond seeking legislative relief for cooperatives, GCSECA has diligently worked with NRECA, AEPCO and the congressional delegation to push for regulatory reform at the Environmental Protection Agency on three notable actions: repeal of the 2015 Clean Water Act-Waters of the U.S. (WOTUS) rule, EPA's issuance of the Affordable Clean Energy (ACE) rule, and revisions to the New Source Review (NSR) program.

The past year, GCSECA has coordinated closely with NRECA, AEPCO and Rep. Andy Biggs (R-AZ5) on a U.S. House dear colleague letter, also supported by the Western Congressional Caucus, to "nudge" the EPA to reform the NSR rule. Senate Bill S. 2662 was introduced in late October to back the administration's efforts at regulatory reform. The Growing American Innovation Act Now is a companion to a similar bill in the U.S. House.

Nationwide co-ops have:

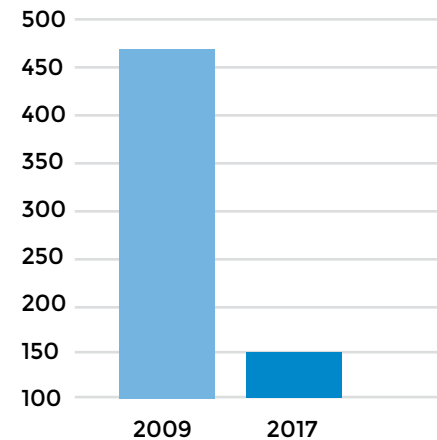
Reduced **sulphur dioxide** emissions 68% from 2009-2017.

Reduced **nitrogen oxide** emissions 34% from 2009-2017.

Reduced **carbon dioxide** emissions 9% since 2009 while increasing generation by more than 12 million megawatt-hours.

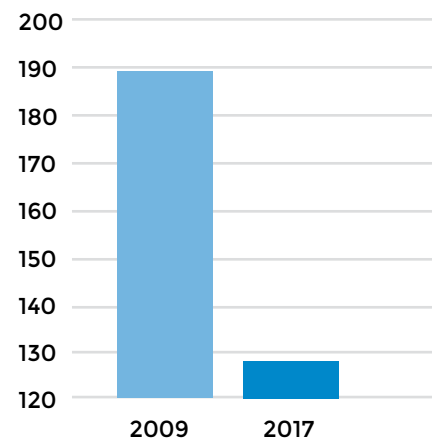
Total SO₂ Emissions

Thousands (short tons)



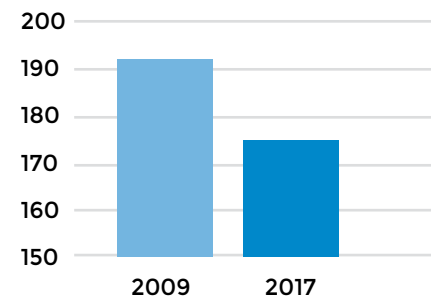
Total NO_x Emissions

Thousands (short tons)



Total CO₂ Emissions

Millions (short tons)



Source: EPA & EIA

Arizona Corporation Commission Matters

To say the ACC has been aggressive in approving energy policies in 2019 would be a gross understatement. GCSECA and its member cooperatives dedicated substantial amounts of time and financial resources to respond. In 2019, we filed comments on numerous dockets, attended workshops and provided testimony at commission open meetings. At the behest of commissioners, ACC staff opened rulemaking dockets to explore possible new and revised rules on the following topics: Renewable Energy Standards and Tariffs, energy efficiency, net metering, integrated resources planning, retail electric competition, electric vehicles, forest bioenergy, and interconnection of distributed generation rules, to name a few.

Unexpectedly, the cooperatives were drawn into three additional and significantly impactful dockets: termination of service (service disconnections), the Public Utility Regulatory Policies Act of 1978 (PURPA) and retail electric competition. In December, we successfully amended language preserving the cooperatives' existing flexibility on PURPA contracts. We will continue to engage at the ACC to ensure energy policy is executed in the best interest of our cooperatives.



State Government Relations

Casey Ratlief, Director of Government Relations & Grassroots Advocacy











Highlights

Even though the 2019 legislative session lasted for a long 135 days, it remained mostly quiet on the energy front. However, that is not to say that the session did not deal with major issues.

Early on in the session, the legislature avoided a crisis by passing the Drought Contingency Plan on a bipartisan basis. In the session's final days, legislators reached consensus on legislation that would grant victims of sexual assault more time to sue their assailants in civil court. In reaching an agreement on this particular piece of legislation, they were able to move forward on approving the state's budget.

Many Positives for Rural Arizona in the Budget

The \$11.8 billion budget was approved May 27th. While the budget dealt with a number of large items—such as adding \$542 million over two years to the state's Rainy-Day Fund—there were a number of positives for rural Arizona, including:

 <p>\$20 million to help fund the drilling of new groundwater wells in Pinal County</p>	 <p>\$14.2 million for eight rural community colleges</p>	 <p>\$3 million for rural broadband grants</p>	 <p>\$3 million to shore up the rural counties elected official retirement plans <small>(county judges partake in these plans)</small></p>
 <p>\$1.5 million for Benson and Northern Cochise critical access hospitals</p>	 <p>\$1 million a year (for 10 years) for invasive salt cedar eradication</p>	 <p>\$1 million for a fire training center at Northland Pioneer College</p>	 <p>\$271,000 for Sierra Vista Public Safety Communications equipment</p>

Deepened Relationships with Policymakers

A major focus of 2019 was building new relationships and deepening the ones that already existed. The legislative rally in January was, once again, a huge success and set the tone for how GCSECA approached legislators for the remainder of the session.

Of course, educating legislators on the co-op difference is always given special attention at the legislative rally, but the education didn't end there. The year was full of issues that were largely contained to the Corporation Commission, such as deregulation and termination of service, but created questions and concern amongst many legislators. Again, this was an opportunity to brief legislative leadership and other legislators about the uniqueness of Arizona's rural electric cooperatives and how these policies would unfairly impact us.

These same issues also presented GCSECA with an opportunity to build relationships with the governor's staff and moderate Democrats. From the governor to his senior staff, the budget office and the policy, GCSECA has worked to build relationships within the administration that will serve us well in the next few years. Additionally, we have worked to develop relationships with moderate House Democrats, who have shown a desire to better understand our issues and help navigate the path toward solutions. In so doing, we hosted five members of the Democratic caucus in our office for a meet-and-greet with co-op CEOs and staff.



Member & Public Relations

Hannah Capozzi, Member and Public Relations Manager

Our statewide office has witnessed quite a few changes to our Member and Public Relations department the past year. Despite many adjustments to this department over a short period of time, we have made many improvements to our communications and member/community engagement during the past year.



The manager of member and public relations provides several services for the statewide designed to assist members in their education, communications and public outreach efforts. Below—is a brief list of our accomplishments from this past year.

- Coordinated NRECA training sessions for member systems, including two Board Leadership courses.
- Expanded the OnCourse Learning training platform to additional GCSECA cooperative members and their training needs.
- Assisted and worked collaboratively with AzGT to develop monthly editions of the electronic newsletter Current Activities.
- Assisted and worked collaboratively with AzGT to re-introduce publication of GCSECA Currents magazine, which is directed toward key thought leaders within the electric utility industry.
- Managed and worked collaboratively with Pioneer Utility Resources, formerly Ruralite, and AzGT to provide an overhaul of our GCSECA website (gcseca.coop) for better navigation, transparency and overall aesthetic.
- Co-directed the 2019 Youth Tour to Washington, D.C., for 67 participants—56 students, 9 chaperones and 2 tour directors. Representatives attended from the 10 participating cooperative and tribal utility members.
- Created the GCSECA 2020 printed directory of member systems with the assistance of Pioneer Utility Resources.
- Served as staff liaison to the Education and Professional Development Committee and reintegrated the GCSECA staff liaison position for the Group Purchasing and Member & Public Relations committees.
- Planned and coordinated a successful workshop for administrative and office assistants.
- Collaborated and assisted with publication of the GCSEA annual report and ACRE annual report.
- Planned and coordinated various statewide events, including the winter and summer meetings, the Miles Oldfather Golf Tournament, Rustler's Rooste Roundup, and various meetings held at our office.
- Assisted and coordinated with ARC media to increase the engagement, frequency and quality of content posted to GCSECA social media pages and sites.

The Week of a Lifetime

The Washington Youth Tour Annual Report Overview

In 1957, future President Lyndon B. Johnson addressed the NRECA Annual Meeting. He charged the membership with developing a program targeted at the youth of rural America. He declared, "If one thing comes out of this meeting, it will be sending youngsters to the national Capitol where they can actually see what the flag stands for and represents." In 1964, NRECA founded the Washington Youth Tour. Starting out with just 400 students, it now changes the lives of 1,900 students every year.

Youth Tour ignites a passion within delegates to look at the world with a fresh perspective, challenge the status quo, invest in rural America, and create change in their communities. Youth Tour is about elevating students to the next level, and it all happens in just one a week.



2019 GCSECA Membership List

Full Members – Class A

Duncan Valley Electric Cooperative, Inc.

P.O. Box 440 | Duncan, AZ | 85534
P: 928-359-2503
F: 928-359-2370

Graham County Electric Cooperative, Inc.

Drawer B | Pima, AZ | 85543
P: 928-485-2451
F: 928-485-9491

Mohave Electric Cooperative, Inc.

P.O. Box 22530
Bullhead City, AZ | 86439
Admin. P: 928-763-4115
F: 928-763-6094

Navopache Electric Cooperative, Inc.

1878 W. White Mtn. Blvd.
Lakeside, AZ | 85929
P: 928-368-5118 and 800-543-6324
F: 928-368-6697

Sulphur Springs Valley Electric Cooperative, Inc.

350 N. Haskell Ave.
Willcox, AZ | 85644
P: 520-384-2221
F: 520-384-5223

Trico Electric Cooperative, Inc.

P.O. Box 930 | Marana, AZ | 85653
P: 520-744-2944 and 866-337-2052
F: 520-744-2329

Full Members – Class B

Arizona Electric Power Cooperative, Inc.

P.O. Box 670 | Benson, AZ | 85602
Benson P: 520-586-3631
Benson F: 520-586-5343
Apache Station P: 520-384-4256
Apache Station F: 520-384-6557

Sierra Southwest Cooperative Services, Inc.

P.O. Box 670 | Benson, AZ | 85602
P: 520-586-3631
F: 520-586-5343

Associate Members -Class A

Aha Macav Power Services

P.O. Box 6870
Mohave Valley, AZ | 86446
P: 928-768-2200
F: 928-768-2262

Columbus Electric Cooperative, Inc.

P.O. Box 631 | Deming, NM | 88031
P: 505-546-8838
F: 505-546-3128

Dixie Power

71 E. Highway 56 | Beryl, UT | 84712
P: 435-439-5311
F: 435-439-5352

Electrical District No. 2

P.O. Box 548 | Coolidge, AZ | 85128
P: 520-723-7741
F: 520-723-5252

Electrical District No. 3

41630 W. Louis Johnson Dr.
Maricopa, AZ | 85238
P: 520-424-9021
F: 520-424-9065

Electrical District No. 4 & 5

P.O. Box 605 | Eloy, AZ | 85231
P: 520-466-7336
F: 520-466-7778

Garkane Energy

P.O. Box 465 | Loa, UT | 84747
P: 435-836-2795
F: 435-836-2497

Gila River Indian Community Utility Authority

6640 W. Sundust Rd., Ste. 5091
Chandler, AZ | 85226
P: 520-796-0600
F: 520-796-0672

Salt River Project

P.O. Box 52025
Phoenix, AZ | 85072
P: 602-236-5900

Tohono O'odham Utility Authority

P.O. Box 816 | Sells, AZ | 85634
P: 520-383-2236
F: 520-383-2218

GCSECA AT A GLANCE

1950
Incorporated



14 Associate member utilities



5 million
Consumer-members
receive services



71 Full member
cooperatives



10 Associate
member
vendors



12
counties,
service territory
in Arizona



Tri-State Generation & Transmission Association

P.O. Box 33695
Westminster, CO | 80233
P: 303-452-6111
F: 303-254-6007

Wellton-Mohawk Irrigation & Drainage District

30570 Wellton-Mohawk Dr.
Wellton, AZ | 85356
P: 928-785-3351
602-254-5809
F: 928-785-3389

Associate Members -Class B

Arizona Municipal Power Users' Association

501 E. Thomas Rd.
Phoenix, AZ | 85012
P: 602-393-1700
F: 602-393-1703

Yuma County Water Users' Association

P.O. Box 5775 | Yuma, AZ | 85366
P: 520-627-8824
F: 520-627-3065

Associate Members -Class C (Vendors)

Arizona Sun Sales

120 N. 44th St., Ste. 420
Phoenix, AZ | 85034
P: 602-437-0469

ARC Media

128 East High Street
Jefferson City, MO | 65101
P: 314-603-0923

BoardPaq

112 S. Main St.
St. Charles, MO | 63301
P: 314-669-4745

Border States Electrical Supply

763 E. MacArthur Cir.
Tucson, AZ | 85714
P: 520-241-9332

CoBank

6340 S. Fiddlers Cir.
Greenwood Village, CO | 80111
P: 512-593-9091

Graybar Electric

3350 W. Earll Dr.
Phoenix, AZ | 85017
P: 803-526-5311

Milwaukee Tool

P: 619-717-1942

Osмосе Utilities Services, Inc.

635 Highway 74 South
Peachtree City, GA | 30269
P: 678-488-1261

Pioneer Utility Resources

5625 NE Elam Young Pkwy.
Hillsboro, OR | 97124
P: 503-357-2105

TransWorld Network Corp.

255 Pine Ave. N.
Oldsmar, FL | 34677
P: 877-381-2667

Western United Electric Supply Corporation

100 Bromley Business Pkwy
Brighton, CO | 80603
P: 720-880-7022

Board of Directors

Duncan Valley Electric Cooperative



Frank Downs
Director



J. Vance Lee
Director

Graham County Electric Cooperative



Chris Claridge
Director



Jeff Larson
Director

Sulfur Springs Valley Electric Cooperative



Creden Huber
CEO



Pat English
Director

Trico Electric Cooperative



Marsha Thompson
Director



Vincent Nitido
CEO

Mohave Electric Cooperative



Cynthia Christy
Director



Joe Anderson
Director

Navopache Electric Cooperative



Floyd William "Bill" Arendell
Director



Chuck Moore
CEO

Arizona Electric Power Cooperative



Gene Robert Larson
Director



Patrick Ledger
CEO

Columbus Electric Cooperative



William Cloudt
Director

Board Officers

Jeff Larson, President
Graham County Electric Cooperative

Marsha Thompson, Secretary
Trico Electric Cooperative

Cynthia Christy, Vice President
Mohave Electric Cooperative

Frank Downs, Treasurer
Duncan Valley Electric Cooperative



2019 GCSECA Standing Committees

Legislative and Government Relations Committee

Patrick Ledger—Chairperson | Casey Ratlief and Jorge Canaca—GCSECA Staff Liaisons

Patrick Ledger, CEO	AzGT Cooperatives
Steve Lunt, CEO	Duncan Valley EC
Kirk Gray, General Manager	Graham County EC
J. Tyler Carlson, CEO	Mohave EC
Floyd William “Bill” Arendell, Director	Navopache EC
Creden Huber, CEO	Sulphur Springs Valley EC
Marsha Thompson, Director	Trico EC

Education & Professional Development Committee

Sandra Mendez—Chairperson | Hannah Capozzi —GCSECA Staff Liaison

Shannon Garner, Employment & Benefits Manager	AzGT Cooperatives
Kimberly Waters, Administrative Manager	Duncan Valley EC
Rusty Sherman, Line Superintendent	Graham County EC
Paula Mink, Executive Assistant	Mohave EC
Natalie Stobs, Human Resources Supervisor	Navopache EC
Jason Bowling, Human Resources Manager	Sulphur Springs Valley EC
Sandra Mendez, Executive Assistant	Trico EC

Group Purchasing Committee

Charlie Gourdin—Chairperson | Hannah Capozzi—GCSECA Staff Liaison

Beth Welch, Manager of Supply Chain	AzGT Cooperatives
Dan Coats	Duncan Valley EC
Randy Hawkins, Purchasing Agent	Graham County EC
Jerry Hardy, Warehouse and Purchasing Supervisor	Mohave EC
Jennifer Wade, Communications Specialist	Navopache EC

Group Purchasing Committee

Carlos Cabral, Purchasing Manager	Sulphur Springs Valley EC
Charlie Gourdin, Warehouse Supervisor	Trico EC
Chris Miller, Purchasing	Gila River Indian Community UA
Antonio Lopez, Purchasing Agent	Tohono O’odham UA

Member and Public Relations Committee

Roberta Lopez-Suter—Chairperson | Geoff Oldfather—AzGT Liaison | Hannah Capozzi—GCSECA Staff Liaison

Geoff Oldfather, Communications, Marketing & PR Mgr	AzGT Cooperatives
Jimmie Sue Jones, Member Services	Duncan Valley EC
Diane Junion, Executive Assistant	Graham County EC
Zenon Mocariski, Public Affairs Specialist	Mohave EC
Jennifer Wade, Communications Specialist	Navopache EC
Eric Petermann, Public Relations Manager	Sulphur Springs Valley EC
Roberta Lopez-Suter, Marketing & Communications Director	Trico EC

Arizona Action Committee for Rural Electrification

Patrick Ledger—Chairperson | Casey Ratlief—GCSECA Staff Liaison, Treasurer

Patrick Ledger, CEO	AzGT Cooperatives
Steve Lunt, CEO	Duncan Valley EC
Kirk Gray, General Manager	Graham County EC
J. Tyler Carlson, CEO	Mohave EC
Floyd William “Bill” Arendell, Director	Navopache EC
Creden Huber, CEO	Sulphur Springs Valley EC
Marsha Thompson, Director	Trico EC



GRAND CANYON STATE ELECTRIC COOPERATIVE ASSOCIATION, INC.

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