

LA PLATA ELECTRIC ASSOCIATION, INC.
Finance and Audit Committee Meeting Minutes
Thursday, August 11, 2022
<https://lpea.coop/board-directors-committees>

CALL TO ORDER

The Finance and Audit Committee of the La Plata Electric Association Board of Directors was held Thursday, August 11, 2022, via Zoom webinar. Committee Chair McWilliams called the meeting to order at 9:04 a.m. The following committee members were in attendance:

COMMITTEE MEMBERS

Director Sue McWilliams, Committee Chair
Director Ted Compton
Director Tim Wheeler
Karl Ramsey, VP of Finance
Jessica Matlock, CEO

LPEA STAFF

Dan Harms, EVP of Grid Solutions and Special Projects
Graham Smith, General Counsel

GUESTS

Kirsten Skeehan

APPROVAL OF AGENDA

Committee Chair McWilliams addressed the August 11, 2022, Finance and Audit Committee (FAC) meeting agenda.

Motion: Committee Member Wheeler moved to approve the August 11, 2022, FAC meeting agenda. Motion seconded and carried without dissent.

APPROVAL OF MEETING MINUTES

Committee Chair McWilliams addressed the June 8, 2022, FAC meeting minutes.

Motion: Committee Member Compton moved to approve the June 8, 2022, FAC meeting minutes. Motion seconded and carried without dissent. Wheeler abstained as he was not present at that meeting.

QUESTIONS ON JUNE FINANCIALS

VP of Finance Ramsey was available to field questions; no questions were posed.

JULY FINANCIAL UPDATE

VP of Finance Ramsey addressed the draft July financials. Ramsey told the committee that all financial goals had been met in July, but operating margins were slightly below budgeted levels. Ramsey and EVP Harms explained how higher industrial sales had not translated into higher margins as the cost of power was higher than expected due to a poorer load factor than was budgeted for the month.

Committee Chair McWilliams suggested that the FAC be rescheduled in 2023 so that there would be time to finalize the monthly financials before the meeting. The committee discussed the challenges in having a committee meeting immediately before the board meeting, and VP Ramsey suggested that we might consider an arrangement like Tri-State's, where monthly financials are reviewed at the beginning of the second month after closing (for example, June financials being reviewed at the beginning of August).

2021 KRTA REVIEW

VP of Finance Ramsey took questions from the committee on the KRTA results from 2021. Committee Chair McWilliams and Committee Member Compton congratulated staff on the excellent results reflected in the report. VP Ramsey took questions from the committee on the KRTAs.

2023 BUDGET UPDATE

VP of Finance Ramsey addressed the 2023 budget. Ramsey shared a first draft of the key numbers from the budgeted income statement and the financial ratios and goals this would produce. The preliminary budget shows an operating margin of approximately \$2.4m, but this is subject to change at this early stage of the process. VP Ramsey took questions on the budget numbers.

ADJOURN

There being no further business, this meeting of the Finance and Audit Committee of the La Plata Electric Association Board of Directors adjourned at 10:03 a.m.

Recorded by Karl Ramsey, and approved by:



Sue McWilliams, Committee Chair