

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors Meeting Minutes
<https://lpea.coop/lpea-board-directors-resources>
Wednesday, February 14, 2024
In-person with Electronic Attendance Option
LPEA Headquarters | Durango, Colorado

CALL TO ORDER (9:00 a.m.)

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held in person on Wednesday, February 14, 2024, with an electronic attendance option. President Compton called the meeting to order at 9:00 a.m. with the following directors present:

Ted Compton, President	Joe Lewandowski	Nicole Pitcher
Dan Huntington	David Luschen	Kirsten Skeehan, Vice President (Electronic)
Rachel Landis	Kohler McInnis	Tim Wheeler, Treasurer
John Lee, Jr., Secretary	Holly Metzler	John Witchel

LPEA STAFF

Amanda Anderson, Strategic Communications Officer
Patrick Berry, VP of Finance
Dan Harms, Executive VP of Grid Solutions and Special Projects
Elizabeth Howe, VP of Business Services
Jessica Matlock, Chief Executive Officer
Graham Smith, General Counsel
Jerry Sutherlin, VP of Operations
Janelle Thunstrom, Executive Assistant
Drew Timmerman, VP of Information Technology

EXCUSED ABSENCE

None

WEBINAR ATTENDEES

Werner Heiber and Guinn Unger

IN-PERSON ATTENDEES

Emelie Frojen

APPROVAL OF THE AGENDA (9:01 a.m.)

President Compton addressed the agenda for the LPEA board meeting on February 14, 2024.

Motion: Director Landis moved to approve the February 14, 2024, LPEA board meeting agenda as presented. Motion seconded and carried without dissent. Director Skeehan was not present for the vote.

MEMBER COMMENTS AND CONCERNS (9:02 a.m.)

Attorney Smith gave an overview of the ground rules for public commentary. There were public comments in person and electronically.

CONSENT BOARD ITEMS (9:11 a.m.)

President Compton addressed the Consent Board Items.

Motion: Director Huntington moved to approve Consent Board Items: the January Board of Directors minutes as amended, accepting new members, Capital Credits to estates, the retirement of monthly write-offs with clarification, director travel and training requests, Election Supervisory Committee Member appointment and approve changes to Policy 109. Motion seconded and carried without dissent.

CEO AND STAFF REPORTS

DIVISION DASHBOARDS (9:18 a.m.)

Chief Executive Officer (CEO) Matlock reported on the monthly board dashboard. The dashboard reports progress in meeting the targets listed in the [2024 Operational Plan](#). The dashboard was made public prior to the board meeting. CEO Matlock explained the SAIDI and SAIFI metrics. CEO Matlock and VP Harms stated that, in January, all key performance indicators, except for Beneficial Electrification sales, were achieved. This was attributed to a change in the method of how BE sales are being tracked.

VP Berry gave an update on the cooperative's finances. LPEA continues to maintain a healthy balance sheet and cash position, with all the board's financial goals met in January. The board-approved 2024 LPEA budget scenario was contingent on the approval of Tri-State's proposed rate increase by the Federal Energy Regulatory Commission (FERC). As that rate increase has not yet been approved, the budget report presented does not include that rate increase. LPEA has not recognized the 4% or \$461,736 in additional revenue we received in January from passing that Tri-State rate increase to our members for budget purposes. After these adjustments, LPEA reported an operating margin of \$1,680,134 in January 2024, compared to the budgeted margin of \$1,245,626, creating a positive variance of \$434,508. Residential sales were 3% above budget, commercial sales were 2% above budget, and industrial sales were 2% below budget. Revenues were up by 2% or \$224,779, while the cost of power was 1% above budget or \$67,000, resulting in gross margins (revenue less cost of power) being 3% or \$157,410 above budget. Controllable costs in January were \$256,000 lower than budgeted levels. Expense reductions were spread across multiple departments, with primary drivers coming from distribution maintenance, sales, and administrative and general expenses. We expect some of this better-than-budget variance to diminish over time as there is a timing variance between when the spending was budgeted and when it will happen.

CEO Matlock and staff members took questions about the discussed topics in the dashboard and appendix reports.

ATTORNEY UPDATE ON FERC ACTIONS (10:52 a.m.)

Matthew Larson, Outside Counsel for LPEA, advised on the status of the cases related to Tri-State's wholesale electric rates and exit fee at the Federal Energy Regulatory Commission (FERC) and related matters.

The Tri-State formula rate case received a deficiency notice and was directed to addressing FERC's questions about the specific allocation of certain transmission facilities. Following responses from Tri-State, LPEA, and other parties, FERC will either approve the proposed rate, instruct a direct assignment of those transmission facilities, recommend settlement procedures, or potentially reject the rate. The outcome is pending.

An update on the Contract Termination Payment (CTP) reveals that United Power and Mountain Parks have formally received their figures, and United Power states there is a discrepancy of \$160 million between their calculation and Tri-State's. This matter is currently under review.

FERC is handling two new cases involving Tri-State and United Power. One pertains to a non-executed withdrawal agreement filed by Tri-State for United Power's endorsement, and the other involves United Power's settlement with Tri-State as part of United's Adams County case.

On the Colorado Public Utilities Commission, LPEA is actively involved in the Tri-State Electric Resource Plan (ERP), having jointly intervened with Mountain Parks. The case is presently in the discovery phase, with testimony responses due on March 14. Subsequently, the case will proceed to a hearing later this spring before an administrative law judge. Tri-State's modeling inputs and assumptions for resource procurement will be approved in this process, and the company will seek resources. Stakeholders will have another opportunity to provide comments based on the portfolios presented by Tri-State.

Attorney Larson took all questions from board members.

EXECUTIVE SESSION (10:56 a.m.)

President Compton requested a motion to move into an executive session to discuss an update on FERC and related actions.

Motion: Director McInnis moved to enter an executive session to discuss an update on FERC and related actions. Motion seconded and carried without dissent.

The board remained in executive session from 10:56 a.m. to 1:49 p.m. The board paused for a lunch break amid the executive session.

BOARD ACTIONS RESULTING FROM EXECUTIVE SESSION (1:50 p.m.)

None

BOARD ACTION AGENDA (1:50 p.m.)

FINANCE AND AUDIT COMMITTEE UPDATE (1:50 p.m.)

Committee Chair Wheeler addressed his written Finance and Audit Committee (FAC) report, which included a preliminary review of the January financials, and an update on the Sunnyside Community Solar Garden. Committee Chair Wheeler took all questions.

COMMITTEE ON POLICIES UPDATE (1:51 p.m.)

Committee Chair Lee gave a verbal update since the committee did not convene in January.

REPORTS

ATTORNEY REPORT (1:52 p.m.)

Referring to the written report in the board packet, Attorney Smith highlighted the work done for LPEA staff and board members since the January meeting and took all questions.

DIRECTOR REPORTS (1:54 p.m.)

Directors referred to written and verbal reports in the board packet and took questions from board members and staff.

ADJOURN (2:15 p.m.)

There being no further business, the LPEA Board of Directors' meeting adjourned at 2:15 p.m.
Recorded by J.P. Thunstrom and approved by:



Ted Compton, President



John Lee, Jr., Secretary