

LA PLATA ELECTRIC ASSOCIATION, INC. (LPEA)  
Finance and Audit Committee Meeting Minutes  
Thursday, June 13, 2024  
9:00 a.m. - 12:00 p.m.  
<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 on Thursday, June 13, 2024, via Zoom webinar. Committee Chair Wheeler called the meeting to order at 9:02 a.m. The following committee members were in attendance:

**COMMITTEE MEMBERS**

Director Tim Wheeler, Board Treasurer & Committee Chair  
Director Nicole Pitcher  
Director David Luschen  
Patrick Berry, VP of Finance  
Graham Smith, Interim CEO and General Counsel

**LPEA STAFF**

Janelle Thunstrom, Executive Assistant

**EXCUSED ABSENCE:**

None

**GUESTS:**

Directors Ted Compton, Kohler McInnis and Kirsten Skeeihan

**APPROVAL OF AGENDA**

Committee Chair Wheeler addressed the June 13, 2024, Finance and Audit Committee (FAC) agenda.

**Motion:** Committee Member Luschen moved to approve the presented June 13, 2024, FAC meeting agenda. Motion was seconded and carried without dissent. Director Pitcher was not present for the vote.

**APPROVAL OF MEETING MINUTES**

Committee Chair Wheeler addressed the May 9, 2024, FAC meeting minutes.

**Motion:** Committee Member Luschen moved to approve the May 9, 2024, FAC meeting minutes as presented. Motion seconded and carried without dissent. Director Pitcher was not present for the vote.

## **APRIL FINANCIALS REVIEW – ACTUALS**

No further updates were provided since the May board meeting.

## **MAY FINANCIALS REVIEW - PRELIMINARY**

VP Berry provided an overview of May's financials. LPEA continues to maintain a healthy balance sheet and cash position, and all the board's key financial metrics were met in May. LPEA's revenue was at budget and saw savings in the cost of power, but controllable expenses were higher than budget, resulting in a negative budget to actual variance in operating margins. Controllable costs in May were 17% or \$378k higher than budgeted levels but remained 3% or \$364k under budget for the year. Increased wages were the greatest contributor to the controllable expense budget variance. VP Berry took all questions.

## **RETIREMENT OF CAPITAL CREDITS**

VP Berry addressed the proposal for the retirement of Capital Credits. Staff are proposing a First-In, First-Out (FIFO) retirement of the 2003 co-op allocations in the amount of \$3.07 million. This proposal allows the co-op to maintain a 20-year retirement cycle, which helps clear out older unretired allocations and mitigate the risk of litigation. This year, staff is not proposing a Last-In, First-Out (LIFO) allocation due to cash constraints, as outlined in Policy 201. Discussion ensued on splitting FIFO and LIFO between 2003 and 2023 allocations to provide current active members retirement payments, provide some coop educational opportunities, and possibly account for the Tri-State rate change going into effect on July 1<sup>st</sup>. Committee Chair Wheeler asked to bring this recommendation to the board at the July meeting after discussing this further at the July FAC meeting.

## **EXECUTIVE SESSION**

Committee Chair Wheeler requested a motion to move into an executive session to discuss industrial load, a FastTrack Communication sale update, and a Tri-State rate increase FERC Filing (Federal Energy Regulatory Commission) update.

**Motion:** Director Luschen moved to enter an executive session to discuss industrial load, a FastTrack Communication sale update, and a Tri-State rate increase FERC Filing update. Motion seconded. Debate ensued on whether to complete the public agenda before moving to the executive session. Motion carried without dissent.

The committee remained in executive session from 10:11 a.m. to 11:54 a.m.

## **ACTION FROM EXECUTIVE SESSION**

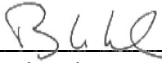
**Motion:** Interim CEO Smith moved that any funds collected beyond the needs of the Tri-State "pass-through" rate increase shall be allocated between rate stabilization and a 2024 LIFO capital credit retirement at a split to be determined by the Finance Department by the end of the year. Motion seconded and carried without dissent.

## **DISCUSSION ON MONTHLY FAC MEETING LENGTH**

Committee Chair Wheeler addressed the committee regarding the length of the FAC meetings going forward. The committee agreed that a 3-hour meeting going forward would be better for scheduling logistics.

## **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 11:56 a.m. Recorded by J. P. Thunstrom and approved by:



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Tim Wheeler, Committee Chair