

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors Meeting Minutes
<https://lpea.coop/lpea-board-directors-resources>
Wednesday, July 17, 2024
Zoom Webinar
LPEA Headquarters | Durango, Colorado

CALL TO ORDER (9:06 a.m.)

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held via Zoom Webinar on Wednesday, July 17, 2024. President Compton called the meeting to order at 9:06 a.m. with the following directors present:

Ted Compton, President
Dan Huntington
Rachel Landis
John Lee, Jr., Secretary

Joe Lewandowski
David Luschen
Kohler McInnis
Holly Metzler

Nicole Pitcher
Kirsten Skeehan, Vice President
Tim Wheeler, Treasurer
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
Graham Smith, Interim CEO and General Counsel
Jerry Sutherlin, VP of Operations
Janelle Thunstrom, Executive Assistant
Drew Timmerman, VP of Information Technology

EXCUSED ABSENCE

None

WEBINAR ATTENDEES

Elizabeth Romere, Emelie Frojen, and Josephine Willman

APPROVAL OF THE AGENDA (9:07 a.m.)

President Compton addressed the agenda for the LPEA board meeting on July 17, 2024.

Motion: Director Lee moved to approve the amended July 17, 2024, LPEA board meeting agenda, add sections V., D. for board action to select delegates and an alternate to the NRECA Regional Meeting in September, and remove Section V., A., 1 Capital Credit Resolution. Motion seconded and carried without dissent.

MEMBER COMMENTS AND CONCERNS (9:10 a.m.)

There was no public comment.

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

President Compton addressed the Consent Board Items.

Motion: Director McInnis moved to approve the following Consent Board Items: June Board of Directors minutes as presented, accepting new members, Capital Credits to estates, the retirement of monthly write-offs, and director travel and training requests. Motion was seconded and carried without dissent.

CEO AND STAFF REPORTS

DIVISION DASHBOARDS (9:13 a.m.)

Interim CEO Smith reported on the monthly board dashboard, which was made public prior to the board meeting. The dashboard reports progress in meeting the targets listed in the 2024 Operational Plan.

VP Berry presented an analysis of June's financial performance. LPEA continues to maintain a healthy balance sheet and cash position, with all the Board's key financial metrics met in June.

LPEA reported a positive operating margin in June 2024, significantly exceeding the budgeted negative margin, resulting in a positive budget variance. LPEA's revenue surpassed budget expectations, and controllable expenses were lower than anticipated, contributing to the favorable operating margin variance. LPEA has chosen to defer the Tri-State pass-through rate increase of 4%, leading to a deferral balance of \$349,483 for the month and \$2,278,920 for the year. Residential sales were 3% above budget, commercial sales were 2% above budget, and industrial sales were 6% below budget. Due to favorable weather conditions, capital projects are progressing faster than usual and LPEA is seeing increased construction work in progress (CWIP) costs.

Interim CEO Smith and other staff members answered questions about the topics discussed in the dashboard and appendix reports.

BOARD ACTION AGENDA (10:50 a.m.)

APPOINT DELEGATE/ALTERNATE TO THE NRECA REGIONAL MEETING (10:51 a.m.)

President Compton addressed the appointment of the NRECA Regional Meeting in September and accepted nominations for the delegate and the alternate.

Director Skeehan nominated herself as the delegate.

Director Metzler nominated Director Pitcher, and she accepted the nomination.

Directors Skeehan and Pitcher delivered speeches explaining their qualifications for nomination to attend the regional meeting as representatives of LPEA.

Motion: Director Landis moved to select Director Skeehan as the delegate and Director Pitcher as the alternate. Motion was seconded and carried 11 -1 with Directors Compton, Huntington, Landis, Lee, Lewandowski, Luschen, Metzler, Pitcher, Skeehan, Wheeler, and Witchel in favor and Director McInnis opposed.

ATTORNEY UPDATE ON FERC ACTIONS (11:02 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.

During the public session, an update was provided, beginning with a quick overview of ongoing activities. The Tri-State Electric Resource Plan (ERP) case with the Colorado Public Utilities Commission (CPUC) has been settled, and further details can be discussed in the executive session. The evidentiary hearing has been vacated.

On the Federal Energy Regulatory Commission (FERC) front, there are not many updates; the Power Purchase Agreement (PPA) sleeving negotiations continue as part of the Contract Termination Payment (CTP) case, having been bifurcated into a separate settlement process. A recent technical conference was held, and another settlement conference is scheduled for later this summer. The process is currently in the discovery phase, with LPEA actively participating due to the impact on LPEA's CTP.

Regarding the rate case, Tri-State's formula rate filing has not yet been accepted by FERC, and there are ongoing pleadings and controversies. Tri-State proposed to put its formula rate into effect and address certain items through a settlement judge procedure, including the direct assignment of non-networked transmission. FERC has not yet taken action on this. There were no questions for the public session.

EXECUTIVE SESSION (11:05 a.m.)

President Compton requested a motion to move into an executive session to discuss an update on FERC and related actions, a power supply contract review, and an update on the CEO Selection Committee.

Motion: Director Wheeler moved to enter an executive session to discuss an update on FERC and related actions, a power supply contract review, and an update on the CEO Selection Committee. Motion seconded and carried without dissent.

The board remained in executive session from 11:06 a.m. to 1:02 p.m.

BOARD ACTIONS RESULTING FROM EXECUTIVE SESSION (1:02 p.m.)

None

BOARD ACTION AGENDA CONT. (1:03 p.m.)

FINANCE AND AUDIT COMMITTEE UPDATE (1:03 p.m.)

Committee Chair Wheeler addressed his written Finance and Audit Committee (FAC) report. He briefly updated the 2024 budget variances, stating that the overall year-to-date expense budget is not expected to be exceeded, and mentioned that the 2025 budgeting process is underway. The Committee deferred making a Capital Credits recommendation and requested additional information from staff. The FAC plans to revisit this discussion in August to present a recommendation to the Board regarding the amount, timing, and method of a 2024 retirement before the conclusion of the fiscal year. The Committee reviewed the draft 990 tax form and did not have any requested changes. Committee Chair Wheeler took all questions.

COMMITTEE ON POLICES UPDATE (1:25 p.m.)

Committee Chair Lee addressed the amendments to [Policy 129](#).

Motion: Director Lewandowski moved to approve the final, red-lined amendments with grammatical errors to Policy 129. Motion seconded.

Subsidiary

Motion: Director Huntington moved to refer Policy 129 back to the committee to address the board's comments within the red-lined proposal and then bring a clean copy. Motion seconded and carried without dissent.

314 PROPERTY LEASE (1:34 p.m.)

Interim CEO Smith addressed the 314 Property Lease memo.

Motion: Director Wheeler moved to approve [Resolution 2024 – 07](#); delegating authority to the CEO to negotiate and enter a real property lease and adding a modification to state the county where the property is located in the resolution. Motion seconded and carried without dissent.

REPORTS

ATTORNEY REPORT (1:37 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 June meeting and took all questions.

DIRECTOR REPORTS (1:37 p.m.)

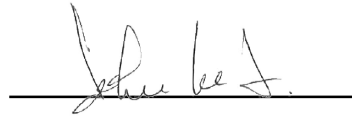
Directors referred to written and verbal reports in the board packet and took questions from board members and staff.

ADJOURN (2:05 p.m.)

There being no further business, the LPEA Board of Directors' meeting adjourned at 2:05 p.m. Recorded by J.P. Thunstrom and approved by:



Ted Compton, President



John Lee, Jr., Secretary