

LA PLATA ELECTRIC ASSOCIATION, INC. (LPEA)  
Finance and Audit Committee Meeting Minutes  
Friday, September 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 Friday, September 13, 2024, via Zoom webinar. Committee Chair Wheeler called the meeting to order at 9:05 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:**

Director Holly Metzler

**APPROVAL OF AGENDA**

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

**Motion:** Committee Member Pitcher moved to approve the amended September 13, 2024, 2024 FAC meeting agenda to add a Capital Credit update and add a 2025 initial budget line-item review, as well as a review and proposal recommendation of an audit firm in the executive session. Motion was seconded and carried without dissent.

**APPROVAL OF MEETING MINUTES**

Committee Chair Wheeler addressed the August 15, 2024, FAC meeting minutes.

**Motion:** Committee Member Luschen moved to approve the August 15, 2024, FAC meeting minutes as presented. Motion seconded and carried without dissent.

**JULY FINANCIALS REVIEW – ACTUALS**

No further updates were provided since the July board meeting.

### **AUGUST FINANCIALS REVIEW - PRELIMINARY**

VP Berry provided an overview of August's preliminary financials. LPEA continues to maintain a healthy balance sheet and cash position, with all of the Board's key financial metrics met in August.

LPEA reported a positive operating margin of \$22,523 in August 2024, compared to a budgeted positive margin of \$181,565, resulting in a net negative budget variance of \$159,041. In August, our gross margins were below budget, and controllable expenses were better than budget, resulting in a negative budget to actual variance in operating margins. Both electric sales and power costs were under budget, resulting in gross margins being under budget by 7%, or \$251,758. Residential sales were at budget, commercial sales were 4% below budget, and industrial sales were 9% below budget. Controllable costs were 1% or \$21k lower than budgeted levels for the month and remained 5% or \$780k under budget for the year.

### **CAPITAL CREDIT UPDATE**

VP Berry gave a brief update on the capital credits. No decision has been proposed as of now due to the implementations of the Tri-State departure, budgets, and cash flow impacts. The committee will reconvene at the October FAC meeting to continue this discussion.

### **2025 BUDGET INITIAL REVIEW**

VP Berry provided an overview of the LPEA 2025 budget review process, focusing on refining the 2025 load forecast, key discussion points, the IBEW wage opener, and several aspects related to the energy transition. To address deficiencies in earlier drafts, budget templates for each department were revised, with a focus on labor adjustments. Rising inflationary pressures have significantly impacted expenses. Director Wheeler highlighted the importance of securing grants for fire mitigation efforts, including resources for tree trimming and vegetation management. These initiatives are crucial for maintaining safety and reliability in our service areas. VP Berry addressed all questions regarding the 2025 budget process and emphasized the need to collaborate with our wholesale provider and external consultants to develop a well-informed budget for the upcoming year. Despite increased costs, productivity has notably improved.

### **SOUTHWEST POWER POOL APPLICATION (APPENDIX d GUARANTY)**

VP Berry and Interim CEO Smith provided an overview of the Southwest Power Pool (SPP) credit application, outlining its significance in the context of LPEA's energy transition efforts. Joining the SPP is a strategic move that requires board approval. Smith presented a draft resolution and detailed the specific requirements and implications of the application. VP Berry and Interim CEO Smith took all questions from committee members.

**Motion:** Committee Chair Wheeler recommended to the full board to approve Resolution 2024 – 09; Southwest Power Pool Application (appendix d guaranty). Motion seconded and carried without dissent.

### **EXECUTIVE SESSION**

Committee Chair Wheeler requested a motion to move into an executive session to discuss the FastTrack Communication sale update, a review of power supply "credit enhancement" documents, a Tri-State rate

increase update, an audit firm review and proposal recommendation, and a review of the 2025 initial budget line item.

**Motion:** Committee Chair Wheeler moved to enter an executive session to discuss the FastTrack Communication sale update, a review of power supply “credit enhancement” documents, a Tri-State rate increase update, an audit firm review and proposal recommendation, and a review of the 2025 initial budget line item. Motion carried without dissent.


The committee remained in executive session from 9:59 a.m. to 12:21 p.m.

The board committee reconvened from the executive session and made a recommendation on the LPEA audit firm selection.

**Motion:** Committee Member Luschen moved to recommend Jackson Thorton to the full board as the LPEA finance audit firm. Motion seconded and carried without dissent. LPEA staff, Smith and Berry, abstained from the vote.

### **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 12:23 p.m. Recorded by J. P. Thunstrom and approved by:



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Tim Wheeler, Committee Chair