

LA PLATA ELECTRIC ASSOCIATION, INC.  
Finance and Audit Committee Meeting Minutes  
Thursday, June 12, 2025  
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 12, 2025, 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 David Luschen  
Director Kohler McInnis  
Chris Hansen, CEO  
Patrick Berry, VP of Finance

**LPEA STAFF**

Dan Harms, Executive VP, Grid Solutions & Special Projects  
Janelle Thunstrom, Executive Assistant

**EXCUSED ABSENCE:**

None

**GUESTS:**

Director Dusty Mars, Director Joe Lewandowski, and Director Kirsten Skeehan

**APPROVAL OF AGENDA**

Committee Chair Wheeler addressed the agenda for the June 12, 2025, Finance and Audit Committee (FAC) meeting.

**Motion:** Committee Member McInnis moved to approve the June 12, 2025, FAC meeting agenda as amended to remove the update on Tri-State Formulaic 2024 Performance in the executive session. Motion was seconded and carried without dissent.

**APPROVAL OF MEETING MINUTES**

Committee Chair Wheeler addressed the May 15, 2025, FAC meeting minutes.

**Motion:** Committee Member Luschen moved to approve the May 15, 2025, FAC meeting minutes as presented. Motion seconded and carried without dissent.

## **APRIL FINANCIALS REVIEW – ACTUALS**

No further updates were provided since the May board meeting.

## **MAY FINANCIALS REVIEW - PRELIMINARY**

VP Berry provided an update on LPEA's May 2025 financials. LPEA reported a positive operating margin of \$509,332, which was slightly below the budgeted margin by 3% (\$16,367). Revenue was on target, though power costs exceeded budget by 1%, leading to gross margins falling short by a similar margin. Residential revenue was 10% above budget, while small commercial and large industrial revenues were 1% and 12% below budget, respectively. The decline in large industrial revenue was due to a multi-day maintenance event impacting a major customer.

Controllable expenses came in 2% under budget, with payroll overages offset by savings in legal and consulting costs. Other expenses were over budget due to higher depreciation.

LPEA continues to meet all but one board financial metric. Cash reserves were approximately \$7 million below target due to scheduled debt payments, capital project disbursements, and material costs. However, this metric showed improvement in May. Total Utility Plant increased by \$16 million over the past year, fully funded with cash rather than debt.

VP Berry addressed all questions from committee members.

## **RISK POLICY PROCESS UPDATE**

VP Berry provided an update on LPEA's risk policy development process. Following a strategy session with The Energy Authority, LPEA has tasked Kevin Galkey with revising the existing risk policy to reflect the bridge period. The first segment of the policy update is underway and is expected to be presented at the July Finance & Audit Committee meeting. Additionally, standing meetings with The Energy Authority have been scheduled ahead of each committee meeting to keep members informed throughout the process.

## **CTP (CONTRACT TERMINATION PAYMENT) FINANCING UPDATE**

VP Berry presented a comprehensive update on the CTP financing process, noting that LPEA is approaching key milestones. Long-term financial forecasts, power purchase agreements, and supporting documentation have been submitted to CFC for review. CFC anticipates presenting the financing package to its executive committee and board for approval in July, with LPEA Board approval likely in August. Berry emphasized the distinction between the financing request—akin to applying for a credit line—and the eventual debt issuance amount. He also discussed the long-term financial forecast's role in scenario planning and credit evaluations by both CFC and Fitch, reiterating that the forecast is a planning tool, not a budget.

## **990 FILING DRAFT REVIEW**

VP Berry reviewed the draft IRS Form 990 for the 2024 tax year, noting that this is a routine filing requiring no action from the committee or Board. He also announced that LPEA will be filing a new Form 990-T to claim an investment tax credit related to the Sunnyside project. This filing is expected to result in a significant cash return, although it will be amortized over the life of the project in financial statements. LPEA has engaged

Jackson Thornton to assist with this filing under the safe harbor provision, and the process is underway following successful pre-registration.

#### **KEY FINANCIAL METRICS REVISION – [POLICY 201 \(Financial Management and Goals\)](#)**

VP Berry provided a brief update on the key financial metrics tied to Policy 201 (Financial Management and Goals). He noted that LPEA's cash position improved slightly in May, increasing from approximately 4.5% to 5%. The cash model continues to align with actuals, and comparative analysis with other cooperatives, such as United Power, suggests LPEA's current liquidity and debt profile remain strong. Berry emphasized that operating expenses typically rise during summer months, which slightly offsets the improved cash position when viewed on an annualized basis.

#### **RE-REVIEW RECOMMENDED AMENDMENTS FROM MAY FAC TO POLICY 103, SECTION II.C.4.C (DELEGATIONS OF AUTHORITY FROM THE BOARD OF DIRECTORS TO CHIEF EXECUTIVE OFFICER)**

VP Berry discussed proposed continued revisions to Policy 103, Section II.C.4.c, which authorizes the Chief Executive Officer (CEO) to make emergency, non-budgeted expenditures. These amendments, previously recommended by the FAC, will be presented to the full board at the June board meeting.

#### **EXECUTIVE SESSION**

Committee Chair Wheeler requested a motion to enter the executive session to discuss a post-sale update on FastTrack Communications and Vallecito PPA (Power Purchase Agreement).

**Motion:** Committee Member McInnis moved to enter an executive session to discuss a post-sale update on FastTrack Communications and Vallecito PPA (Power Purchase Agreement). Motion seconded and carried without dissent.


The committee remained in the executive session from 10:06 a.m. to 10:59 a.m.

There was action taken coming out of the executive session.

**Motion:** Committee Member McInnis moved to recommend that the full board approve Resolution 2025-09; LPEA Vallecito PPA and REC Agreement. Motion seconded and carried without dissent.

#### **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 11:00 a.m. Recorded by J. P. Thunstrom and approved by:

  
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Tim Wheeler, Committee Chair