

LA PLATA ELECTRIC ASSOCIATION, INC.
DURANGO, COLORADO

Board of Directors Policy

Subject: Financial Goals			Policy No: 201
Original Issue: 9/18/85	Last Revised: 1/21/2026	Last Reviewed: 1/21/2026	Page 1 of 2

I. OBJECTIVE

To provide guidelines and direction from the Board of Directors (Board) of La Plata Electric Association, Inc. (Cooperative) in order to maintain a sound financial position and provide security for the financial resources of the Cooperative.

II. POLICY

- A. The Board will, periodically, set short-term and long-term financial goals for the Cooperative, consistent with the strategic direction, 10-year financial forecasts, cost of service studies and other reports, and in consultation with the Chief Executive Officer (CEO), the VP Finance, and other staff members and third-party consultants as may be needed. Goals shall take into consideration cash-equivalent reserves, debt and equity levels, and operating margins relative to operating revenue.
- B. The Board shall not approve financial forecasts or goals which fail to meet minimum financial loan covenant requirements.
- C. The Cooperative will:
 - 1. The Cooperative will maintain 90-120 days of operating liquidity cushion as defined by Fitch Rating services and seek to maintain within that liquidity unrestricted cash equal to 30 days of operating expenses.
 - 2. The Cooperative will maintain an equity level that is between 40% and 55% of total assets.
 - 3. The Cooperative will maintain a debt level that is lower than the amount of equity.
 - 4. The Cooperative will maintain a long-term operating margin goal of 3% of operating revenues.

III. RESPONSIBILITY

The CEO is responsible for the administration of this policy.

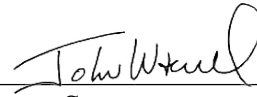
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Date



Secretary