

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

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

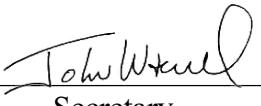
The CEO is responsible for the administration of this policy.

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Secretary