

## Board of Directors Policy

Subject: <b>Financial Goals</b>			Policy No: <b>201</b>
Original Issue: 9/18/85	Last Revised: 2/18/2026	Last Reviewed: 2/18/2026	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 25% and 50% of total assets.
  - 3. The Cooperative will maintain a Debt-to-Equity ratio not to exceed 200%, measured as total long-term debt divided by total equity.
  - 4. The Cooperative will maintain a long-term operating margin goal of 3% of operating revenues.

LA PLATA ELECTRIC ASSOCIATION, INC.  
DURANGO, COLORADO

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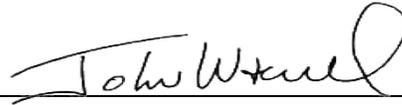
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III. RESPONSIBILITY

The CEO is responsible for the administration of this policy.

2/18/2026

Date



Secretary