LA PLATA ELECTRIC ASSOCIATION, INC.
Finance and Audit Committee Meeting Minutes
Wednesday, June 10, 2026
9:00 a.m. - 12:00 p.m.
https://lpea.coop/board-directors-committees

CALL TO ORDER (9:00 a.m.)

The Finance and Audit Committee of the La Plata Electric Association Board of Directors was held on Wednesday, June 10, 2026, via Zoom webinar. Committee Chair Wheeler called the meeting to order at 9:00 a.m. The following committee members were in attendance:

COMMITTEE MEMBERS

Director Tim Wheeler, Board Treasurer & Committee Chair
Director Dusty Mars
Chris Hansen, Chief Executive Officer
Director Kohler McInnis
Monica Rodriguez, Controller/Interim Chief Financial Officer
**Former Director David Luschen was not re-elected to the board. Following his departure, he no longer counts toward the committee's quorum requirements.*

LPEA STAFF

Jessica Dunbar, Administrative Assistant
Dan Harms, Chief Operating Officer
Graham Smith, General Counsel
Janelle Thunstrom, Executive Office & Board Governance Manager

EXCUSED ABSENCE:

NONE

GUESTS:

LPEA Board President Nicole Pitcher, LPEA Board Member John Purser, LPEA Board Member Kirsten Skeehan and LPEA Board Member Brad Blake

APPROVAL OF AGENDA (9:01 a.m.)

Committee Chair Wheeler addressed the agenda for the June 10, 2026, Finance and Audit Committee (FAC) meeting.

Motion: Committee member McInnis moved to approve the June 10, 2026, Finance and Audit Committee (FAC) meeting agenda with the addition of Transmission Cost discussion in Executive Session. Motion seconded and carried without dissent.

APPROVAL OF MEETING MINUTES (9:03 a.m.)

Committee Chair Wheeler addressed the May 14, 2026, FAC meeting minutes.

Motion: Committee Member McInnis moved to approve the May 14, 2026, FAC meeting minutes with adjustments as discussed. Motion seconded and carried without dissent.

APRIL DRAFT FINANCIALS AND ADJUSTMENTS (9:05 a.m.)

Controller/Interim CFO Rodriguez provided an update on the April financial results, noting that they remain preliminary due to the timing of settlement billings. A billing calendar has been developed to identify when final settlement information will be received, with April financials not expected to be finalized until the October Finance and Audit Committee meeting because the S120 settlement will not be available until September.

Committee members were informed of the adjustments made to the April financial statements since the prior meeting. Operating margins decreased from approximately negative $100,000 to negative $590,000, primarily due to higher-than-anticipated transmission expense. Additional April adjustments included minor cost-of-power revisions, which resulted in an overall reduction in power costs, along with a revenue adjustment associated with a member account credit. Overall operating margins remained favorable to budget by approximately $325,000.

There was additional discussion regarding the transmission expense and credit. Management explained that transmission estimates were initially budgeted based on available tariff information that was available in the fall of 2025 and that actual invoices reflected a higher rate than anticipated, which Tri-State submitted to the Federal Energy Regulatory Commission (FERC) in January of 2026. Staff continues to work with SPP to better understand the calculations and is seeking review of the tariff at FERC. Staff also noted that additional confidential details regarding budget assumptions and transmission rate calculations could be discussed in executive session.

MAY FINANCIALS REVIEW – PRELIMINARY (9:38 a.m.)

Controller/Interim CFO Rodriguez reviewed preliminary May financial results. LPEA reported a negative operating margin of $121,000 in May compared to a negative budget margin of $870,000, which resulted in a positive budget variance of $749,000. Gross margins were 3%, or $162,000 above budget. Controllable expenses were 13%, or $452,000 under budget, and other expenses were 5% or $136,000 under budget.

Revenue for May was below budget across residential, commercial, and industrial customer classes, with industrial sales experiencing the largest variance. Management noted that year-to-date operating margin as a percentage of revenue has fallen below 1% because rate stabilization funds have not been applied yet. Cost of power remains preliminary but is currently below budget. Savings continue to be seen through most of the operating and maintenance expenses, transmission expenses, the outlier being 7% above budget.

Cash balances remain strong, exceeding the prior year's level by $3.6 million, with days cash on hand meeting the Board target and operating liquidity remaining slightly below target.

EXECUTIVE SESSION (10:00 a.m.)

Committee Chair Wheeler requested a motion to enter an executive session for a Transmission Asset discussion, an update on Power Supply and a Transmission Cost Adjustment discussion.

Motion: Committee Chair Wheeler moved to enter an executive session to discuss Transmission Asset update, Power Supply update and the Transmission Cost Adjustment. Motion seconded and carried without dissent.

The committee remained in the Executive Session from 10:00 a.m. to 10:59 a.m.

ADJOURN (11:00 a.m.)

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. Dunbar and approved by:

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Tim Wheeler, Committee Chair