

LA PLATA ELECTRIC ASSOCIATION, INC.
Finance and Audit Committee Meeting Minutes
Monday, September 14, 2026
9:00 a.m. - 12:00 p.m.
[Finance and Audit Committee](#)

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

The Finance and Audit Committee of the La Plata Electric Association Board of Directors was held on Monday, September 14, 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 Greg Barber
Director Kohler McInnis
Director Kirsten Skeehan
Chris Hansen, Chief Executive Officer
Roy Schwalm, Chief Financial Officer

LPEA STAFF

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

EXCUSED ABSENCE:

NONE

GUESTS:

Director Brad Blake
Director John Purser
Director Joe Lewandowski, Board Secretary
Director Dusty Mars, Board Vice President
Director Nicole Pitcher, Board President

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

Committee Chair Wheeler addressed the agenda for the September 14, 2026, Finance and Audit Committee (FAC) meeting.

Motion: Committee member McInnis moved to approve the September 14, 2026, Finance and Audit Committee meeting agenda as presented. Motion seconded and carried without dissent.

APPROVAL OF MEETING MINUTES (9:01 a.m.)

Committee Chair Wheeler addressed the August 13, 2026, FAC meeting minutes.

Motion: Committee Member McInnis moved to approve the August 13, 2026, FAC meeting minutes as presented. Motion seconded and carried without dissent.

PRELIMINARY FINANCIALS TO REVIEW FROM PREVIOUS PERIODS (9:01 a.m.)

Controller Rodriguez presented the final April financials and the Preliminary June financials. She reported that the final April financials, including the S120 Southwest Power Pool (SPP) statements, reflected a negative operating margin of \$660K, which was a \$255K positive budget variance. Gross margins were 2% (\$80K below budget, while controllable expenses were 7% (\$178K) under budget and other expenses were 6% (\$157K) under budget. Cost of Power was 7% (\$298K) under budget. SPP market adjustments and ancillary charges across all three resettlement periods totaled \$215K, including \$48K related to S120.

Preliminary June financials reflected the first two of three completed resettlements, showing an \$68K S53 resettlement, which increased Cost of Power and reduced operating margins. June reported a negative operating margin of \$534,000, compared to a budgeted negative margin of \$539K, resulting in a \$5K positive budget variance. Gross margins were 11% (\$515,943) below budget, while controllable expenses were 15% (\$402,000) under budget and other expenses were 5% (\$118,000) under budget. Year-to-date operating margins were negative \$499K compared to a budgeted negative margin of \$1.2m

REVIEW JULY FINANCIALS (9:13 a.m.)

Controller Rodriguez reviewed the July financials. July operating margin was negative \$601K, which was \$145,000 worse than budget, driven primarily by lower revenue, higher power costs, and significantly higher transmission expenses. Revenue was \$188K (2%) below budget, with residential and commercial revenue favorable by \$119K and \$61K, respectively, while industrial revenue was \$414K (19%) below budget. Cost of Power was \$217K (5%) above budget, and transmission expense was \$141K (25%) above budget and is expected to remain elevated through year-end. Controllable O&M expenses were \$307K (11%) under budget for July and \$2.5 million (13%) year-to-date, although many of these savings are timing related.

Cash declined approximately \$5 million in July, resulting in operating liquidity of 74 days and 19 days of cash on hand, both below target levels. LPEA subsequently drew approximately \$1.5 million from its CFC Daily Cash facility to support accounts payable and payroll. To achieve the Board's 3% operating margin target,

approximately \$3.1 million in rate stabilization funds would need to be recognized, about \$1.8 million less than budgeted year-to-date.

UPDATE ON 990 FILING TIMING FOR 2025 (9:38 a.m.)

Controller Rodriguez provided an update on the timing of the organization's 2025 Form 990 filing. She noted that an extension had been filed, extending the filing deadline to October 15, and that staff are working to complete the form by the end of the month, followed by internal review. The completed Form 990 will then be made available to the Board for review prior to filing. Rodriguez clarified that while the Board is required to receive and review the filing, Board approval is not required before the Form 990 is submitted.

REVIEW OF CAPITAL CREDIT RETIREMENTS (FIFO/LIFO) (9:39 a.m.)

CFO Schwalm presented a review of capital credit retirements, including the FIFO/LIFO methodologies and historical retirement practices. He discussed the timing and amount of the proposed retirement and noted that staff's current recommendation is to retire approximately \$1 million in capital credits, consistent with the prior year's FIFO retirement. Schwalm emphasized the importance of maintaining a cautious approach given the organization's current cash position and anticipated cash needs for the remainder of the year. The recommendation will be returned to the Board in October for approval.

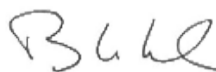
EXECUTIVE SESSION (9:53 a.m.)

Committee Chair Wheeler requested a motion to enter an executive session for a Transmission Asset update, Power Supply update and a review of the First Draft of Activity- based Budget and Capital Items.

Motion: Committee member Skeehan moved to enter an executive session to discuss Transmission Asset update, Power Supply update, a review of the First Draft of Activity- based Budget and Capital Items. Director Barber was excused prior to executive session. Motion seconded and carried without dissent.

The committee remained in executive session from 9:53 a.m. to 11:32 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 11:32 a.m. Recorded by J. Dunbar and approved by:



Tim Wheeler, Committee Chair