

LA PLATA ELECTRIC ASSOCIATION, INC.  
Finance and Audit Committee Meeting Minutes  
Thursday, June 10, 2021  
<https://lpea.coop/board-directors-committees>

**CALL TO ORDER**

The Finance and Audit Committee of the La Plata Electric Association Board of Directors was held Thursday, June 10, 2021, via Zoom webinar. Committee Chair Wheeler called the meeting to order at 2:05 p.m. The following committee members were in attendance:

**COMMITTEE MEMBERS**

Director Tim Wheeler, Committee Chair  
Director Britt Bassett (Joined at 3:02 p.m.)  
Director Bob Lynch  
Director Kirsten Skeeahan  
Jessica Matlock, CEO  
Karl Ramsey, VP of Finance

**LPEA STAFF**

Dan Harms, VP of Grid Solutions  
Monica Rodriguez, Controller  
Janelle Thunstrom, Executive Assistant

**EXCUSED ABSENCE**

None

**GUESTS**

Kohler McInnis and Sue McWilliams

**APPROVAL OF AGENDA**

Committee Chair Wheeler addressed the June 10, 2021 Finance and Audit Committee (FAC) meeting agenda.

**Motion:** Committee Member Skeeahan moved to approve the June 10, 2021, FAC meeting agenda as amended to add 3.3.5, setting time for the next FAC meeting to take place on July 15, 2021. Motion seconded and carried without dissent.

**APPROVAL OF MEETING MINUTES**

Committee Chair Wheeler addressed the May 13, 2021 FAC meeting minutes.

**Motion:** Committee Member Matlock moved to approve the May 13, 2021 FAC meeting minutes. Motion seconded and carried without dissent.

## **COMMITTEE DISCUSSION AND POSSIBLE ACTION**

### **YTD FINANCIAL REVIEW**

VP of Finance Ramsey gave an overview of May and YTD financials. All financial goals were met. Delinquent account receivables are at their lowest in 21 years. Operating margins for April were \$300k over forecast, with the gross margins (sales less than the cost of power) being the primary driver. Operating expenses exceeded forecasted levels by 4% whilst YTD operating expenses are 13% below forecast. The May Tri-State bill is reflecting a 2% decrease from the FERC (Federal Energy Regulatory Commission) proposed settlement making our cost of power below forecast. The settlement has not been approved by FERC yet. We are expecting expenses to be very close to budget or slightly over forecast for the rest of the year, whilst remaining below forecast for the year in total. Discussion ensued on fire mitigation expenses. VP Ramsey took questions and suggestions from committee members regarding financials.

### **3-PRONG STRATEGY FINANCIAL REVIEW**

VP Ramsey and CEO Jessica Matlock provided a review on LPEA's 3-prong strategy financial impact review as outlined in Resolution 2019-10. LPEA staff are working on the partial contract option with Tri-State and are currently waiting for the proposals to be submitted for review and analysis this summer.

At the same time, LPEA staff are still working with other cooperatives, FERC and Tri-State on obtaining a fair and equitable buy-out methodology. Currently we are unable to complete a full analysis of this option until we obtain the FERC approved contract termination payment methodology and buy-out cost.

### **CAPITAL CREDITS ALLOCATION AND RETIREMENTS REVIEW**

VP Ramsey gave a review on the Capital Credit allocation and retirement processes. VP Ramsey noted key points on this topic as defined by Policy 205. It was clarified that Tri-State cash retirements to LPEA are not required to be part of non-operating margins whilst Tri-State allocations to LPEA are part of non-operating margins. VP Ramsey recommends that LPEA does not use borrowed money to fund Capital Credit retirements. VP Ramsey will present a graph summary on the Capital Credit allocation and retirement process to the Board in future.

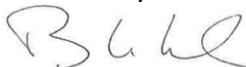
### **EXECUTIVE SESSION - RESOLUTION 2019-10 OPTIONS**

An executive session did not take place.

### **ADJOURN**

There being no further business, this meeting of the Finance and Audit Committee of the La Plata Electric Association, Board of Directors adjourned at 4:12 p.m.

Recorded by J.P. Thunstrom, and approved by:



\_\_\_\_\_  
Tim Wheeler, Committee Chair