

**LA PLATA ELECTRIC ASSOCIATION, INC.**  
**Durango, Colorado**  
**2016 ANNUAL MEETING**

**Call to Order**

The 77th Annual Meeting of the members of La Plata Electric Association, Inc. was held at Sky Ute Convention Center on Saturday, May 7, 2016. President Rendon called the meeting to order at 10:30 A.M. and welcomed the membership to the Sky Ute Convention Center in Ignacio, Colorado.

**Official Welcome**

Rendon introduced Sky Ute Casino Assistant General Manager, Terry Maines who greeted the LPEA members and thanked them for holding the meeting at the Casino. He introduced the Southern Ute Veterans Association Color Guard who presented the Southern Ute, United States, and Colorado flags; followed by Marlena Begay who sang the National Anthem. The membership joined in the Pledge of Allegiance, led by LPEA CEO, Mike Dreyspring, and a blessing that was led by SUIT member, Eddie Box Jr.

**Attendance report**

President Rendon reported that 238 members had registered prior to the meeting, registration was officially closed, and a quorum was established.

**Appointment of Acting Secretary and Parliamentarian**

President Rendon appointed LPEA Executive Assistant, Charis Charistopoulos, as Secretary; and LPEA Legal Counsel, Barry Spear, as parliamentarian for the meeting.

**Approval of Agenda and 2015 Meeting Minutes**

President Rendon asked for a motion to approve the meeting agenda.

**Motion:** A Member at Large moved to accept the agenda as presented. Motion seconded, and passed without dissent.

**Motion:** A Member at Large moved to accept the May 2015 Annual Meeting minutes as presented. Motion seconded, and passed without dissent.

**Official Notice of Meeting and Standing Rules and Procedures**

LPEA Attorney Spear confirmed the Annual Meeting notice was posted pursuant to the LPEA bylaws no less than 10 days, and no more than 45 days prior to the date of the meeting.

Attorney Spear requested a motion to acknowledge that the meeting was properly noticed in accordance with the bylaws.

**Motion:** A Member at Large moved to acknowledge that the meeting was properly noticed in accordance with the bylaws. Motion seconded, and passed without dissent.

Attorney Spear read the Standing Rules and Procedures for the meeting, and announced that members who were present and had not voted by mail needed to do so before the closing of the polls. Spear advised that the Independent Third Party, Tiffany Lee Parker, La Plata County Clerk and Recorder, had been appointed to tally votes. Spear advised that Q & A would take place at the end of the meeting, with each member allowed two minutes to pose a single question within the session.

Attorney Spear requested a motion to accept the Standing Rules and Procedures as presented.

**Motion:** A Member at Large moved to adopt the Standing Rules and Procedures. Motion seconded, and passed without dissent.

### **President Introduces Board of Director Incumbents and Candidates**

President Rendon introduced incumbents and new candidates running for election in each district: In District 1, Mike Alley and Calum McNeil ran against incumbent Mark Garcia. In District 2, Lori Schell and Dan Huntington ran for the seat vacated by Tom Compton. The District 3 election was cancelled, as candidate Doug Lyon ran unopposed by the seat vacated by Michael Rendon. In District 4, John Beebe and Ron Bishop ran against incumbent Jack Turner.

### **Close Voting Box**

President Rendon asked if any member who was present did not have a chance to cast their vote, and no response was given. Rendon announced the closing of the ballot box and advised that election results would be revealed at the end of the meeting.

### **Introduction of LPEA CEO and Other Guests**

President Rendon recognized the current LPEA Board of Directors: District 1- Mark Garcia, Bob Lynch and Bob Formwalt; District 2- Tom Compton, Davin Montoya, and Kohler McInnis; District 3- Michael Rendon, Britt Bassett, and Jeff Berman; District 4- Jack Turner, Joe Wheeling, and Karen Barger.

Rendon recognized volunteers: SUIT Veterans Association, VFW Post 4031, B. Frank Students, LPEA employees, Washington D.C. Youth Tour winner, Miranda Talbot, La Plata County Fair and Fiesta Days royalty, Chimney Rock Interpretive Association, the Durango Bluegrass Meltdown, the Durango Cowboy Poetry Gathering, the Vallecito Nordic Association, the Silver Spruce Academy, ELHI, AHEC, TARA Historical Society, Manna Soup Kitchen, and Bayfield Early Education Program.

Rendon recognized LPEA CEO, Mike Dreyspring; Tri-State G&T Senior Manager of Member Relations, Myles Jensen and Senior Vice President of Energy Management, Brad Nebergall; CREA Executive Director, Kent Singer; Round Up Foundation Board members Michele Harris, Teresa Campbell, Sheryl Ayres, Werner Heiber, Doug Bowen, Carmen Hubbs, Jenn Bartlett; La Plata County Commissioners, Julie Westendorff and Brad Blake; Durango City Council, Mayor Pro Tem, Dick White; Ignacio Town Manager, Mark Garcia; former LPEA Board members, Pam Patton, Lindon Stewart, Harry Cole, Virginia Miller-Cavanaugh; former LPEA CEO, Greg Munroe; Former Round Up Board members, Peg Park, Robin Duffy-Worth, John Fundy, Wanda Ellingson; and United Power Executive Director, Tim Erickson.

**Guest Speaker, Greg Aliff, “Examining Disruption to the US Electric Industry”**

Rendon introduced Greg Aliff as the president of the Reston, Virginia-based, GE Aliff Group LLC, the advisory company he founded in June 2015 to serve the energy and resources industry. Former Deloitte Vice Chairman and Senior Partner, he led Deloitte’s U.S. Sustainability Practice and was Deloitte’s U.S. Energy & Resources Industry Leader for 10 years.

Aliff began with the observation that despite modern-day complexities, not much has changed with regard to the basic goals within the business of providing safe, reliable, and affordable power. However, change is inevitable, and no electric co-op will be insulated from the coming changes which will present tremendous challenges and opportunities. Successful utilities of the future will continue to find ways to add value for members. The reality is that despite technology efficiencies and a decline in consumption of kWh, the cost of electricity is expected to rise, and this is the great dilemma that the industry faces in the US.

Aliff believes that social evolution has brought the goal of environmental responsibility to the business model, which comes at a cost. And, the addition of new market entrants, or Disruptors, produced by this goal, have come head-to-head with the electric company investors, owners, and regulators, particularly in California and Hawaii. The trend will jump to the Northeast and inevitably spread over the rest of the country, with technological innovations and policy changes that deal with rising energy prices, and will impact the rest of the county.

Behind the meter innovations in the homes and businesses are where all the action is when meeting the challenges that are before us. Regulation will continue to be an obstacle for Investor Owned Utilities, but not co-ops; which makes them uniquely positioned to take advantage of the changes and implement strategies that benefit members. There is no going back for consumer demand for efficiencies and the growing concern for the environment and the use of renewables. Energy management is a priority for businesses, with an average targeted reduction of 28% within 5 years. The “customer first” strategy that embraces the change ahead, and adopts strategies and policies that benefit members, is answer to the dilemma of rising costs and consumption decline.

### **LPEA Financial Report**

Treasurer, Karen Barger opened by introducing and thanking LPEA CFO, Dennis Svanes and the accounting staff. Barger advised that the recent audit by the independent audit firm, BKD reported that LPEA financials were in good health and all obligations have been met. In 2015 \$26 million in debt was refinanced with a total savings to members of nearly \$7.2 million. Barger addressed graphics demonstrating member equity, the decline in kWh sold attributed to energy efficiencies, good local distributed generation, mild weather, and changing industrial loads. Barger addressed \$320 million in total assets, \$9.1 million in depreciation, \$4.4 million in capital credit retirements, and principal payments of \$5.5 million. \$1.3 million in patronage was received from other member co-ops.

### **LPEA Board President Report**

President, Michael Rendon advised that this meeting marked the end of his directorship, and praised the dedication of the LPEA staff and a very diverse Board of Directors. Rendon shared that the diversity of the Board reflected the diversity in the community and world. The change spoken of by Greg Aliff and different perspectives in the Board room and in the world, are to be embraced as we remember to keep our passion and balance that with the humility of knowing that none of us has all the answers. And don't be afraid to be happy!

### **LPEA Report**

President Rendon introduced CEO, Mike Dreyspring. Dreyspring introduced and thanked his wife, Sabra Dreyspring. He recognized former Board Chairman, Michael Rendon, and former Vice Chairman, Tom Compton for their dedication and years of service and presented them with commemorative plaques. All service men and women were acknowledged, thanked and invited to stand and receive the gratitude from LPEA its members.

Changes to Policy 127 Annual Meeting and Voting Procedure was amended to include an appointed representative from each of the 4 districts to the Election Supervisory Committee: District 1-Masen Carpenter, District 2-Sheryl Ayres, District 3-Marilyn Sandstrom, District 4-Betsy Romere. The committee was put in place to rule on all election relate disputes.

Capital credits are a member equity stake that is allocated annually from two sources: that which is produced by LPEA, and that which is received from Tri-State. A portion of each is retired annually and returned to members in the form of capital credit retirements. Since 1939, \$182 million has been allocated to members, and just over \$155 million has been retired, with approximately \$126 in unretired credits remaining.

Advanced metering and Smarthub help members manage energy use and save money with the Time of Use program. Dreyspring shared that his family will switch to the TOU program, and Smarthub estimated a \$100 annual savings without any lifestyle energy usage changes.

LPEA received nearly 4,000 responses to the member survey. Results will be presented by the consultant at the May 16, 2016 Committee of the Whole meeting. Dreyspring touched on a few

survey items, and noted that results indicated a level of dissatisfaction with energy service rates, which will become the focus of communication by the CEO in an effort to understand how LPEA can better serve its members.

Dreyspring discussed the direction he saw the local energy market heading, as indicated by a very aggressive interest in local distributed generation, i.e., individual net metered solar accounts. LPEA entered into an agreement with the Southern Ute Tribe for a utility scale solar project on tribal land which will begin construction this year. Tri-State is dealing with unprecedented change due to pressure on coal, the inevitable deregulation of the bulk power market, and depressed prices in the electric market. They are responding with agreements for utility scale renewable projects from solar and wind. LPEA will continue to leverage technology to empower members and deal with the coming changes.

### **Round Up Report**

Round Up Board Member Kohler McInnis explained that 30% of the monthly funds received for Round-Up are earmarked for the neediest in the LPEA communities. In La Plata County, the funds are channeled through the Community Emergency Assistance Coalition, and through Pagosa Outreach Connections, in Archuleta County. The remaining 70% are available to the many diverse organizations that apply for funding. The small monthly Round-Up contribution from each member of less than \$1.00, translated into \$7,000 during McInnis first month on the Round-Up Board. In 2015, \$85,000 in round up contributions were collected against less than 3% in operating expenses. The investment has a solid impact on strengthening our communities. With an average member contribution of \$6.00 per year, McInnis urged attendees to consider participating in Round-Up, and Round-Up Plus, in which members can elect to contribute over and above the bill round up amount. Kohler thanked members and let them know the contributions were sincerely appreciated by the community, the grant recipients, and the Round-Up Board of Directors.

### **CREA Report**

Director Jeff Berman, LPEA representative to the Colorado Rural Electric Association explained that the largest service of CREA is to lobby at the state level on matters that affect cooperatives and members. Berman sits on the Building Efficiency, Finance, and Legislative Committees. CREA has a political action committee, Colorado Advocates for Rural Electrification, that endorses candidates for elected office, and has adopted policy changes that ensure transparency. Berman discussed LPEA proposed amendments to NRECA resolutions, and necessary travel to NRECA regional meetings and conferences to gain knowledge for decision-making that will protect and best serve the coop.

### **Tri-State Generation and Transmission Report**

Joe Wheeling, LPEA representative to Tri-State, shared that Tri-State Generation and Transmission is a not for profit cooperative, owned by 44 member systems. Power from Tri-State is delivered across 5,500-mile transmission network to serve 1.5 million members over a 200,000

square mile area. Wheeling discussed Tri-State's approach to renewables as a viable option with improvements in technology and decreases in costs. Larger and more efficient wind turbines have increased capacity and lower costs, and the price per watt of solar panels falls significantly as technology and manufacturing processes improve. Wheeling discussed Tri-State's renewable energy projects, and Board approval for new projects in 2015 that will be operational later in 2016 and 2017. Tri-State forecasts predict that 25% of the energy delivered by Tri-State and its co-op members will come from carbon-free renewable resources in 2016.

A member-governed process was put in place with the formation of a Rate Design Committee to recommend changes to the wholesale rate design process that is used to structure energy efficiency and renewable programs. The Board adopted recommendations in September 2015 that are beneficial to cooperatives, and speaks volumes about how Tri-State values its members and approaches challenges in the industry.

#### **Attorney Spear with Maynes, Bradford, Shipps and Sheftel**

Attorney Spear discussed changes to Policy 129 Board and Staff Ethics, addressing conflicts of interest, and a new requirement for Board members to list and review any potential conflicts of interest on an annual basis, and collectively decide if a Director is to be recused from discussion and voting on the matter in conflict. Policy 127 Annual Meeting and Voting Procedures, was revised to include an appointed member representative from each Board district to serve on the Elections Supervisory Committee for the purpose of ruling with impartiality on election issues that may arise.

Spear also helped settle a lawsuit, monitored Federal Electric Regulatory Commission ruling on cases that would affect LPEA, assisted with contracts and easements, and rendered opinion as requested. Attorney Shay Denning was made a partner in January, and has worked with Spear for LPEA over the last six years.

#### **Unfinished Business**

President Rendon asked for any unfinished business items from 2015. There was none.

#### **Board of Directors Election Results**

President Rendon introduced Tiffany Parker from La Plata County Clerk's Office to announce the Board of Director election results. Parker thanked the Election Judges, Administrator, and Supervisory Committee before announcing that 5,499 were ballots received and the winning results were as follows;

District 1: Mike Alley elected with 851 votes.

District 2: Dan Huntington elected with 1,310 votes.

District 3: Election cancelled, Doug Lyon un-opposed.

District 4: Jack Turner elected with 841 votes.

**Door Prize Drawing/Announcement of Winners in Auditorium**

President Rendon announced that the names of prize winners would be posted on the screen, and advised that lunch would be dismissed by table during the New Business and Q & A.

**New business**

President Rendon advised members that questions would be taken by the speaker panel which included Mike Dreyspring, Joe Wheeling, Greg Aliff, Jeff Berman, Michael Rendon, Kohler McInnis, Karen Barger, and Attorney Spear. All questions were addressed by the panel.

President Rendon thanked the members and adjourned the 2016 Annual meeting, without a motion, at 12:16 PM.

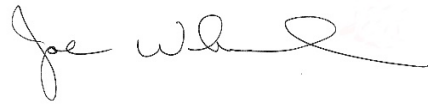
Respectfully submitted by Charis Charistopoulos.

Approved by:



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Davin Montoya, President



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Joe Wheeling, Secretary

LA PLATA ELECTRIC ASSOCIATION, INC.  
ANNUAL MEETING - MAY 7, 2016  
IGNACIO, CO

ELECTION RESULTS for the election of Directors

TOTAL BALLOTS 5499

FOR THREE - YEAR TERMS:

**Number of Votes**

**DISTRICT 1:**

Mike Alley	<u>851</u>
Calum McNeil	<u>81</u>
Mark Garcia	<u>641</u>

***DIRECTOR ELECTED FOR DISTRICT 1*** Mike Alley

**DISTRICT 2:**

Lori Smith Schell	<u>730</u>
Dan Huntington	<u>1310</u>

***DIRECTOR ELECTED FOR DISTRICT 2*** Dan Huntington

**DISTRICT 4:**

Jack D. Turner	<u>841</u>
Ron Bishop	<u>262</u>
John Beebe	<u>774</u>

***DIRECTOR ELECTED FOR DISTRICT 4*** Jack D. Turner

I, Tiffany Parker, La Plata County Clerk and Recorder, do hereby certify the May 7, 2016 LPEA Election results.

Tiffany Parker  
Tiffany Parker

May 7, 2016  
Dated

