

LA PLATA ELECTRIC ASSOCIATION, INC.  
Durango, Colorado

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, January 16, 2013, in the headquarters building in Durango, Colorado. President McCaw called the meeting to order at 9:02 A.M., with the following directors present:

Jerry McCaw	Joe Wheeling	Heather Erb
Jeffrey Berman	Davin Montoya	Ken Fox
Britt Bassett	Harry Goff	J. Robert Formwalt
Lindon Stewart	Herbert Brodsky	Tom Compton

Excused Absence;  
None

Also present were:

Greg Munro, Chief Executive Officer  
Barry Spear, Attorney  
Dennis Svanes, Chief Financial Officer  
Steve Gregg, Manager of Operations  
Mark Schwantes, Manager of Corporate Services  
Ron Meier, Manager of Engineering  
Indiana Reed, Marketing & Communications Consultant  
Laura Rome, Executive Assistant

President McCaw led the board in the Pledge of Allegiance.

GUESTS (from sign in sheet)

Betsy Pomegrew, Elizabeth Salkind, Vaughn Morris, Jared Wright, Gregg Dubit, Bill O' Flanagan, Pat Barrett, Claire Nindl and Bill McEwan

AGENDA

President McCaw addressed the agenda.

**Motion:** Director Compton moved to approve the agenda with the ability to move around; motion seconded and passed without dissent.

MEMBER COMMENTS AND CONCERNS

None

CONSENT BOARD ITEMS

The consent board items were presented and reviewed. Director Berman requested that CARE (Colorado Advocates for Rural Electrification) send us their recent advertising, as he was concerned that it portrayed LPEA endorsing candidates. Discussion ensued and it was determined to discuss during the CREA report.

**Motion:** Director Goff moved to approve the December 19, 2012 minutes with one word edit and to strike one sentence per Director Berman, accept new members, capital credit payments to estates and December write offs; motion seconded and carried without dissent.

## **ITEMS REQUIRING BOARD ACTIONS**

Director reimbursements were presented and reviewed.

### **LPEA Board Meeting 01/16/13**

Davin Montoya	\$219.43	Lindon Stewart	\$266.60
Jeffrey Berman	\$200.00	Ken Fox	\$266.60
Joe Wheeling	\$212.21	Britt Bassett	\$200.00
Robert Formwalt	\$266.60	Heather Erb	\$212.21
Jerry McCaw	\$216.65	Herb Brodsky	\$200.00
Harry Goff	\$200.00	Tom Compton	\$219.43

Ken Fox	RoundUp Board meeting	\$200.00
Herb Brodsky	Round Up Board meeting	\$200.00

**Motion:** Director Formwalt moved to approve the director reimbursements as presented; motion seconded and passed without dissent.

## **REVIEW/APPROVE LPEA MEMBERSHIP AND DISTRICTS – RESOLUTION 2013-01**

CEO Munro pointed out the memberships by district on a graph.

**Motion:** Director Montoya moved to approve resolution 2013-01 LPEA Membership and Districts; motion seconded and passed without dissent.

Director Montoya asked at what point would LPEA need to consider adjusting district lines. CEO Munro responded that the Board reviewed it each year, and if the trend is around 10% difference between districts, that would be a good indication that adjustments should be addressed. Director Bassett asked if District Three was the Durango City limits, and CEO Munro responded to the affirmative.

## **APPOINT DELEGATE/ALTERNATE FOR CREA ANNUAL MEETING AND WESTERN UNITED ELECTRIC ANNUAL MEETING**

President McCaw asked who planned on attending the meetings. Director Compton, Director Stewart and Director Formwalt confirmed that they would be attending

**Motion:** Director Goff moved to appoint Director Stewart as Delegate and Director Compton as Alternate for the CREA and Western United annual meetings; motion seconded and passed without dissent.

## **REVIEW/APPROVE REVISED BOARD POLICY 127, BOARD OF DIRECTORS ELECTION POLICY**

Attorney Barry Spear reviewed the changes made to policy 127, Board of Directors Election Policy and took questions. Discussion ensued on the specific changes that needed to be made to Policy 127. It was determined to clarify memberships in sections III; comma additions on page 4, to restructure the first sentence in section IV.N, and in section V. D to change the wording of “privacy sleeve” to “ballot sleeve”.

**Motion:** Director Brodsky moved to approve Board policy 127 with amendments as presented; motion seconded and passed without dissent.

## **REVIEW/APPROVE ROUNDUP BYLAWS**

CEO Munro noted suggested changes that Attorney Shay Denning made to the RoundUp Bylaws. CEO Munro and Director Brodsky pointed out how the RoundUp is functioning as of today. Director Goff asked if it was the LPEA Board that had the authority to revise the RoundUp Bylaws and Attorney Spear responded that it is.

**Motion:** Director Berman moved to approve the RoundUp Bylaws as presented; motion seconded and passed without dissent

## **ATTORNEY REPORT**

Attorney Spear summarized his written report which included a review of the City of Durango Franchise agreement in regards to the cost of the election. Discussion ensued on the topic and it was determined that LPEA is required to cover the cost of the election. Attorney Spear also gave an update on the Tri-State A37 rate which will be addressed in executive session. He also noted that Policy 127 was already addressed, and gave an update on the Frame/McCarthy foreclosure.

## **UNCLAIMED CAPITAL CREDIT FUNDING APPLICATION PRESENTATIONS**

Jeannie Bennett introduced the representatives from 4CORE & Housing Solutions for the Southwest, Gregg Dubit and Elizabeth Salkind. Mr. Dubit reviewed the 4CORE program, weatherization assistance program and introduced the present 4CORE board members. Elizabeth Salkind reviewed what the Housing Solutions of SW Colorado program is. Gregg Dubit reviewed the two programs which included the history of weatherization assistance program, and showed a short video on the process of weatherization. They both took and answered questions. Jeannie Bennett introduced Bill O' Flanagan, the Executive Director of Liberty School, who reviewed the subject of dyslexia and how the Liberty School is involved. He noted that the Liberty School is a private school and took questions on his information. Jeannie Bennett introduced Vaughn Morris, CPO of the Boys & Girls Club of La Plata County. Vaughn Morris introduced Jared Wright, Technology Director and Pat Barrett Board Chair, and explained the function and activities of the Boys & Girls Club of the La Plata County. Vaughn Morris answered questions from the LPEA Directors.

## **4CORE REPORT**

CEO Munro referenced the annual report and that it had been sent out to the Directors.

## **LA PLATA ELECTRIC ROUND UP FOUNDATION**

Director Fox gave the RoundUp report. He stated the RoundUp Foundation board met on January 14, 2013. There were two RoundUp grant requests, one from the Boys & Girls Club of La Plata County requesting \$5,000 and they were partially granted \$4,000. The other was the San Juan BOCES for the Regional Science Fair; who was requesting \$4,000 for transportation expenses to attend the science fair in Fort Collins. BOCES gave a presentation with a 17 year old student who made a robotic arm and did a demonstration. The RoundUp Board fully funded the grant request of \$4,000. Director Fox announced there are two new board members Debbie Lee and Michelle Harris. New officers were elected; Emily Meisner as President, Bruce Kenning as Vice president and Bob Boe remaining as Secretary. The next RoundUp Board meeting is scheduled for Monday February 11, 2013 beginning at noon with a mini-retreat prior to the regular meeting. Director Fox reported that as of this meeting there were 13,972 members rounding up which is a decrease of 54 from last month.

### **FASTTRACK REPORT**

Director Wheeling reported that the last FastTrack Board meeting was Friday December 21, 2012, and the next Board meeting is scheduled for January 23<sup>rd</sup>. He stated that FastTrack ended the year with a profit that was a little less than last year. He noted they are in a good cash position with two years remaining on a loan. He announced the FastTrack Board approved the 2013 Operating Forecast and CapEx. Also he pointed out that FastTrack is up for the small business award next week at the Durango Chamber of Commerce. Director Wheeling stated that FastTrack is in the middle of their annual audit.

### **WESODI REPORT**

Director McCaw stated that they are in the middle of their annual audit, and that their next Board meeting is scheduled for January 22, 2013.

### **WESTERN UNITED REPORT**

Director Formwalt noted that they had not met since the last meeting. He reported that sales are still staying above what was forecasted. He also noted that there are more material orders coming in than their manufacturers can provide immediately. Director Erb asked if would require Western United to look for other manufacturer's and Director Formwalt stated that such was not going to be necessary.

### **TRI-STATE REPORT**

Director Wheeling summarized his written report. He stated the recent New Mexico rate protests was the biggest topic of the month. He noted that the Tri-State Board approved Tri-State to file the A37 rate for nine of the New Mexico non-protesting coops, and the A36 rate, plus the required increase for the three Coops protesting the A37 rate. CEO Munro reported on the recent Tri-State Managers meeting. Other items Director Wheeling reported on were the costs of repairs at the Springerville generation station, and he gave an update on the San Luis Valley transmission line. CEO Munro announced that the date of the Tri-State Annual meeting is April 4, 2013. Director Compton asked if the Tri-State Bylaws changes that LPEA requested were addressed. Director Wheeling responded they were discussed at the executive committee meeting, but not at the regular full board meeting.

The regular board meeting recessed for lunch at 12:16 P.M. and President McCaw called the meeting back to order at 12:51 P.M

### **CEO REPORT AND STAFF REPORTS**

CEO Munro summarized his written report and gave highlights. He pointed out they are still working with Tri-State on the rate issues and the 115 kV facility transfer. He reported that Tri-State had determined to do a member survey in the next few months. CEO Munro reported that the LPEA staff held a staff retreat on Monday January 14<sup>th</sup>, 2013 and that the main topics that were addressed were workforce planning and the IBEW contract. He stated there is a plan on having more Staff Retreats due to more items to cover on the agenda.

CFO Svanes summarized his written report and took questions. He announced to the LPEA Board that the new mileage rate is .56 ½ cents. He reported that his staff had been working with Western United on testing and receiving invoices electronically. CEO Munro reported that the new RUS work order auditor is a gentleman by the name of Claude Buck. CFO Svanes remarked that the auditors will be here working on the audit during the end of January and the beginning of February.

Manager of Operations Steve Gregg summarized his written report and took questions. He also noted that in the next couple of months staff will be installing new LED lighting in the LPEA parking lot.

Ron Meier Manager of Engineering summarized his written report which included a settlement conference call with WECC on the NERC reliability audit. He also discussed the AMI deployment delay and that any future delays would require the vender to compensate LPEA. Director Wheeling asked about the Time of Use (TOU) meter change outs and Manager of Operations, Steve Gregg responded that LPEA will begin the reprogramming of those meters in the next few weeks. Manager of Corporate Services, Mark Schwantes reviewed the options available for ETS heater customers.

Manager of Corporate Services, Mark Schwantes summarized his written report and answered questions. He reported on the Tri-States energy efficiency programs and the related LPEA Board Policies, 357 and 360.

### **ALTERNATIVE ENERGY PLAN REPORT**

Manager of Corporate Services, Mark Schwantes summarized the status of the alternative energy plan. He asked for feedback from the LPEA board. Items included in his report were; the focus of initiating the process and the implementation plan to be completed by the June 2013 board meeting. He discussed in detail the programs in place for each line item and took questions. CEO Munro stated that there may be Committee of the Whole meetings in both March and April to work on the alternative energy plan. Director Bassett asked if a resolution or policy would be created. CEO Munro stated that it could be a combination of both. Manager of Corporate Services, Mark Schwantes then read the draft executive summary and noted highlights and questions to be addressed. Director Bassett requested the following items to be considered when creating the resolution 1. Reason and purpose for resolution 2. Categories to address each purpose, 3. Goals, 4. Specific targets to set or an outline that the board can agree on. Director McCaw asked if Director Bassett wanted to do that before the plan was designed, and Director Bassett responded yes and recommended to do now and noted it will help develop the plan. Director McCaw pointed out that you can't create a resolution before you know what the plan is and the purpose. CEO Munro suggested the executive summary could become the plan. Director Erb asked at what point we would ask for input from the members. CEO Munro stated that that process had already started. He mentioned the first Renewable Energy meeting scheduled in the LPEA multipurpose meeting room on January 24<sup>th</sup>, 2013, and Mark Schwantes also mentioned the Regional SW Solar Transformation meeting on January 25, 2013.

### **FINANCIAL PLUS REPORT**

Dennis Svanes, Chief Financial Officer summarized the financial plus report. He reported that year end does not include WESODI but should have that information soon. Items he reviewed in his PowerPoint presentation included; Total KWH purchased year to date, which was less than forecasted. Electric revenue year to date was more than last year but still below what was forecasted. Net margins are lower than forecasted due to the allocation from Tri-State being lower than forecasted due to their lower margins. LPEA operating margins were above what was forecasted. He also noted that delinquent account receivables had decreased.

### **SAFETY & OUTAGE REPORT**

Steve Gregg, Manager of Operations summarized his 4<sup>th</sup> quarter Safety and Outage report. Items included; Major outages, outage by cause in the last quarter and he pointed out that they were mostly animal related and planned outages. He then reviewed the urban/rural outages for the last quarter in Bayfield, Durango, Ignacio and Pagosa Springs. Director Bassett asked if there had been any vandalism issues and Steve Gregg responded LPEA had very little.

Steve Gregg, Manager of Operations gave the Safety report and pointed out two employee accidents in the last quarter. One was a knee injury and one was a shoulder injury. He noted illnesses, vehicles accidents with four incidences and training for the staff in the 4<sup>th</sup> quarter. Training included the right to know, distracted driving, slips/trips/falls and self defense training for women and proper use of pepper spray. Discussion was held about the need for self defense training. Steve Gregg also noted upcoming training in the first quarter of 2013.

#### **QUARTERLY DIRECTOR REIMBURSEMENT REPORT**

CEO Munro noted the report and asked if there were any questions. There were none.

#### **CONSULTANT & CONTRACTOR REPORT**

CEO Munro noted the report and took questions about the tree trimming contract. Steve Gregg, Manager of Operations reported that the tree trimming contract is a three year contract and he does cost comparisons when accepting bids.

#### **CONSTRUCTION & MAINTENANCE REPORT**

Steve Gregg, Manager of Operations summarized his written report and took questions. Steve Gregg, Manager of Operations and Ron Meier, Manager of Engineering reviewed the 2012 project reports and took questions. Director Montoya asked why some projects were above engineers estimate. Steve Gregg responded on the specifics of each project and took questions. He then reviewed the details of the higher costs and why they happened. CEO Munro reported that staff is reviewing the estimating process, the construction process and ways to improve both. CEO Munro stated that a full report will be given to the board next month. Ron Meier, Manager of Engineering, pointed out that the total aggregate of all projects came in around \$50,000 under budget and most projects came in close to budget.

#### **FUTURE COMMITTEE OF THE WHOLE MEETINGS AND FUTURE AGENDA ITEMS**

CEO Munro identified the following items for future agenda items; next month the CEO evaluation forms will be distributed to the board, communications plan update with a public relation 101 training, annual meeting plans, annual meeting advertising plan, preliminary audit committee, appoint delegate/alternate to the WESODI annual meeting, unclaimed capital credit fund request presentations, alternative energy plan, and actual vs. estimate construction report. A Committee of the Whole meeting will not be held in February.

#### **CREA REPORT**

Director Compton reported that there was not a CREA Board meeting held since last month. He reviewed upcoming Colorado legislation which, so far, included one hundred and six items. Director Compton stated he would contact the CARE Committee and request that they provide a copy of one their radio ads that Director Berman spoke about earlier. Director Berman stated that it should be their policy to report to the Coops that they represent and provide the content of the ad before airing it. Director Compton stated he is not on the CARE Committee but would present that idea. It is pointed out that LPEA is not a member of CARE. Discussion followed on the topic. It was noted that CARE is a volunteer Political Action Committee, and unless one is a member, one does not have a voice.

#### **EXECUTIVE SESSION**

**Motion:** Director Formwalt moved to go into executive session to discuss the Tri-State A37 rate and to receive advice from attorneys on such at 3:01 P.M.; Director

Wheeling was excused. Director Goff requested to discuss a personnel matter in executive session Motion seconded and passed without dissent.

The regular LPEA board meeting reconvened at 5:00 P.M.

**UPCOMING EXTERNAL MEETINGS**


CEO Munro noted the upcoming external meetings list which was included in the board packet.

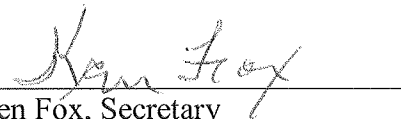
**OTHER BUSINESS**

None

With no further business, the regular board meeting adjourned at 5:00 P.M.

Recorded by: Laura Rome

Approved by:   
Jerry McCaw, President

  
Ken Fox, Secretary