

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, February 13, 2013, in the headquarters building in Durango, Colorado.

President McCaw called the meeting to order at 9:03A.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	Tom Compton	

Excused Absence;

Herbert Brodsky (arrived at 11:33 A.M.)

Also present were:

Greg Munro, Chief Executive Officer
Shay Denning, 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
Jeannie Bennett, Corporate Services

President McCaw led the board in the Pledge of Allegiance.

GUESTS (from sign in sheet)

Michael Rendon, Cheryl Clay, Joe Keck, Bill McEwan, Tom Dugan, Derek Smith, Katherine Svanes and Ann Bruzzese.

AGENDA

President McCaw addressed the agenda.

Motion: Director Montoya 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.

Motion: Director Goff moved to approve the January 16, 2013 minutes with three edits and adding one comma, accept new members, capital credit payments to estates and January write offs; motion seconded and carried without dissent.

EXECUTIVE SESSION

Motion: Director Compton moved to go into executive session to discuss the WESODI financials at 9:08A.M.; Motion seconded and passed without dissent.

The regular board meeting reconvened at 9:42 A.M.

Director Montoya left the meeting at 9:45 A.M.

ITEMS REQUIRING BOARD ACTIONS

Director reimbursements were presented and reviewed.

LPEA Board Meeting 02/13/13

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	Tom Compton	\$219.43
Harry Goff	\$200.00		

Ken Fox	RoundUp Board meeting	\$200.00
Lin Stewart	CREA Annual meeting	\$2,202.15
Tom Compton	CREA Annual Meeting	\$1,526.91
Heather Erb	CREA Annual Meeting	\$833.22
Bob Formwalt	Western United	\$200.00

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

UNCLAIMED CAPITAL CREDIT FUNDING APPLICATION PRESENTATIONS

CEO Munro presented the RoundUp iPad request. He revised the amount requested to \$4,500 to cover cost of cases and keyboards. He gave the benefits of the RoundUp Board having iPads which included utilizing the CallToOrder software program to increase efficiency and less paper board packets. He took question on his presentation.

CEO Munro announced that the final three applicants for the Unclaimed Capital Credit funding requests were present to do their presentations. The LPEA Board is to decide at the March LPEA Board meeting the fund distribution. CEO Munro pointed out the Unclaimed Capital Credit Funding spreadsheet in the board packet.

Jeannie Bennett introduced Cheryl Clay from Pine River Public Library representing the board of trustees. Ms. Clay discussed the community room and reviewed what the library does for the community. She reviewed the expansion design, and took questions on her presentation.

Jeannie Bennett introduced Joe Keck, the Director of the Small Business Development Center (FLC). He noted that his program covered a five county area, gave a hand out and remarked that their mission is to help small businesses grow and prosper. He reviewed the types of assistance they provide which included seminars, classes and programs. He took questions on his presentation. He emphasized the fund request is to help them continue to grow and provide more classes and seminars.

Jeannie Bennett introduced Derek Smith, Band Director and student Katherine Svanes from the marching band from the Bayfield Association for the Advancement of Music, Bayfield High

School. Katherine Svanes gave highlights of what she had learned from being part of the marching band. Derek Smith discussed the history of the uniforms that the band currently had and gave a price point to purchase new ones, totaling \$30,000 needed. He reviewed the fundraising efforts the association had done up to this point and discussed how the program helped the students. He took questions on his presentation.

ANNUAL MEETING PLAN

Manager of Corporate Services, Mark Schwantes discussed the details of the annual meeting plan and took questions. He noted that the Board Candidate packet will be available both electronically and on paper on March 4th. He discussed in detail the communication for the candidate board packets which included; LPEA website, state statute, bylaws and resolutions. Director Berman asked about the radio ads public vs. non public. Marketing & Communications Consultant, Indiana Reed stated that the difference is due to FCC regulations is how the text of the ad is determined. Director Berman requested the ad policy in writing. Indiana Reed pointed out the public announcement cannot have a call to action. Director Bassett asked who the guest speaker candidates were for the annual meeting. Discussion ensued. It was decided to invite Pam Patton, a former LPEA board member that currently is on the PUC Commission, to be the speaker.

Director Goff announced that he did not intend to run for the District Three Board of Director seat in May.

Motion: Director Wheeling moved to approve the annual meeting plan as presented; motion seconded and passed without dissent.

ANNUAL MEETING ADVERTISING PLAN

Manager of Corporate Services, Mark Schwantes reviewed the wording from the advertising text for public radio. He showed the differences from what had been presented. Indiana Reed reviewed the details of the annual meeting advertising plan.

Motion: Director Wheeling moved to approve the annual meeting advertising plan as presented; motion seconded and passed without dissent.

CEO Munro announced that BP (British Petroleum) will be present to talk to the board in open session in regards to the Tri-State rate issues.

Director Bassett suggested LPEA expand how they distribute the information on unclaimed capital credits. He noted some of the websites that could potentially be used to do this. Attorney Denning recommended that the websites be reviewed to ensure that they are not fraudulent and would accomplish the goal of reaching members with unclaimed capital credits before potentially using them for announcing available funds. Discussion ensued on the topic. It was determined to do some research and discuss at the Committee of the Whole meeting in March 2013.

ATTORNEY REPORT

Attorney Denning summarized the written report, and announced that discussion of the status of the Tri-State Rate matter would be discussed in executive session. Other items included; LPEA Board Policy 127, the McCarthy foreclosure, and a request to review an agreement with Tri-State regarding Product and Services. Attorney Denning also noted that the firm had received a request to assist with another foreclosure, to ensure that LPEA's easement over the property was not extinguished as part of the foreclosure action. Director Erb asked for clarification on the

process for addressing foreclosures and easements, and Attorney Denning responded. Director Goff asked whether a conflict existed for counsel in representing both WESODI and LPEA. President McCaw indicated that there could be a conflict, depending upon the subject matter, and that this would be addressed further in executive session.

CEO REPORT AND STAFF REPORTS

CEO Munro summarized his written report and gave highlights. He noted the CEO evaluation form in the board packet and asked Directors to give any changes to President McCaw. Highlights of his report included; the capital project actual vs. estimate and he may need to come back with a revised project budget, and he attended the Tri-State meetings in February. He pointed out the WESODI line of credit request and the engagement letter for Legal Counsel Ann Bruzzese. CEO Munro announced that he and LPEA staff had a phone conference with WECC regarding the NERC Audit and that the settlement fine was reduced to \$10,000. He noted that both NERC and FERC will review the settlement agreement.

CFO Svanes summarized the visit from the auditors and stated that the auditors were provided all information that was requested and there were no issues with the information. Director Erb asked if the Tri-State Board addressed the proposed bylaw changes that LPEA requested. Director Wheeling responded that the Tri-State Board decided not to present the requested change to the membership. Discussion ensued on the topic. Director Wheeling discussed the process at the Tri-State meetings and stated that the bylaws are addressed every year.

Director Brodsky arrived at 11:33A.M.

Manager of Operations Steve Gregg summarized his written report and took questions. He added that there was one major outage in the last month.

Manager of Engineering Ron Meier summarized his written report which included the summary of the NERC audit. He pointed out that the plan for the AMI deployment is set for September. Discussion ensued on the topic.

MEMBER OPPORTUNITY REPORT

CEO Munro reviewed the member opportunity report and noted it is a compilation of TOU and ETS response letters from members.

4CORE REPORT

CEO Munro reported on 4CORE activities, the 4CORE annual report and that it had been sent out to the LPEA Board of Directors. Manager of Corporate Services, Mark Schwantes reported that 4CORE elected Enid Brodsky to the board and that the 2013 budget was approved but is now being modified due to reduced funding available for weatherization efforts from the Colorado Energy Office.

The regular board meeting recessed for lunch at 11:52 A.M. and President McCaw called the meeting back to order at 12:37 P.M

Attorney Barry Spear arrived at 12:30P.M.

TRI-STATE RATE ISSUES

President McCaw introduced Legal Counsel Tom Dugan from BP who introduced Jerry Austin out of the BP Houston office on conference call. Tom Dugan and Jerry Austin expanded on their roles for BP. They both stated their concerns with the new Tri-State rate and explained that they were here today to request that LPEA join BP in filing a formal complaint with the PUC

objecting to Tri-State's A-37 Rate. They stated that they believe the new cost structure is discriminatory and noted that BP estimated the increase per year would be approximately \$3.7 million, of which \$2.6 million is a result of the rate design portion of the A-37 Rate. These estimates are based on \$22 million of usage last year. They both took questions. Discussion ensued. Director Wheeling asked if BP had reviewed the Tri-State products and services. Jerry Austin responded that they had reviewed them, but did not find any that would work for BP. Tom Dugan stated that BP had joined a coalition to address the Tri-State new rate, and listed the companies that had already joined. Director Goff asked if BP cared that LPEA joined the coalition. Tom Dugan responded that they were there to ask LPEA to join with them. President McCaw thanked BP Legal Counsel Tom Dugan for attending. Director Bassett stated that he did not think BP was clear in their request. Therefore, Tom Dugan reiterated that it would be beneficial to BP and the coalition for LPEA to join and stated the coalition would be stronger if LPEA joined.

Motion: Director Compton moved to go into executive session to discuss issues with the Tri-State A-37 Rate at 12:53 P.M.; Director Wheeling was asked to stay for questions; then Director Wheeling was excused at 1:17 P.M. Motion seconded and passed without dissent.

The regular LPEA board meeting reconvened at 2:16 P.M.

RESOLUTION 2013-02 PUC COMPLAINT

Discussion on the Tri-State A-37 rate issue ensued and Resolution 2013-02 was created.

Motion: Director Berman moved to accept Resolution 2013-02 as presented. Motion seconded and passed with Director Goff dissenting and Director Wheeling abstaining.

Attorney Denning recommended that a letter should be drafted and addressed to Tri-State to inform them Resolution 2013-02 had been passed and LPEA will be joining the coalition. Director Compton recommended the letter come from the LPEA Board President.

Attorney Barry Spear left the meeting at 2:30 P.M.

ALTERNATIVE ENERGY PLAN REPORT

CEO Munro stated that due to timing, the alternative energy plan report would be moved to the March LPEA board meeting. He stated that Corporate Services Manager, Mark Schwantes has a PowerPoint presentation that will be sent to the LPEA Board and will be reviewed at the March meeting. Director Compton requested to include the information that Director's Berman and Bassett provided be in the March board packet. Director Bassett requested to also include the letter from SSIA, Southwest Solar Installers Association.

FINANCIAL REPORT

CEO Munro stated that the January 2013 financial report was not available due to the timing of the board meeting in February and that he will send it out when available.

PRELIMINARY AUDIT REPORT

CFO Dennis Svanes stated that the auditor will attend the March LPEA board meeting to present the audit report.

LA PLATA ELECTRIC ROUND UP FOUNDATION

Director Brodsky reported that the RoundUp Board met on Monday Feb 11, 2013. He announced that they started the meeting early for orientation for the two new Directors and all of the Board of Director attended. Director Goff asked if Director Brodsky recommended the \$4,500 for the iPads for the Roundup Board. Director Brodsky responded yes and gave detailed benefits of the RoundUp board receiving the iPad as a tool. As of January 31, 2013 there were 13,999 members rounding up with an increase of 27 during the previous month. The RoundUp Board considered five RoundUp grant requests totaling \$14,659. Two requests were denied and three were fully funded for a total of \$5,294. There were three education grant requests totaling \$4,713 considered and all three received partial funding totaling \$3,714.

FASTTRACK REPORT

Director Wheeling summarized his written report and gave highlights. Director Wheeling gave an overview of the financials for the last three years 2010-2012. He also reviewed the revenue by class. Other items he reported on included the IP upgrade, net income, total cash and investments. Director Wheeling announced that FastTrack is at the point that they are making some strategic investments.

WESODI REPORT

President McCaw reported that WESODI is in the middle of their audit and the Board met with the auditors and discussed the financials. He noted that most crews are laid off for the winter and there are none at BWR and the offices are closed in Cortez. President McCaw also indicated that there are some BWR projects that will need to be completed in April. The WESODI board meeting is set for Feb 26, 2013.

TRI-STATE REPORT

Director Wheeling summarized his written report. Director Goff asked for details of the Springerville outage. Director Wheeling responded it was a shaft bearing that went out and the \$9 million of cost is after insurance paid. Director Wheeling pointed out that Tucson Electric Company is the operator for Springerville.

CREA REPORT

Director Erb reported she attended the one day new director orientation and gave the details of her training. She introduced the new legislative APP that CREA is utilizing for people to know what CREA is doing. Director Compton reported on the CREA Annual Meeting and noted that the CREA board meeting was held during the conference. Items discussed included legislation on gun control. Director Goff asked about the postcard campaign and what it is. Director Compton answered that CREA sends out a postcard introducing Colorado Coops. Director Stewart reported that he attended two classes, the electrical class and the board culture class. Director Stewart also mentioned that the CREA resolutions were worked on and they will be on the CREA website. Director Compton reported that he attended the legislative reception and Senator Roberts was present.

WESTERN UNITED REPORT

Director Formwalt summarized his written report. He noted the financials and gave highlights which included the fact that their insurance for medical insurance went up 4%. He noted the board voted to issue the capital credits and LPEA received a check last week. He also discussed the Coop memberships, San Miguel automatic metering and that the Opt out program monthly fee is \$25. Other items in his report included that the Eastern Slope Coops had the best irrigation

rates, Mountain View Electric raised their base rates from \$19.90 to \$29.90, Delta/Montrose raised their rates from \$15 to \$25 and Empire Electric raised their rates from \$19.50 to \$30.

FUTURE COMMITTEE OF THE WHOLE MEETINGS AND FUTURE AGENDA ITEMS

CEO Munro identified the following items for future agenda items and noted that they were also listed in the February Board packet; Committee of the Whole, Monday, March 18th. Items for the Committee of the Whole meeting included; Annual Staff Report to the Board, Alternative Energy Plan, and CEO Evaluation. The regular LPEA Board meeting is Wednesday, March 20, 2013 and future agenda items included; auditor's report, CEO's travel report, finalize annual meeting plans, attorney engagement letter to consider, delegate to Tri-State annual meeting, possible delegate to WESODI annual meeting, Tri-State rate issues, work plan amendment, communications plan update and PR 101 and unclaimed capital credit funds awards.

UPCOMING EXTERNAL MEETINGS

CEO Munro noted the upcoming external meetings list which was included in the board packet. Director Compton corrected that the CREA meeting in San Francisco is actually a NRECA meeting.

EXECUTIVE SESSION

Motion: Director Berman moved to go into executive session to discuss the WESODI line of credit request at 3:18 P.M.; Motion seconded and passed without dissent.

The regular LPEA board meeting reconvened at 5:07 P.M.

President McCaw pointed out Director Brodsky's director reimbursement of \$200.00 for RoundUp and \$200.00 for the February LPEA board meeting. This was added to the director reimbursements.

RESOLUTION 2013-03, LINE OF CREDIT AGREEMENT FOR WESODI.

Motion: Director Wheeling moved to approve resolution 2013-03 Line of Credit agreement for WESODI with an amount not to exceed \$750,000; Motion seconded and passed without dissent, with Director Goff and Director McCaw abstaining.

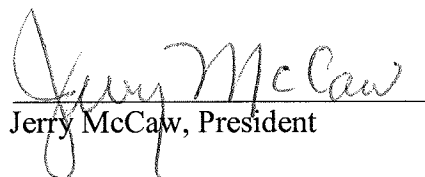
OTHER BUSINESS


None

With no further business, the regular board meeting adjourned at 5:09 P.M.

Recorded by: Laura Rome

Approved by:


Jerry McCaw, President


Kerl Fox, Secretary