

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, August 21, 2013, in the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 9:00 A.M., with the following directors present:

Jerry McCaw	Joe Wheeling	Heather Erb
Jeffrey Berman	Davin Montoya	Ken Fox
Britt Bassett	Jack Turner	J. Robert Formwalt
Mark Garcia	Tom Compton	Michael Rendon

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

Director Turner led the board in the Pledge of Allegiance.

**AGENDA**

President Montoya 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**

Meg Carver asked if the board had any questions on the proposal she submitted to the board as the board retreat facilitator. She took questions.

**GUESTS (from sign in sheet)**

Betsy Romere, Meg Carver, James Cudworth, Sally Bellevue, James Jensen, Tricia Zuber, Herb Brodsky, Paul Sawreal, Elaine Stephenson, Mary Beth Niles, John Lyle, Gary Dietz, Richard Grossman, Margo Cotton, Ernest Cotton and Gail Grossman.

**CONSENT BOARD ITEMS**

The consent board items were presented and reviewed.

**Motion:** Director McCaw moved to approve the July 17, 2013 minutes with three edits; accept new members, capital credit payments to estates and July write offs; motion seconded and carried without dissent.

**ITEMS REQUIRING BOARD ACTIONS**

Director reimbursements were presented and reviewed.

LPEA Board Meeting 08/21/13

Davin Montoya	\$219.43	Mark Garcia	\$263.28
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
Jack Turner	\$216.95	Michael Rendon	\$200.00

Ken Fox	Round Up	\$200
Michael Rendon	Round Up	\$200

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

**REVIEW/APPROVE BOARD POLICIES 110, 111, 112, 113, 114, 115**

President Montoya asked if there were any questions regarding the proposed changes to Board Policies 110, 111, 112, 113, 114, and 115. Director Erb requested to add language from the policies that were being deleted to Board Policy 102. It was determined that CEO Munro would make edits that Director Erb requested and present at the September LPEA board meeting.

**Motion:** Director Berman moved to approve Board Policy 110 with one edit; motion seconded and passed without dissent.

**Motion:** Director Garcia moved to approve the deletion of current board policy 112 last revised 5/21/08 and change current Board Policy 111 last revised 5/21/08 to Board Policy 112; motion seconded and passed without dissent.

**Motion:** Director Compton moved to delete Board Policy 113, last revised 5/21/08 and Board Policy 114 last revised 6/18/08; motion seconded and passed without dissent.

**Motion** Director Erb moved to change Board Policy 115, last revised date 6/18/08 to Board Policy 113; motion seconded and passed without dissent.

**Motion** Director Rendon moved to accept the new creation of Board Policy 111; Motion seconded and passed.

### **REVIEW BOARD POLICY 214**

Discussion ensued on the request to review and change Board Policy 214. CEO Munro noted that both Bill McEwan and Marty Blake would be attending the September meeting next month for the board to address rate questions. It was determined to review Board Policy 214 at the September LPEA board meeting.

### **REVIEW/APPROVE 2014 OPERATING FORECAST ASSUMPTIONS**

CFO Svanes presented the 2014 Operating Forecast assumptions. Items included in his report; revenue and cost of power; inflation rates and medical coverage costs; succession planning; transmission expense; distribution expense-operations; distribution expense-maintenance; customer service and information expense; administration & general expenses; depreciation/amortization; non-operating margins and interest; interest on long term debt; generation and other capital credits; and financial covenants ratios. He took questions on his report.

Director Berman reviewed the memo he sent to the board. Discussion ensued concerning whether to bring in other experts on rate design. Director Berman requested permission to invite them to participate in the rate design discussion. President Montoya stated that more information was needed on the other consultants before the board could make a decision to hire.

President Montoya entertained a motion to except the 2014 Operating Forecast assumptions and adjustments. Discussion ensued on the approval.

**Motion:** Director Compton moved to approve the 2014 Operating Forecast assumptions as presented; motion seconded and passed with Director Berman dissenting.

Board Policy 214 was addressed again.

**Motion:** Director Berman moved to hire a consultant of an opposing viewpoint for the rate structures and inclining block rates, regarding board policy 214 items IIC6 and IIC4. Motion seconded but did not pass with the withdrawal of Director Erb's second.

Discussion ensued again to approve the hiring of an expert on the Colorado rate design experience in support of lower base charges.

**Motion:** Director Berman moved to hire an expert with Colorado rate design experience in support of lower base charges. The motion was not seconded.

### **APPOINT DELEGATE/ALTERNATE TO NRECA'S REGION 7/CFC/FEDERATED MEETINGS**

None attending

### **REVIEW LPEA'S PARTICIPATION IN COLORADO COUNTRY LIFE (WITH POSSIBLE ACTION)**

Director Berman discussed Colorado Country Life (CCL) and stated that he felt CCL did not represent LPEA and its members. He requested to look at a self publication alternative. He suggested utilizing email to save on printing costs. CEO Munro stated that past membership surveys showed the membership likes CCL and that if approved in the 2014 Operating Forecast, LPEA would do another membership survey in 2014. Discussion ensued. CEO Munro stated that the survey would be part of the NRECA membership satisfaction survey. It was determined that CEO Munro brings to the September LPEA board meeting the dates of the NRECA survey, cost of survey, and some possible alternatives to using CCL.

### **MEET WITH WASHINGTON DC TOUR STUDENTS**

LPEA Public Relations Coordinator, Jeannie Bennett introduced the Washington DC tour students. She briefly reviewed the application process, the tour at CREA, Tri-State, United Power, and Washington DC. The students included: Meredith Nass from Durango, High School, Jacob Branch Boyle from Durango High School, Rose Graveson from Pagosa Springs High School, and Gabriela Garcia from Ignacio High School. They shared their experiences and presented a photo slideshow.

The regular board meeting recessed for lunch at 12:03 P.M. and President Montoya called the meeting back to order at 1:07 P.M.

### **REVIEW/APPROVE COMMUNITY SOLAR GARDEN POLICY AND PROGRAM – POLICY 366**

CEO Munro introduced draft Board Policy 366, Community Solar Garden (CSG) for review. He requested Manager of Corporate Services, Mark Schwantes to review the current draft Board Policy 366 with the public and board input after it was placed on the LPEA website. He pointed out that there was a lot of input on the CSG program from the public. CEO Munro also stated that legal counsel and the city of Durango needed more time to review the program. Discussion ensued on the following items: renewable credits, readiness of the policy, program requirements modification, contractual requirements, language limits based on contractual obligations and wording. Director Berman recommended creating a committee to review the public comments, City of Durango concerns and legal counsel's input and to bring it back to the board in September. President Montoya asked who was interested on serving on the CSG Task Force. It was determined to appoint Director Berman, Director Bassett, and Director Erb to the CSG Task Force with the aid of LPEA Staff. Discussion ensued about inviting the public to the CSG Task Force meetings and keeping legal counsel involved. It was determined that Director Erb would chair the CSG Task Force and the LPEA Board will readdress draft Board Policy 366 at the September LPEA board meeting.

### **REVIEW/APPROVE DRAFT IV ALTERNATIVE ENERGY PLAN FOR PUBLIC INPUT**

Manager of Corporate Services, Mark Schwantes reviewed the changes to the Alternative Energy Plan (AEP) Draft IV and took questions. CEO Munro pointed out that this was the preliminary document and requested approval to take it to the public for input. Mark Schwantes briefly reviewed the timing of AEP communications. He took questions on his report. Discussion

ensued, including: components missing, menu of options to help foster the project to make it happen, public comment, creating a LPEA board policy, and legal limitations. Additional discussion included: listing limitations, creating a task force and verbiage for the confidentiality of the document. Other items discussed were: public meetings, public comment time frame and how would it be communicated to the public for public input. Discussion ensued on the feasibility of creating an AEP Task Force with Director Garcia indicating interest to be on the task force if created. Mark Schwantes continued to take questions and addressed concerns on the AEP Draft IV.

### **REVIEW PROPOSALS FOR FACILITATING BOARD RETREAT AND SELECT FACILITATOR**

President Montoya re-introduced Meg Carver. She pointed out that it was normal for boards to have different outlooks and discussed her written proposal that was included in the board packet. Discussion ensued on the following: the proper process, creating a baseline for the board retreat, conflict resolution, cost, and the focus with board members giving their opinion. Discussion continued.

**Motion:** Director Turner moved to approve a facilitator for the board retreat; motion seconded and passed without dissent.

Discussion continued on potential local facilitators. It was determined to have CEO Munro request proposals from local facilitators. Additional discussion included changing the scope and reassessing what was needed for the Board.

**Motion:** Director Berman moved to approve the hiring of a consultant with rate design experience that supports lowered base charges and inclining block rates to present to the LPEA board during our rate tariff discussions in September, at a maximum cost of \$2000; motion seconded and passed with two Directors dissenting.

### **ATTORNEY REPORT**

Attorney Spear summarized the written attorney's report which included: The Tri-State rate issues and the related PUC hearings. Other items he touched on were the Frame/McCarthy foreclosure. He took questions on his report.

Director Bassett announced that the first Community Solar Garden Task Force (CSGTF) meeting had been scheduled for Sept 4, 2013 in the LPEA board meeting at 10:30 am.

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

CEO Munro asked if there were any questions on the written staff reports. He requested to move the Communications Plan Update to September. Discussion ensued on the Tri-State rate issues with feedback from CEO Munro and Director Wheeling.

### **FINANCIAL REPORT**

CEO Munro pointed out the financial report and reviewed the WESODI financials. CFO Svanes then summarized the LPEA financial report which included: the details of the losses for WESODI and he reviewed in detail the balance sheet, investment of subsidiaries, and equity

earnings on the income statement. He took questions on the financial report. CEO Munro pointed out the statistics report and kWh sales and purchases.

### **COMMUNICATIONS PLAN UPDATE**

The Communications Plan Update was moved to the September board meeting.

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

Director Rendon reported that the RoundUp Board met on Monday August 19, 2013. The board considered seven grant requests this month; four Round Up and three educational. Round Up grant requests came from Blue Star Mom's of Durango and were awarded \$1,000, Habitat for Humanity and were awarded \$2,000, Pagosa Outreach Connection was tabled until September and Wildcats Basketball was denied. Educational grants were requested from Good Dirt Radio and were awarded \$1,500 and Children's World and they were awarded \$4,000. As of July 31, 2013 there were 13,982 members rounding up their bills with an increase of 37 during the previous month. He announced that there were 47 volunteers that helped at the La Plata County Fair and they signed up 31 members. Director Garcia reported on the auction at the Archuleta County Fair.

### **MEMBER OPPORTUNITY REPORT**

None to report

### **4CORE REPORT**

None

### **FASTTRACK REPORT**

Director Wheeling gave a brief overview of the FastTrack board meeting. His report included; a normal month financially and that FastTrack had hired a new accountant and engineer. He discussed the fiber build in Bayfield and announced that the Mancos and Dolores project would be completed by the end of the year. Additionally he discussed the long term trend with an increase in customer contracts but prices were lower. He took questions on his report

### **WESODI REPORT**

Director McCaw gave an update on WESODI. The WESODI Board has had two meetings since the last LPEA board meeting. He reported that the WESODI Board passed a resolution to dissolve both WESODI and BWR. Since WESODI is owned by LPEA, LPEA would need to decide on a resolution to dissolve WESODI. He included in his report that there were two ongoing jobs. He briefly discussed the status of the sale of equipment. He noted that legal counsel was reviewing the State of Colorado requirements for dissolving the corporation. He took questions on his report.

### **TRI-STATE REPORT**

Director Wheeling reviewed his written report and items included; the 2014 Capital Construction Budget and how Tri-State accounts for them. He brought to the LPEA board's attention that Tri-State would be reviewing the 2013 patronage allocation for New Mexico members. He stated that New Mexico members had been paying a lower rate this year due to the ruling by the New Mexico Public Regulatory Commission. He took questions on his report.

## **CREA REPORT**

Director Berman reported that there was not a CREA board meeting in the last month. He addressed a Colorado Water Congress question. He pointed out the article sent to the board from CREA. He took questions on his report.

## **WESTERN UNITED REPORT**

Director Formwalt gave highlights of the happenings with Western United and summarized their written report which was included in the August board packet. He stated there had not been a meeting since the last LPEA board meeting. He noted that there was a trending of softening of sales but still trending up and margins were good.

## **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 August board packet: communications plan update, appoint delegate to Basin Electric annual meeting, 2014 capital items budget, rate design issues, unclaimed capital credits for special project grants, alternative energy plan, community solar garden policy 366 and program, a proposed Tri-State bylaw amendment, Tri-State rate issues, resolution to dissolve WESODI, and review facilitator consultants for the board. Additional items included the verbiage to be added to policy 102, NRECA satisfaction survey dates, and alternatives for CCL and past publication history. Director Bassett requested that the minutes from the last meeting to be sent along with the draft agenda for board review. CEO Munro stated that we would try, but with all the reviewing of the minutes may not be complete at that time. Director Berman requested to add Policy 214 and operating forecast assumptions to the September agenda.

## **UPCOMING EXTERNAL MEETINGS**

President Montoya noted the upcoming external meeting list in the board packet which included the Region 7 & 9 Meeting, October 15-17, 2013 in Portland, OR, CREA Fall meeting Oct 25-29, 2013 in Denver and Basin Electric Annual Meeting, November 6-7, 2013 in Bismarck, ND. It was noted that the September 16, 2013 Board retreat was cancelled. Directors Erb, Garcia, Berman, Rendon and Formwalt all indicated that they would be attending the CREA annual meeting. Directors are to email Laura Rome with their confirmation of attending, courses attending and dates of travel.

## **TRI-STATE RATE ISSUES**

Executive session

## **EXECUTIVE SESSION**

**Motion:** Director Berman moved to go into executive session to discuss the recent settlement conference with Tri-State, and the Tri-State rate issues at 4:39 P.M. Director Wheeling was excused at 4:59 P.M., regarding the Tri-State rate issues; motion seconded and carried without dissent.

The board came out of executive session at 5:40 P.M.

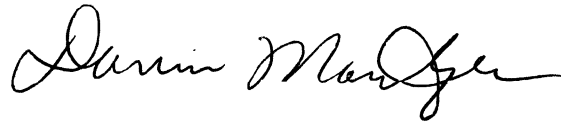
The regular LPEA board meeting reconvened at 5:40 P.M.

**OTHER BUSINESS**

None

With no further business, the regular board meeting adjourned at 5:40 P.M.

Recorded by: Laura Rome

A handwritten signature in black ink, appearing to read "Davin Montoya".

Approved by: \_\_\_\_\_  
Davin Montoya, President

A handwritten signature in blue ink, appearing to read "Ken Fox".

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Ken Fox, Secretary