

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, September 18, 2013, in the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 9:01 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

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.

Director Fox led the board in the Pledge of Allegiance.

MEMBER COMMENTS AND CONCERNS

Paul Romere addressed the board about his concern of the limited internet access in his subdivision of Deer Valley Estates. He reviewed his information regarding the fiber to be hung on the LPEA poles by a local internet carrier, and understood that due to the condition of the poles, LPEA was not allowing the fiber to be attached. Manager of Operations, Steve Gregg stated it was the ground clearance and not the condition of the poles was the reason the fiber could not be attached to the poles. Manager of Operations, Steve Gregg also stated he is in contact with the representative from a local internet carrier and they had been discussing alternatives.

GUESTS (from sign in sheet)

Lin Stewart, Betsy Romere, Paul Romere, Lew Pratsch, James Jensen, Paula Schue, Devin Buttes, Herb Brodsky, Dale Rodebaugh, Matt Helms, James Hoffmann, Ben Jason, Mary Beth Miles and Sally Bellerue.

CONSENT BOARD ITEMS

The consent board items were presented and reviewed.

Motion: Director Berman moved to approve the August 21, 2013 minutes with one edit; accept new members, capital credit payments to estates and August write offs; motion seconded and carried without dissent.

ITEMS REQUIRING BOARD ACTIONS

Director reimbursements were presented and reviewed.

LPEA Board Meeting 09/18/13

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	\$200.00
Michael Rendon	Round Up	\$200.00
Bob Formwalt	Western United	\$200.00
Jeff Berman	CREA	\$633.92
Jeff Berman	Committee meetings x 2	\$400.00
Britt Bassett	Committee meetings x 2	\$400.00

President Montoya requested to review the process of paying directors for committee meetings. He requested to have a separate discussion on the Community Solar Garden (CSG) Task Force meetings.

Motion: Director McCaw moved to approve the director reimbursements as presented except for the CSG Task Force meetings; motion seconded and passed without dissent.

Director Berman addressed the CSG Task Force and gave reasons why the directors should be paid for their participation in the CSG Task Force meetings. President Montoya asked what the budget was for director's expenses annually. CFO Svanes responded it was \$228,000 for twelve directors annually.

Motion: Director Bassett moved to approve the director reimbursements for the two days of the CSG Task Force Committee meetings; motion seconded and passed with Director McCaw and Director Compton dissenting.

Director Compton requested to review the board policy concerning the Board of Directors reimbursement in the future.

REVIEW/APPROVE POLICY 214, DEVELOPMENT AND IMPLEMENTATION OF ELECTRIC RATES AND DISCUSS RATE DESIGN

CEO Munro introduced Dr. Marty Blake of the Prime Group and Attorney Bill McEwan. He also pointed out two memos from consultants Director Berman had contacted that were included in the board packet. Dr. Marty Blake reviewed the rate design and cost of service principles. Other items he reviewed included the customer charge, rate components and inclining block rates. He recommended increasing LPEA's base rates to cover costs instead of taking chances on bad weather vs. mild weather. Discussion ensued on customer classes, base charges, and cautions. Bill McEwan addressed the board and discussed inverted block rates. He discussed Colorado State Statute 40-9.5-106, and discriminatory rates. He also discussed inverted rates that the rate impact must be revenue neutral to that revenue class, and that consideration to low income must be addressed.

PB Schlechter addressed the board via phone conference and gave comments on both Marty Blake's and Bill McEwan's report. He discussed the recovering fixed costs in the usage charge and stated that a cost of service study was always based on assumptions.

Mark Detsky with Dietze and Davis, P.C., also addressed the board via phone conference. He highlighted a case that came before the commission and the time of use rate. He pointed out that the LPEA Board could allow a rate to achieve a stated goal, but that the rate would need to treat all classes equally. They both took questions on their input on rate design. Discussion ensued in length on the cost of service study, potentially the board changing Policy 214, the base charges, discriminatory rates, cost allocation, kWh usage, and Colorado State Statute 40-9.5-106.

The board meeting adjourned for lunch at 12:04 and reconvened at 12:21 P.M.

REVIEW/APPROVE LOCAL FACILITATOR FOR BOARD RELATIONS SESSION(S)

President Montoya introduced Meg Carver and she presented her updated proposal which was included in the board packet. She took questions on her proposal, and excused herself from the meeting. The board discussed in detail the scope of the board expectations.

Motion: Director Erb moved to approve Meg Carvers proposal as presented; motion seconded and passed without dissent.

REVIEW/APPROVE BOARD POLICY 366, COMMUNITY SOLAR GARDEN (CSG) AND ASSOCIATED PLAN

Director Erb reviewed specific details of the Community Solar Garden (CSG) requirements, policy 366, CSG plan and summary included in the board packet. She took questions on her report. Discussion ensued on changing the percentage of the subscription requirements before building the CSG. Local solar installers addressed the board and gave their insight hypothetically what would happen if 50 % of the people signed up but not fulfilling the requirements. CFO Svanes reviewed the CSG financial analysis which was also included in the board packet. He took questions on his report. Discussion ensued.

Motion: Director Erb moved to approve Board Policy 366 and associated plan for the Community Solar Garden as presented with two edits to the CSG Program version nine; motion seconded..

Discussion ensued during the motion on the costs of the program and President Montoya requested public comment. Several local solar installer contractors addressed the board with their feedback and questions.

Motion: Director Erb amended her motion to approve Board Policy 366 and associated plan for the Community Solar Garden as presented with two edits to the CSG. Edits included item number 3-D at the end of last sentence 50% by the time of the review of the application and on item 7- G change to up to 20% over; motion seconded and passed with Director Fox, Director McCaw and President Montoya dissenting.

REVIEW/APPROVE ALTERNATIVE PLAN (AEP)

CEO Munro requested permission from the board to move forward on attaining input from the public. Manager of Corporate Services, Mark Schwantes gave a brief update on where the staff was at with the public document. He took questions and comments on the current public draft.

Motion: Director Turner moved to approve the Alternative Energy Plan draft as presented to present to the public for comment; motion seconded and passed without dissent.

APPOINT DELEGATE/ALTERNATE TO THE BASIN ELECTRIC ANNUAL MEETING

President Montoya entertained a motion for a delegate and alternate for the Basin Electric Annual meeting. Director Wheeling and Director Berman both indicated availability to attend.

Motion: Director Turner moved to appoint Director Berman as the delegate and Director Wheeling as the alternate to attend the Basin Electric annual meeting; motion seconded and passed without dissent.

REVIEW/APPROVE 2014 CAPITAL ITEMS BUDGET – RESOLUTION 2013-14

Review and approval of the 2014 Capital Items Budget- Resolution 2013-14 was postponed until the October LPEA Board meeting.

EXECUTIVE SESSION

Motion: Director Berman made a motion to go into executive session at 3:06 P. M. to discuss the action on a possible condemnation; motion seconded and passed without dissent

The board came out of executive session at 3:26 P.M.

The regular LPEA board meeting reconvened at 3:26 P.M.

REVIEW/APPROVE POSSIBLE ACTION ON A POSSIBLE CONDEMNATION – RESOLUTION 2013-16

Manager of Engineering, Ron Meier reviewed the details of Resolution 2013-16 on a possible condemnation. He took questions on his report.

Motion: Director McCaw moved to approve the Resolution 2013-16 as presented; motion seconded and passed without dissent.

PROPOSED TRI-STATE BYLAW AMENDMENT – RESOLUTION 2013-17

President Montoya gave an overview of Resolution 2013-17. Director Wheeling voiced his concerns. CEO Munro stated that the goal is to establish a dispute resolution. Attorney Spear addressed his concerns which were included in his attorneys report in the September board packet. Discussion ensued with Director Wheeling voicing his concern about what the long term outcome might be. President Montoya pointed out that this was just the first step on moving forward to changing the bylaws.

Motion: Director Berman moved to adopt the Resolution 2013-17 as presented; motion seconded and passed with Director Wheeling, Director Fox and Director Turner dissenting

REVIEW 2014 OPERATING FORECAST ASSUMPTIONS DISCUSSION

Discussion was postponed to the October board meeting.

REVIEW/APPROVE DISSOLUTION OF WESTERN ENERGY SERVICES OF DURANGO – RESOLUTION 2013-18

President Montoya read Resolution 2013-18 to the Board. Director McCaw addressed questions. This included the status of the current projects. Director McCaw stated that the resolution needed to be filed with the Colorado Secretary of the State. Attorney Spear reviewed the process and the filing of the Articles of Dissolution. He stated that it was a two year process. President Montoya requested a motion.

Motion: Director Compton moved to adopt Resolution 2013-18 as presented; motion seconded and passed with Director McCaw and President Montoya abstaining.

REVIEW/APPROVE ACCOUNTING FIRM TO REVIEW WESODI FINANCIALS

Discussion ensued.

Motion: Director Wheeling moved to approve the hiring of Beckstead & Co accounting firm for review of WESODI financials with the total cost amount approved of \$5,000; motion seconded and passed without dissent.

REVIEW UNCLAIMED CAPITAL CREDIT FUND REQUESTS FOR SPECIAL PROJECT GRANTS

President Montoya asked if the board wanted any presentations next month. It was determined for all groups to give a presentation at the Committee of the Whole meeting on Monday October 14, 2013.

REVIEW/APPROVE BOARD POLICY 102, BOARD RESPONSIBILITIES

CEO Munro took questions on the proposed updates to Board policy 102. Director Compton requested to address the external affairs committee wording. CEO Munro reviewed the differences between the committee of the whole vs. board meetings. It was determined to table it to next month and to submit any edits to CEO Munro or Executive Assistant Laura Rome.

ATTORNEY REPORT

Attorney Spear summarized the written attorney's report. He highlighted the Colorado PUC complaint and the decision made on Sep 11, 2013, and discussed the follow-up procedures. He reported the New Mexico PRC entered into a ruling authorizing an investigation of the Tri-State and Plains G&T merger from twelve years ago. He touched briefly on the foreclosure subject. He took questions on his report.

CEO REPORT AND STAFF REPORTS

CEO Munro addressed the need to appoint a delegate and alternate to the Colorado NRECA annual member meeting.

Motion: Director Garcia made a motion to appoint Director Berman as the delegate and Director Erb as the alternate to attend the Colorado NRECA annual membership meeting; motion seconded and passed without dissent.

REVIEW RUS FORM 300

Manager of Operations, Steve Gregg reviewed the RUS Form 300. He took questions on his report.

REVIEW NRECA SATISFACTION SURVEY DATES

CEO Munro reviewed the process and typical dates for the membership survey. He took questions.

CEO REPORT AND STAFF REPORTS Continued

CEO Munro asked if the board had any questions on the written reports which were included in the board packet. Director Compton requested an update on the time of use program and how many members were affected. Manager of Corporate Service, Mark Schwantes stated he would present the report at the October board meeting. CEO Munro took questions on his written report. Director Garcia stated he was contacted by a LPEA member and that CEO Munro and Manager of Engineering, Ron Meier did a great job addressing an issue the member had.

LA PLATA ELECTRIC ROUND UP FOUNDATION

Director Fox reported that five grant requests were considered; Three RoundUp totaling \$18,500 and two educational grant requests totaling \$7,000. RoundUp requests included; the Disabled American Veterans, Chapter 48 requested \$10,000 and was partially funded for \$2,500. Durango Demons Track and Field requested \$4,500 and were not funded. Educational requests included; Durango Independent Film Festival requested \$2,000 and was partially funded for \$500; Seeds of Learning Education Center requested \$5,000 and was partially funded for \$1,078. Members rounding up as of August 31, 2013 were 14,004 which were up from the previous

month by 22. He also noted that a RoundUp CD was rolled over and continues to earn less than 1% in interest.

FASTTRACK REPORT

Director Wheeling gave a brief overview of the FastTrack board meeting which included; the Bayfield fiber build; they had a solid month financially; outages for the last month and that sales and prospects were going really well. Director Wheeling took questions on his report

TRI-STATE REPORT

Director Wheeling reviewed his written report and items included a brief on the finance committee meeting he attended. He took questions on his report.

CREA REPORT

Director Berman gave an overview of the CREA meeting he attended last month. He included in his report the discussion he had with Kent Singer concerning Colorado Senate Bill 252 and Colorado Country Life (CCL). He announced that CREA wanted the opportunity to address the concerns that LPEA had with CCL. He took questions on his report. Discussion ensued on Senate Bill 252 and President Montoya requested more information on Senate Bill 252.

REVIEW ALTERNATIVES FOR COLORADO COUNTRY LIFE AND PAST PUBLICATION HISTORY

It was determined to address at the November board meeting and have Kent Singer be present as well.

WESODI REPORT

Director McCaw gave a status report on the closing of offices; equipment sales and auctions, current projects, and accounts receivables. President Montoya pointed out that the line of credit to WESODI from LPEA was scheduled for repayment.

WESTERN UNITED REPORT

Director Formwalt reviewed the income for the last year, reported that their audit was clean and noted they had a level of dissatisfaction with their auditor. He announced that an Arizona Cooperative had joined Western United which would make the membership at twenty nine members. He took questions on his report

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 September board packet: Director reimbursement report, safety report, outage, report, consultant and contractor report, construction and maintenance report, financial plus report, appoint delegate/alternate to the FastTrack annual meeting, alternative energy plan review, community solar garden plan, Tri-State rate issues, and there would be a Committee of the Whole meeting on October 14, 2013. Agenda items for the Committee of the Whole meeting would include; KRTA's presentation, 2014 Capital Items and Projects Budget, and Unclaimed Capital Credits Fund grant request presentations. Other items added to the October board meeting agenda included; Board Policy 102 update and Policy 214 for additional review.

POLICY 214 DISCUSSION Cont.

President Montoya requested if the board wanted to re-address board Policy 214. Discussion ensued on the following topics; base charge with two different classes, potential edits to Board Policy 214 and presentations of a rate package that the board could consider with an alternative rate option. CEO Munro pointed out that the LPEA Board was to address and approve 2014 rate tariffs in November with final approval in December. President Montoya stated the inclining block rate was to be addressed in the future. CEO Munro suggested that Dan Harms present his presentation of how rates are designed at the October board meeting.

UPCOMING EXTERNAL MEETINGS

President Montoya noted the upcoming external meeting list in the board packet which included the CREA Fall meeting Oct 25-29, 2013 in Denver and Basin Electric Annual Meeting, November 6-7, 2013 in Bismarck, ND.

TRI-STATE RATE ISSUES

Executive session

EXECUTIVE SESSION

Motion: Director Formwalt moved to go into executive session to discuss the Tri-State rate issues at 6:28 P.M. Director Wheeling was excused at 6:28 P.M.; motion seconded and carried without dissent.

The board came out of executive session at 6:57 P.M.

The regular LPEA board meeting reconvened at 6:58 P.M.

OTHER BUSINESS

None

With no further business, the regular board meeting adjourned at 6:59 P.M.

Recorded by: Laura Rome

Approved by: 
Davin Montoya, President


Ken Fox, Secretary