

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, October 16, 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

Director Formwalt led the board in the Pledge of Allegiance.

AGENDA

President Montoya addressed the October 16, 2013 agenda.

Motion: Director Compton moved to approve the October 16, 2013 agenda with the ability to move around; motion seconded and passed without dissent.

MEMBER COMMENTS AND CONCERNS

David Black, a property owner in downtown Bayfield requested legal access across LPEA property or an option of leasing or purchasing the property or the property in question be turned over to the town of Bayfield. He took questions on his request.

GUESTS (from sign in sheet)

David Black and Meg Carver

CONSENT BOARD ITEMS

The consent board items were presented and reviewed.

Motion: Director Berman moved to approve the September 18, 2013 meeting minutes with three edits; accept new members, capital credit payments to estates and September write offs; motion seconded and carried without dissent.

ITEMS REQUIRING BOARD ACTIONS

Director reimbursements were presented and reviewed.

LPEA Committee of the Whole Meeting 10/14/13

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		

LPEA Board Meeting 10/16/13

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

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

APPOINT DELEGATE AND ALTERNATE TO THE FASTTRACK ANNUAL MEETING

CEO Munro noted the FastTrack annual meeting which was to take place before the regular LPEA board meeting at 8 A.M. in the LPEA multi-purpose room on November 20, 2013.

Motion: Director Formwalt moved to appoint Director Compton as the delegate and to attend the FastTrack Annual shareholders meeting on November 20, 2013; motion seconded and passed without dissent.

Motion: Director Berman moved to appoint Director Rendon as the alternate to attend the FastTrack annual shareholders meeting on November 20, 2013; motion seconded and passed without dissent.

Discussion ensued on the roles of the FastTrack Board. Director Wheeling stated that the FastTrack board recommended that the slate remain as it currently exists.

Motion: Director McCaw moved to accept the present FastTrack board slate as presented. (the slate includes Joe Wheeling, Roger Zalneraitis, Bobby Lieb, Sydney Zink, Ed Zink, and Bill Bauer); motion seconded and past without dissent.

It was requested that the FastTrack bylaws be sent to the LPEA Board members. .

REVIEW/APPROVE UNCLAIMED CAPITAL CREDIT FUND GRANT REQUESTS

President Montoya requested discussion on the topic. Discussion ensued with each board member making their recommendations. CEO Munro reviewed what the history of awarding

grant requests was in the past. President Montoya questioned how the progress would be tracked on the awarded funds. CEO Munro reviewed the details. Director Berman enquired if the board could request that the awarded funds be matched by the entity requesting the funds? CEO Munro reviewed each potential recipient and their ability to match the funds granted by LPEA.

Motion: Director Compton moved to eliminate Bear Smart, motion was seconded. Motion did not pass.

Director Erb suggested the following amounts to be granted to the following organizations:

- 1 4CORE and Housing Solutions - \$10,000 each, solarization not to be included
- 2 La Plata Open Space - \$5,000
- 3 Ignacio School District for their Solar installation - \$15,000
- 4 Pine River Community Learning Center - \$19,500
- 5 Bear Smart - \$5,000
- 6 San Juan Symphony - \$4,000

Discussion ensued.

Motion: Director McCaw moved to approve the following amounts to the following recipients of unclaimed capital credits: 4CORE and Housing solutions \$20,000 (ten and ten) with the solarization not included; La Plata Open Space Conservancy \$5,000; Ignacio School District \$15,000; Pine River Community Learning \$19,500; Bear Smart Durango \$5,000; San Juan Symphony \$4,000; motion seconded and passed without dissent

REVIEW/APPROVE FOUR YEAR CONSTRUCTION WORK PLAN, RESOLUTION 2013-21

Manager of Engineering, Ron Meier presented the 2014-2017 Construction Work Plan (2014-2017CWP). CEO Munro pointed out that the RUS General Field representative had reviewed the 2014-2017 CWP. Manager of Engineering, Ron Meier reviewed in detail the systems analysis, proposed construction, appendices and environmental report. Engineer Jake Wills reviewed in detail the specific projects included in the 2014-2017 CWP. CFO Svanes noted how RUS loans worked and that the 2014-2017CWP was part of the primary process, and determined the amount for the loan application from RUS. Both Ron Meier and Jake Wills took questions on their report.

REVIEW/APPROVE CAPITAL ITEMS BUDGET, RESOLUTION 2013-14

President Montoya read the resolution to the board.

Motion: Director Wheeling moved to preliminarily adopt the 2014 Capital Items Budget in the amount of \$936,250, resolution 2013-14 as presented; motion seconded and passed without dissent.

REVIEW/APPROVE CAPITAL PROJECTS, RESOLUTION 2013-19

President Montoya read the resolution to the board. CEO Munro noted the reduction in the initial amount requested.

Motion: Director Wheeling moved to preliminarily adopt the 2014 Capital Projects Budget in the amount of \$16,696,518, resolution 2013-19 as presented; motion seconded and passed without dissent.

REVIEW/APPROVE LOAN FUND TRANSFER, RESOLUTION 2013-20

CFO Svanes reviewed the RUS loan budget purposes, the process and finalizing the loan procedures. President Montoya read the resolution. This would result in moving \$7,357,100.96 from the Transmission budget purpose to Distribution budget purpose. CFO Svanes took questions on his report.

Motion: Director Garcia moved to adopt the Loan Transfer Fund, Resolution 2013-20 as presented; motion seconded and passed without dissent.

REVIEW/APPROVE FOUR YEAR CONSTRUCTION WORK PLAN, RESOLUTION 2013-21 Cont.

President Montoya read the resolution to the board.

Motion: Director Garcia moved to adopt the 2014-2017 Four Year Construction Work Plan, resolution 2013-21 as presented; motion seconded and passed without dissent.

REVIEW/APPROVE COMMUNITY SOLAR GARDEN PLAN (CSG)

Director Erb reviewed the minor changes that had been made. Director Berman requested to add to the website an introduction about the CSG.

REVIEW/APPROVE ALTERNATIVE ENERGY PLAN (AEP)

Manager of Corporate Services, Mark Schwantes gave an update on the AEP. Items he reviewed included; appendix, long-term AEP and he took questions on the edits submitted. Discussion ensued on current printing costs, potentially printing a postcard and the amount to be printed. Additional discussion ensued on what to call the document which included calling the AEP the Alternative Energy Outlook. Other items discussed were staff having public meetings, and tying to the mission of the CSG to the AEP.

REVIEW/APPROVE BOARD POLICY 102, BOARD RESPONSIBILITIES

CEO Munro took questions on the proposed updates to Board policy 102. Director Berman gave specific edit requests. Director Compton noted the section on external affairs on page eight of eleven.

Motion: Director Wheeling moved to approve Board Policy 102 as presented. After some discussion he withdrew his motion.

It was determined to bring a redline version to the November board meeting. The board meeting adjourned for lunch at 12:05 P.M. and reconvened at 12: 47 P.M.

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

President Montoya requested discussion.

Motion: Director Berman moved to eliminate item number IIC6x on LPEA Board Policy 214 and to replace with the wording “To state encourage conservation, energy efficiency and renewable energy”; motion seconded but did not pass

Discussion ensued with President Montoya questioning how the terminology addressed rates with Director Berman responding with examples. Other items discussed were feedback from board members and how staff looked at rates and developed a base rate strategy.

Motion: Director Wheeling made a motion that was seconded and not voted upon.

Discussion continued: on the collection of fixed charges with Director’s commenting that they have confidence in the staff and their recommendations; the board having the fiduciary responsibility to keep LPEA soluble for the members; the new language could encourage discriminatory rates and Director McCaw stating he did not support removing item IIC6. Attorney Barry Spear reviewed the current policy and item IIC6 and recommended adding an item 7 with Director Berman’s recommendation.

Motion: Director Wheeling amended his motion to change the wording on Policy 214 item IIC6 to state the following. Balancing the collection of fixed costs through fixed charges (e.g. base charge) and recovering variable costs through appropriate variable charges (e.g. energy charges), with the desire to encourage conservation, energy efficiency and renewable energy. Motion seconded and passed with one director dissenting.

The original motion was readdressed.

Motion: Vote on the original motion as amended with the previous motion to add the wording to encourage conservation, energy efficiency and renewable energy. Motion seconded with one director dissenting.

President Montoya readdressed the request from LPEA Member David Black. CEO Munro stated that staff would get an update on the request and would report back to the board. CEO Munro also reviewed the history of the request.

ATTORNEY REPORT

Attorney Spear summarized the written attorney’s report. He highlighted the Tri-State rate status, a foreclosure, and the proposed Tri-State bylaw amendments. He reviewed the CREA Attorney’s group meeting that he and Attorney Denning attended. He briefly discussed Senate Bill 252, condemnation easement issues, tree trimming and liability issues. Discussion ensued on the contract with Tri-State and the allowed amount for renewable energy. He took questions on his report and concluded his report with a Community Solar Garden discussion.

CEO REPORT AND STAFF REPORTS

CEO Munro reviewed his written report that was included in the October board packet. Items he highlighted were the Tri-State board meetings he attended, the Tri-State long range forecast and he gave the specifics of changes. He enquired if the board had any questions on the CEO and Staff written reports which were included in the board packet. Both CEO Munro and Director

Wheeling took questions on the Tri-State long range forecast. Director Berman requested to add the communications update to the November agenda. CEO Munro stated that the Communications Update would be presented on its normal schedule.

COMMUNITY SOLAR GARDEN Cont.

Director Bassett requested to discuss the status of the CSG contract. It was determined that the CSG task force would meet in the next few days to finalize.

FINANCIAL PLUS REPORT

CFO Svanes reviewed the details of the financial report which was included in the October board packet. Items he highlighted included; total kWh purchased YTD, total kWh purchased monthly, electric revenue-YTD, total net margins-YTD. Discussion ensued on the total net margins-YTD, accounts receivable delinquent report, outstanding debt, cost of debt, total gross debt, and total weighted average cost of debt. He took questions on his report.

SAFETY AND OUTAGE REPORT

Manager of Operations, Steve Gregg reviewed the 3rd quarter major outages for July August, and September. Items included in his report were the outages by cause, outages, and urban/rural, and the average outage minutes for customers; he took questions on his report. He noted the maintenance report included in the board packet. He then reviewed the safety report for the 3rd quarter which included vehicle incidents, training, future training and a safety culture rollout. He took questions on his report.

CONSTRUCTION AND MAINTENANCE REPORT

Manager of Operations, Steve Gregg addressed in the previous report

CONSULTANT AND CONTRACTOR REPORT

CEO Munro reviewed the written report included in the board packet.

QUARTERLY DIRECTOR REIMBURSEMENT REPORT

CEO Munro took questions on the written report included in the board packet.

TIME OF USE REPORT

Director Berman requested to discuss the rate design and suggested reviewing all of the energy efficiency rebates. He noted a spreadsheet he presented to the LPEA Board. He discussed in detail the specifics of his proposal. Items included: approaching the City Of Durango for help with rebates for energy audits; LPEA offering rebates for energy audits and getting rid of the rebates for Electric Thermal Storage (ETS) and water heaters. Discussion ensued on the current budget status in the rebate programs which included the ETS and water heaters. Board members were not prepared to vote on Director Berman's suggestions and would like more time to review the energy efficiency rebate programs. CEO Munro stated that these all would be addressed in November when the 2014 Operating Forecast would be presented and approved by the Board.

LA PLATA ELECTRIC ROUND UP FOUNDATION

Director Fox reported LPEA RoundUp Foundation met on Monday October 14, 2013. There were six RoundUp grant requests and two education grant requests considered. Of the six RoundUp requests, two were denied, and one was tabled until next month. Of the three

remaining: Mullins-Nickerson American Legion Post requested \$5,000 for mental health counseling and was partially funded with \$3,500. Good News Prison Ministries, La Plata Jail library requested and received \$500. Manna Soup Kitchen requested \$5,000 and was partially funded for \$3,500. Education grants: Ignacio High School, marine biology class requested \$4,500 and was awarded \$500 for a field trip. Title 7 North American Education Program requested \$5,000 and was partially funded with \$3,000. He reported that members rounding up in the last month increased by 13 from the previous month to 14,017.

FASTTRACK REPORT

Director Wheeling gave a brief overview of the FastTrack board meeting which included: the financials condition of FastTrack is well, a large account that had left returned and signed a new contract; the project to Mancos and Dolores should be completed by the end of year. CEO Munro noted the Bayfield fiber build out was completed and that Indianan Reed was writing a joint LPEA/FastTrack press release. Director Wheeling took questions on his report

WESODI REPORT

Director McCaw gave a status report and noted two projects that were being completed. He reported that equipment had been sold, the move of the offices was completed, that they had made modifications' to the insurance policies, and the status of remaining employees. He took questions on his report.

TRI-STATE REPORT

Director Wheeling reviewed his written report which was included in the board packet. Items included a brief discussion regarding the Tri-State executive committee and and he touched briefly on the Colorado Highline Wind project. He also discussed the presentation they had on the flooding and the impact to the utilities and communities on the Front Range. He reported that based upon last week's meeting with the manager's group, he has received a memo from the Tri-State President that they will create a members relation committee. He took questions on his report.

CREA REPORT

Director Berman reported there was not a meeting in the last month but the CREA fall meeting starts October 25, 2013 and they would be electing a new representative to the NRECA board and that the CREA Energy Innovation Summit in to be held on Monday Oct 28. Director Berman requested that CREA representatives be present for the November meeting concerning Colorado Country Life (CCL). He took questions on his report.

WESTERN UNITED REPORT

Director Formwalt reported that there was not a meeting in the last month. He noted their report that was included in the board packet.

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 October board packet: Member opportunity report, NRECA survey questions, Meg Carver's report, final review/approval of 2014 budgets and the 2014 Operating Forecast, review and preliminary approval 2014 rate tariffs, select area of emphasis for audit, adoption of 2014

strategic goals, discuss/appoint new directors for the RoundUp Foundation , Tri-State rate issues, board policy 102 and CREA representatives discussing CCL. CEO Munro noted there would need to be a Committee of the Whole meeting on November 18, 2013, due to the large amount of items needing to be addressed by the Board.

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, the annual NRECA meeting, February 27-March 7, 2014 in Nashville, TN and the annual FastTrack Shareholders meeting 8 am, November 20, 2013 in the LPEA multipurpose room.

TRI-STATE RATE ISSUES

Executive session

EXECUTIVE SESSION

Motion: Director Turner moved to go into executive session to discuss Tri-State rate issues at 4:12 P.M. Director Wheeling was excused at 4:12 P.M.; motion seconded and carried without dissent.

The board came out of executive session at 4:30 P.M.

The regular LPEA board meeting reconvened at 4:30P.M.

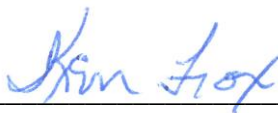
OTHER BUSINESS

None

With no further business, the regular board meeting adjourned at 4:30 P.M.

Recorded by: Laura Rome

Approved by: 
Davin Montoya, President


Ken Fox, Secretary