

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, December 18, 2013, in the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 9:03 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	Michael Rendon	

Excused Absence;
Tom Compton

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 McCaw led the board in the Pledge of Allegiance.

Letter from Twin Buttes Development regarding their proposed Solar Farm

President Montoya noted the letter that was included in the December board packet and introduced Eric Flora, Principal of the Twin Buttes Development and Jeff Perino to answer any questions. Mr. Flora reviewed the details of the project at the Twin Buttes Development and the benefits of utilizing the LPEA Community Solar Garden (CSG). Their projected completion date is 2015 and they requested a commitment from LPEA which would allow net metering and the CSG. They took questions on their report. Attorney Spear recommended that they go through the process. Discussion ensued on the Tri-State allowed 5% of renewable energy.

AGENDA

President Montoya addressed the December 18, 2013 agenda.

Motion: Director Wheeling moved to approve the December 18, 2013 agenda with the ability to move around; motion seconded and passed without dissent.

MEMBER COMMENTS AND CONCERNS

None addressed

GUESTS (from sign in sheet)

Betsy Romere, Jeff Perinon, Erica Flora, Ann McCoy Harold, and one signature that was unreadable.

CONSENT BOARD ITEMS

The consent board items were presented and reviewed.

Motion: Director Rendon moved to approve the November 20, 2013 meeting minutes with three corrections; accept new members, capital credit payments to estates and November write offs; motion seconded and carried without dissent.

ITEMS REQUIRING BOARD ACTIONS

Director reimbursements were presented and reviewed.

LPEA Board Meeting 12/18/13

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	Jack Turner	\$216.95
Michael Rendon	\$200.00		

Jeffrey Berman	CREA	\$ 400.00
Michael Rendon	Round Up	\$ 200.00
Ken Fox	Round Up	\$ 200.00
Robert Formwalt	Western United	\$ 200.00

President Montoya noted the per diem that Director Rendon did not submit last month.

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

MEET WITH THE AUDITOR

EXECUTIVE SESSION

Motion: Director Formwalt moved to go into executive session to discuss the LPEA audit at 9:31A.M.; motion seconded and passed without dissent.

LPEA Board came out of executive session at 9:54 A.M.

APPOINT DELEGATE/ALTERNATE TO NRECA, NISC, NRTC, CFC AND FEDERATED 2014 ANNUAL AND OTHER MEETINGS

CEO Munro noted the paperwork was required to be submitted by the end of January. Director Garcia asked about the conference and Director Erb reviewed her attendance in 2013.

Motion: Director McCaw moved to appoint CEO Munro as delegate and CFO Svanes as the alternate for the NRECA 2014 annual meeting which also included the NISC, NRTC, CFC and FEDERATED annual meetings; motion seconded and passed without dissent.

REVIEW/APPROVE REVISED BOARD POLICY 359, RENEWABLE GENERATION AND ENVIROMENTAL ATTRIBUTES

President Montoya reviewed Policy 359, Renewable Generation and Environmental Attributes. CEO Munro discussed the potential changes and noted average installations for residential and commercial. He took questions on his verbal report. Discussion ensued on: RECs; Tri-State cap and allowed 5%; and solar. Manager of Corporate Services, Mark Schwantes reviewed the RECS process and funds. Discussion continued on affordability and review of green power in 2014.

Motion: Director Bassett moved to raise the REC payments for 2014 in Policy 359, Exhibit A to \$350 (\$32,400) to take from the local renewable fund and adopt revised Board Policy 359 with edits as presented; motion was seconded and passed with Director Fox dissenting.

REVIEW/APPROVE ADOPTION OF 2014 STRATEGIC GOALS

CEO Munro reviewed the 2014 Strategic Goals. Discussion ensued.

Motion: Director Berman moved to adopt 2014 Strategic Goals as presented with one edit; to remove the timeline; motion seconded and passed without dissent.

REVIEW AND FINAL APPROVAL OF 2014 RATE TARIFFS – RESOLUTION 2013-28

President Montoya requested discussion of Resolution 2013-28, Approval of 2014 Rate Tariffs. CEO Munro noted that LPEA had not received a lot of public comment or phone calls regarding the rate increase. Discussion ensued on how the Members were informed of the rate increase.

Motion: Director Berman moved to adopt Resolution 2013-28 to approve the 2014 Rate Tariffs; motion seconded and passed with Director Garcia and Director Turner dissenting.

TRI-STATE REPORT

Director Wheeling reviewed his written report which was included in the December board packet. He took questions on his report. Discussion included information on the patronage funds; issues and complexity of the capital credits; resolution process done through policy; dispute resolutions; Poudre Valley REA proposed bylaw amendment; and that LPEA Members could vote on Tri-State Bylaw amendments at the annual meeting. Director Wheeling, CEO Munro and Attorney Spear discussed the potential Tri-State Bylaw amendment. Attorney Spear briefly reviewed the PUC complaint.

FASTTRACK REPORT

Director Wheeling gave a brief overview of the FastTrack board meeting and pointed out a new project in Aztec, New Mexico and they were in the process of working through their capital

budget for 2014. Next month they will finalize the operating budget and cash flow. He reported the month was financially healthy. Director Wheeling took questions on his report.

PAGOSA BIOMASS PRESENTATION AND REQUEST (JR FORD)

President Montoya introduced JR Ford with Pagosa Biomass. JR Ford gave a brief biography and presented a PowerPoint on their project. He reviewed in detail the project which included economic feasibility; amount of biomass available; the amount of byproduct needed; conversion rate from raw acreage to bio fuel. Items he highlighted included: amount of potential fuel created per acre; partnerships; objectives of the group; community and professional input; new forestry equipment; utilizing government and private land and noted that there was a seven year supply; ponderosa pine forests were healthier when they do fire mitigation and created a healthier forest, it addressed water shed issues and it leaves no slash piles. He also reviewed the biomass demonstration field data results and noted that the estimated amount of biomass fuel that could be produced. He presented photos of pre thinning and post thinning forest and stated it was a community scale project. He discussed in detail the renewable energy, forest energy, reviewed the process of generating the energy, that a new five MW local power plant would create twelve new jobs with a commercial gasifying plant with about 300 operations hours of wood chip gasification. He also noted the benefits and use of the byproduct of the wood chip gasification. Other items discussed included: air quality; power plant site; three local companies' commitment to the project; benefits to Archuleta County and economic development. He mentioned their goals which included: permitting and full production timeframe and requested a 15 year Purchase Power Agreement (PPA) with LPEA. He took questions on his presentation. Discussion ensued with the following items; requests for a vote to allow staff and legal to move forward with a PPA; to include in the PPA a contingent on Tri-State's requirement of the allowed 5%. CEO Munro noted that Tri-State was up to date on this project. President Montoya stated that if the Tri-State allowed amount could be resolved that the LPEA Board would support.

The board meeting adjourned for lunch at 12:09 P.M. and reconvened at 12:54 P.M.

Director Bassett requested discussion on the requirements contract concerning a draft Colorado Legislative bill titled "REA Coop's Independent" for purchase of local electricity. Discussion ensued with his request to add it to the January agenda. It was determined to add to the January agenda.

TWIN BUTTES DEVELOPMENT REQUEST RE-ADDRESSED

President Montoya requested further discussion and clarity on their request. Discussion ensued with the determination for staff to compose a letter to be addressed at the January board meeting.

REVIEW/APPROVE REVISED BOARD POLICY 102, COMBINED FUNCTIONS OF THE BOARD OF DIRECTORS

CEO Munro reviewed the revisions to Board Policy 102.

Motion: Director Berman moved to adopt revised Board Policy 102 as presented; motion was seconded and passed without dissent.

REVIEW/APPROVE REVISED BOARD POLICY 108, INSURANCE FOR DIRECTORS

CEO Munro noted Policy 108, Insurance for Directors was up for review. He noted the past changes to the coverage.

Motion: Director Garcia moved to adopt revised Board Policy 108 as presented; motion was seconded and passed without dissent.

Director Wheeling left the LPEA Board meeting at 1:20 P.M.

REVIEW/APPROVE REVISED BOARD POLICY 109, COMPENSATION OF DIRECTORS

Discussion ensued on potential changes which included: addressing the allowed amount for breakfast and lunches; what other coops allowed; and that CREA was surveying the Colorado Coops on this topic. It was determined to table until the January agenda.

REVIEW/APPROVE REVISED BOARD POLICY 129, CODE OF ETHICS & CONDUCT

CEO Munro requested Attorney Spear to review and noted it was typical to review annually. He discussed the details, process and contents of the policy. He stated he did not have any recommended changes. Both Attorney Spear and CEO Munro took questions.

Motion: Director Turner moved to adopt revised Board Policy 129 as presented; motion was seconded and passed without dissent.

REVIEW/APPROVE NRECA SURVEY QUESTIONS

CEO Munro introduced the topic with discussion on the following items: feedback from members on Colorado Country Life (CCL); cost; communication to members; questions to include in the survey; current survey questions; value from CCL; other options; how members were affected; reducing the size of the survey; demographics; website; contact; twitter; CCL; and reduction of cost.

Motion: Director Bassett moved to do a different survey by another entity other than NRECA and reduce the scope of the survey, to focus on communications, CCL and internet tools. Motion was seconded but not voted on.

Discussion continued on questions for the survey, internet access of members, communicating to members, cost and statistical value. CEO Munro and staff were tasked to research the feasibility of the survey.

Motion: Director Bassett withdrew his original motion.

Motion: Director Formwalt moved to not conduct the NRECA survey and directed staff to develop research for communications for review to be presented in a future meeting; motion seconded and passed without dissent.

President Montoya requested further discussion on the Pagosa Biomass. CEO Munro stated he was meeting with JR Ford and Tri-State after the first of the year. Discussion ensued on Tri-

States 5% allowed amount of renewable energy; availability of backup power in Archuleta County; the kV115 transfer to Tri-State and reliability.

ATTORNEY REPORT

Attorney Spear summarized the written attorney's report which was included in the December board packet. He highlighted the PUC deliberation, Frame/McCarthy foreclosure, proposed Tri-State bylaw amendment, Community Solar Garden (CSG) license agreement, and Policy 102, Policy 109, and Bayfield property. Attorney Spear briefly updated the board on the new PUC appointment of Glenn Vaad who was a member of United Power. He took questions on his report.

RURAL ELECTRIC SAFETY ACHIEVEMENT PROGRAM (RESAP) RESULTS AND PRESENTATION

Manager of Operations, Steve Gregg reviewed the program, assessment, and safety accreditation. He introduced the objective, observations team, guidelines and noted that they inspected fourteen general areas. He gave an overview of changes needed and items that were found in three areas that were identified in the assessment. He also noted that CEO Munro was to identify areas for the 2014 inspection. He detailed the benefits that CREA provided with this safety accreditation. He took questions on his report.

CEO REPORT AND STAFF REPORTS CONT.

CEO Munro reviewed his written report that was included in the December board packet. Items he highlighted were the Tri-State A-38 rate, Tri-State rate structures, Senate Bill 252, and USDA loan program for energy efficiency. He took questions on his written report.

CFO Dennis Svanes pointed out his department's status on the AMI implementation and installation. He took questions on his report.

Manager of Operations, Steve Gregg highlighted the kV 115 transfer, easements and forest service access. He took questions on his report.

Manager of Engineering, Ron Meier gave an update on the AMI installation, pointed out the deployment schedule map and the opt-out account holders. He took questions on his report.

Marketing & Communications Consultant, Indiana Reed announced that the new rate ads were placed. She took questions on her report.

Manager of Corporate Services, Mark Schwantes reported his department had been addressing questions on the CSG program and application. He took questions regarding the CSG. Director Bassett requested adding review of the CSG policy and program to the January agenda. Director Berman suggested creating a running list of members who wanted to be kept informed on the status of the CSG. He took questions on his report.

FINANCIAL REPORT

CEO Munro highlighted the financial report which was included in the December board packet. He reviewed operating margins and YTD operating margins. He took questions on his report.

LA PLATA ELECTRIC ROUND UP FOUNDATION

Director Fox reported that the LPEA RoundUp Foundation met on Monday December 16, 2013. They considered four educational grant requests and two Round Up grant requests. Educational requests came from Liberty School, for \$5,000, Discovery Museum for \$4,983, Hope Community Christian Academy for \$5,000, and El Centro's Ballet Folflorico program for

\$5,000. Round Up Grant requests were from Hesperus Baptist Camp for \$4,000 and another from El Centro's ballet Folklorico program for \$3,000. It was decided to fund El Centro with a total of \$3,500 to cover both grant requests and Hesperus Baptist Camp was funded for \$1,500. Liberty School was partially funded with \$4,000, Discovery Museum with \$1,000 and Hope Academy with \$1,800. Finally accounts rounding up increased to 14,018 which was an increase of 14 from the previous month. He took questions on his report.

Discussion ensued on the unclaimed capital credits with the suggestion for the Round Up Foundation Board to take on the role of handling all unclaimed capital credits funds and requests. CEO Munro stated if the LPEA board supported the Round Up Board to handle the unclaimed capital credits that he would present such at the next board meeting. Discussion ensued with the determination to add it to the LPEA Board March agenda for further review.

WESODI REPORT

Director McCaw gave a status update on WESODI. He noted the closing of WESODI letter that was sent out to vendors. He reviewed current and pending projects, auction of equipment, and the Cortez property. He took questions on his report.

CREA

Director Berman gave an update on the CREA resolution, and his concern for the CARE and ACRE ad content. He provided examples of the Colorado Country Life magazine from October 2012 and the copy of the ads that CREA placed. Discussion ensued on the resolution presented to CREA. Director Berman requested to address at the January meeting. It was determined to add to the January agenda to address.

WESTERN UNITED REPORT

Director Formwalt gave the Western United report which included a large quote month, snow storm, synopsis of the company, that there was a 4.1% increase in the margin budget, sales running above the budget at 26%, margins have jumped, and that there was an increase in non member coops. He also reported there were two new employees hired which should increase the sales in New Mexico. 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 they were listed in the December board packet: review member districts; financial plus report; appoint delegate and alternate for the CREA and Western United annual meetings; review/approve unclaimed capital credit requests; draft House Bill "REA Coop Independence bill; review CSG and policy; CREA proposed resolution; LPEA communication survey; Tri-State rate issues; Tri-State member issues; Tri-State bylaw amendment; review/approve Board Policy 109; review/approve LPEA bylaws fiduciary duties and appointment of directors; quarterly director reimbursements report; safety & outage report; consultant & contractor report; construction and maintenance report. Committee of the Whole meeting was scheduled for Monday January 13, 2014. Further discussion included Tri-State fiduciary duties and CEO Munro to add in the report proposed changes of Tri-State bylaws.

UPCOMING EXTERNAL MEETINGS

President Montoya read the upcoming external meeting list that was included in the December board packet. Meetings included: the CREA Annual meeting February 9-11, 2014 in Denver; the Annual NRECA meeting February 27-March 7, 2014 in Nashville, TN and noted that if Board Members plan on attending to let staff know as soon as possible; CFC Annual meeting on March 3, 2014 in Nashville; Tri-State Annual meeting on April 2-3, 2014 in Denver; and the NRECA Legislative Conference May 4-7, 2014 in Washington, DC. CEO Munro also added the Durango Chamber of Commerce annual awards were January 23rd, 2014. Director Erb and Director Turner requested tickets. Director Turner and Director Berman requested to attend the CREA Annual meeting.

TRI-STATE RATE ISSUES

Executive session

EXECUTIVE SESSION

Motion: Director Turner moved to go into executive session to discuss Tri-State PUC complaint at 4:03 P.M. Director Wheeling was absent; motion seconded and carried without dissent.

The board came out of executive session at 4:36 P.M.

The regular LPEA board meeting reconvened at 4:36 P.M.

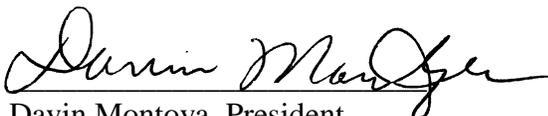
Motion: Mark Garcia made a motion to authorize staff and attorneys to proceed with filing a supplemental complaint in the PUC matter incorporating claims arising from Tri-State's A-38 rate which would go into effect January 1, 2014, and which was based on the same rate design as Tri-State's A-37 rate. Motion seconded and passed without dissent.

OTHER BUSINESS

None

With no further business, the regular board meeting adjourned at 4:39 P.M.

Recorded by: Laura Rome

Approved by: 
Davin Montoya, President


Ken Fox, Secretary