

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 20, 2014, in the headquarters building in Durango, Colorado. President Rendon called the meeting to order at 9:03 A.M., with the following directors present:

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

Excused Absence:

None

Also present were:

Steve Gregg, Interim Chief Executive Officer  
Shay Denning, Attorney  
Dennis Svanes, Chief Financial Officer  
Justin Talbot, Manager of Operations  
Ron Meier, Manager of Engineering  
Mark Schwantes, Manager of Corporate Services  
Indiana Reed, Marketing & Communications Consultant  
Laura Rome, Executive Assistant  
Rachel Gilman, Controller

Director Garcia led the board in the Pledge of Allegiance.

**AGENDA**

President Rendon addressed the August agenda.

**Motion:** Director Compton moved to approve the August agenda with the ability to move around; motion seconded and passed without dissent.

**MEMBER COMMENTS AND CONCERNS**

Gary Fredrick from Pagosa addressed the board regarding AMI opt-out fees and the Pagosa biomass project. Sandy Nelson addressed the board, stating that she was against AMI meters and voiced her concerns. She encouraged renewable energy. Jason Nichols addressed the board and his opposition to the AMI meters, interaction with staff, LPEA's mission statement, and voiced his concern on public notice of the public meetings that were conducted regarding AMI meters. He requested the LPEA Board to adhere to their mission statement. Laura Refka addressed the board on her concern for the AMI meters and potential health risks and gave detailed information on her findings of the effects of AMI meters. She requested a no opt-out fee to LPEA members. Diana Lupe addressed the board with her concerns on AMI meters including the installation of them in the Pagosa area. She reviewed in detail her opposition to the meters and health concerns. She read the seven principles of LPEA and pointed out there was not a franchise agreement for the Town of Pagosa Springs. Director Montoya commented on the purpose of a franchise agreement. Marsha Wean from Pagosa Springs addressed the board. She reviewed her history and the concerns she had with AMI meters and her opposition to a potential opt-out fee. Deb Shisler addressed the board with her concerns on the AMI meters and requested the board

review independent research on them. Greg Dubit with 4CORE addressed the board. He reviewed what 4CORE does and noted that Mark Schwantes and his staff do a great job. He reviewed the statistics on energy efficiency, nationally, statewide and locally. Director Montoya requested information on what LPEA had given to the program in the past. Mr. Dubit responded that LPEA had given over \$11,000. Interim CEO Gregg reviewed the upcoming public meetings concerning the AMI meter opt-out fee and would publicize the meeting dates and times once set. Interim CEO Gregg, Director Berman and President Rendon responded to questions on the concerns of the members. Holly Timmerman a 4-H representative addressed the board and answered questions about what she learned throughout her goat project. She thanked the board for purchasing her goat at the La Plata County Fair. Interim CEO Gregg introduced the new interim Manager of Operations, Justin Talbot. President Rendon welcomed Mr. Talbot.

**TRI-STATE PRESENTATION**

Interim CEO Gregg introduced Joel Bladow from Tri-State Generation and Transmission. Mr. Bladow gave a brief history of Tri-State and the Southwest Colorado load and reliability challenges. He reviewed the following in detail: new EPA rules, load growth, TOT2A (spell out acronym?) impacts, aging transmission assets, and requirements to rebuild the nearly sixty year old Montrose-Nucla-Cahone 115 kV transmission line. He displayed a map of the sources of energy for Southwest Colorado; gave a review of the Nucla power generation; and western Colorado system bulk power transfers, western Colorado system load serving needs and demands. He then displayed a graph of Southwest Colorado historical and forecasted loads; impacts on the San Juan Basin Energy Connect; and the Montrose-Nucla-Cahone rebuild and the impacts to the service when they rebuild it. He noted challenges of rebuilding the northern section; potential system outage impacts; and EPA rules in process. Mr. Bladow summarized the transmission system improvements and that the system construction would extend into a 2019-2020 timeframe. He took questions on his report. Discussion ensued with various questions on the details of the load and transmission.

**GUESTS (from sign in sheet)**

The following guests were present; Gary Frederick, Sandy Nelson, Jason Nichols, Laura Refka, Diana Luppi, Ann McCoy Harold, Sally Florence, Joel Bladow, Ellen Connor, Marcia Wean, Gregg Durge, Christina San Pedro, Deb Shisler, Harry Riegle, Hermes Heibes and John Shaw.

**CONSENT BOARD ITEMS**

The consent board items were presented and reviewed.

**Motion:** Director Erb moved to approve the July 16, 2014 minutes, 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.

**CEO Hiring meeting 7/31/14 half day**

Davin Montoya	\$144.43	Mark Garcia	\$188.28
Jeffrey Berman	\$125.00	Bob Lynch	\$191.60
Joe Wheeling	\$137.21	Britt Bassett	\$125.00
Robert Formwalt	\$191.60	Michael Rendon	\$125.00
Jack Turner	\$141.95	Tom Compton	\$144.43
Heather Erb	\$137.21	Jerry McCaw	\$141.65

CEO Hiring meeting 8/6/14

Davin Montoya	\$219.43	Mark Garcia	\$263.28
Jeffrey Berman	\$200.00	Bob Lynch	\$266.60
Joe Wheeling	\$212.21	Britt Bassett	\$200.00
Robert Formwalt	\$266.60	Michael Rendon	\$200.00
Jack Turner	\$216.95	Tom Compton	\$219.43
Heather Erb	\$212.21	Jerry McCaw	\$216.65

CEO Hiring meeting 8/7/14

Davin Montoya	\$219.43	Mark Garcia	\$263.28
Jeffrey Berman	\$200.00	Bob Lynch	\$266.60
Joe Wheeling	\$212.21	Britt Bassett	\$200.00
Robert Formwalt	\$266.60	Michael Rendon	\$200.00
Jack Turner	\$216.95	Tom Compton	\$219.43
Heather Erb	\$212.21	Jerry McCaw	\$216.65

Board meeting 8/20/14

Davin Montoya	\$219.43	Mark Garcia	\$263.28
Jeffrey Berman	\$200.00	Bob Lynch	\$266.60
Joe Wheeling	\$212.21	Britt Bassett	\$200.00
Robert Formwalt	\$266.60	Michael Rendon	\$200.00
Jack Turner	\$216.95	Tom Compton	\$219.43
Heather Erb	\$212.21	Jerry McCaw	\$216.65

Jack Turner	Round Up	\$125.00 total
Bob Lynch	Round Up	\$125.00 total

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

**CEO REPLACEMENT ITEMS**

President Rendon requested executive session.

**EXECUTIVE SESSION**

**Motion:** Director Turner moved to go into executive session to discuss CEO hiring items at 10:48 A.M.; motion seconded and passed without dissent.

The board came out of executive session at 11:44 A.M.

The regular LPEA board meeting reconvened at 11:44 A.M.

**Motion:** Director Erb moved to accept the offer developed by staff and agreed to by the candidate selected by the board to hire a CEO filling the vacancy created by Greg Munro's retirement; motion seconded and passed without dissent.

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

Interim CEO Gregg noted that the policy had been placed on the agenda to discuss concerns over the wording of the policy. It was noted that Director Berman had requested changes. Director

Berman noted the changes he suggested and reviewed in detail. It was determined that staff would provide a redline version at the September board meeting. Discussion ensued.

### **REVIEW/APPROVE BOARD POLICY 361, RENEWABLE GENERATION FUNDS**

It was determined to have staff provide a redline version for consideration.

### **REVIEW/APPROVE 2015 OPERATING FORECAST ASSUMPTIONS**

Interim CEO Gregg and CFO Svanes reviewed changes for the 2015 year. Items included: forecast revenue; succession planning; transmission expense; distribution expense; operations; distribution expense maintenance; customer service and informational expense; administration and general expense; depreciation and amortization; interest on long term debt; generation and other capital credits. CFO Svanes and Interim CEO Gregg both took questions on the report. Discussion ensued on the evolution of the forecast assumptions.

The regular board meeting recessed for lunch at 12:08 P.M., and President Rendon called the meeting back to order at 12:47 P.M.

**Motion:** Director Bassett moved to preliminarily approve the 2015 Operating Forecast assumptions as presented; motion seconded and passed without dissent.

### **REVIEW APPROVE BOARD RETREAT AND LOCATION**

President Rendon requested discussion. It was determined that staff would search out additional venues and present to President Rendon for final approval.

### **REVIEW/APPROVE ELECTRIC SERVICE REGULATIONS**

President Rendon requested further discussion. CFO Svanes presented a PowerPoint presentation on the electric service regulations and he gave a summary of proposed changes which included: disconnect notices and tampering; updated fees including application charges; service charges; after hours service charges; meter reading fees; and AMI remote disconnect. Discussion ensued on meter reading fees and costs. CFO Svanes addressed questions and noted the next steps moving forward. It was determined for the LPEA Board and staff to have public meetings for feedback on the meter reading fee for members opting-out of the AMI meter.

### **REVIEW/APPROVE PAGOSA BIOMASS PPA**

Manager of Corporate Services, Mark Schwantes highlighted the Pagosa Biomass update included in the August board packet. Several Board members gave feedback on the topic. Discussion ensued. Manager of Corporate Services, Mark Schwantes took questions on the Pagosa Biomass update. Interim CEO Gregg recommended to table until next month for JR Ford to provide additional information.

### **COMMUNITY SOLAR GARDEN UPDATE**

Manager of Corporate Services, Mark Schwantes noted the changes included in the board packet. He stated that two contractors were unable to meet the requirements by the end of the year and that they were requesting an extension. Discussion ensued with Mr. Schwantes addressing questions on the update and additional information. Director Compton requested that Mr. Shaw give an update on his two projects. Mr. Shaw gave an overview of the status of his two projects and took questions.

## **REVIEW/APPROVE RESOLUTION 2014-15, TRI-STATE CONTRACTS FOR DURANGO SOLAR GARDEN 1 PROJECT**

President Rendon requested discussion. Manager of Corporate Services, Mark Schwantes briefly reviewed. Discussion ensued.

**Motion:** Director Wheeling moved to approve Resolution 2014-15 Tri-State Contracts for Durango Solar Garden 1 Project; motion seconded and passed without dissent.

## **REVIEW/APPROVE ENERGY AUDIT PROGRAM**

Interim CEO Gregg noted the energy audit program that was included in the August board packet and that it was the third version with edits and suggestions from the board. Interim CEO Gregg recommended approval. Manager of Corporate Services, Mark Schwantes also gave a brief synopsis. Steve Gregg and Mark Schwantes took questions. Discussion ensued with feedback from the Board. It was determined to have it on the September or October agenda with a redline version.

## **SELECT AN AUDIT FIRM**

Comptroller Rachel Gilman reviewed the process of selecting an audit firm and reviewed in detail the staff recommendation. She noted the contract was for fiscal years 2014-2015-2016 with six firms applying. She highlighted in detail the criterion, professionalism, depth of energy, knowledge, importance placed on industry knowledge, importance placed on internal controls, technology acumen, and price, average cost for a year and total cost for three years. The final staff consideration and recommendation was to enter into a three year audit contract with BKD.

Director Turner left the meeting at 4:00 PM.

**Motion:** Director Wheeling moved to approve staff recommendation of hiring audit firm BKD for a three contract; motion seconded and passed without dissent.

## **ATTORNEY REPORT**

Attorney Denning summarized her written report which was included in the August board packet. She highlighted: the Tri-State rate discussion; community solar gardens; CEO search; Grassy Mountain lease changes and agreement; the status of the bylaws for the Round-up Foundation to remove previous CEO Munro, and responding to an IRS subpoena. She took questions on her report.

## **CEO AND STAFF REPORTS**

CEO Gregg highlighted his written report which included: discussion with the Pagosa Springs Town Manager putting into place a franchise agreement, certificate of territory; and large carrier meeting on a 115 kV line. He briefly reviewed the load shedding plan for LPEA. He reminded the board there would be photos at the October board meeting. He announced that LPEA would host the Halloween festivities again this year and gave the date of the holiday party. He took questions on his report.

Manager of Operations, Justin Talbot took questions on his written report. Interim CEO Gregg took questions on the engineering report in reference to AMI meters.

## **FINANCIAL REPORT**

CFO Svanes presented the financial report and took questions on the written report included in the August board packet.

### **COMMUNICATIONS PLAN UPDATE**

Marketing & Communications Consultant, Indiana Reed took questions on her written report included in the August board packet.

### **MEMBER OPPORTUNITY REPORT**

None reported.

### **COUNTY FAIR REPORTS**

Director Formwalt reported that LPEA bought a goat at the Archuleta County Fair. Director Montoya reported that LPEA bought a goat in the La Plata County Fair.

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

Director Lynch reported the Round Up board met on Monday August 18, 2014. They approved two grants. One for Bayfield Primary School for \$1,300 and one to the Blue Star Moms for \$5,000. One was tabled and they discussed the cash balance. Other items discussed was the wording for the Greg Munro Bylaw change.

### **FASTTRACK COMMUNICATIONS REPORT**

Director Wheeling gave highlights of the last board meeting and it included: discussion on getting fiber to Pagosa Springs and potential costs for the CABS (carrier access billing system). He took questions on his report.

### **TRI-STATE REPORT**

Director Wheeling highlighted items from the board meeting. Items included: discussion on the preliminary budget; no rate increase for 2015; New Mexico settlement; the board approved a structure of the process; refinancing was re-approved; Tri-State RUS debt; and financing and leveling of the financial structure and industrial load. He took questions on his report.

### **CREA REPORT**

Director Berman highlighted items from the CREA meeting. They included discussion on the EPA's proposed Clean Power Plan; that CREA took a neutral position on it at this time; and that a key time for the cooperatives to incorporate their feedback would be upon the implementation of each state's rulemaking for greenhouse gas emissions. He took questions on his report.

### **WESTERN UNITED REPORT**

Director Formwalt reported that the meeting was the following week. He discussed the equipment purchased to service the Albuquerque facility and they were potentially looking at a larger facility. He took questions on his report.

### **FUTURE COMMITTEE OF THE WHOLE MEETINGS AND FUTURE AGENDA ITEMS**

Interim CEO Gregg identified the following items for future agenda items and noted that they were also listed in the August packet: community solar garden and Policy 366, Pagosa biomass, electric service regulations, Board Policies 359 and 361, capital items budget, unclaimed capital credit fund requests, appoint delegate/alternate to Basin Electric annual meeting, Tri-State rate and member issues, and the Washington youth tour presentation.

### **UPCOMING EXTERNAL MEETINGS**

President Rendon noted the upcoming external meetings list included in the August board packet. Director Wheeling, Director Lynch, Director Garcia and Director Berman requested to

attend the CREA Fall meeting. Director Garcia also requested attending the CFC meeting on September 11-12, 2014 meeting. They were approved.

Manager of Corporate Services, Mark Schwantes requested to present the special project grants at the September or October Board meeting.

Manager of Corporate Services, Mark Schwantes also noted that he met with SUIT and they requested attending the September board meeting for a potential solar energy grant.

Director Wheeling reported that Tri-State appointed Director Compton to represent LPEA as an outside representative on the rate committee.

### **TRI-STATE RATE AND MEMBER ISSUES**

#### **EXECUTIVE SESSION**

Director Wheeling left the board meeting at 5:01 PM.

**Motion:** Director Montoya moved to go into executive session to discuss Tri-State rate issues at 5:07 P.M.; motion seconded and passed without dissent.

The board came out of executive session at 5:22 P.M.

The regular LPEA board meeting reconvened at 5:22 P.M.

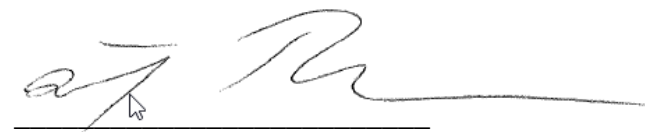
#### **OTHER BUSINESS**

None

With no further business, the regular board meeting adjourned at 5:22 P.M.

Recorded by: Laura Rome

Approved by:

A handwritten signature in black ink, appearing to read "Michael Rendon", written over a horizontal line.

Michael Rendon, President

A handwritten signature in black ink, appearing to read "Jeff Berman", written over a horizontal line.

Jeff Berman, Secretary