

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 15, 2014, in the headquarters building in Durango, Colorado. President Rendon called the meeting to order at 9:00 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:

Mike Dreyspring, CEO  
Steve Gregg, Manager of Special Projects  
Barry Spear, 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

Director Compton led the board in the Pledge of Allegiance.

**AGENDA**

President Rendon addressed the October 2014 agenda.

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

**MEMBER COMMENTS AND CONCERNS**

Mr. John Shaw with Shaw Solar gave a status update on their community solar garden projects. He requested for LPEA to turn on their project. CEO Dreyspring noted that Mark Schwantes was his contact. Attorney Spear detailed all that needed to be completed before executing the interconnect agreement. CEO Dreyspring and Attorney Spear both took questions. James Jensen with the SUAE (Southern Ute Alternative Energy) group read a letter from Rebecca Kaufman at SUAE referencing their project, budget and projected completion by the end of 2016. They were present requesting an agreement and assurance that the program would be approved to move forward. He took questions from the LPEA board regarding their project. CEO Dreyspring noted that LPEA was addressing and were working with Tri-State on the allowed 5%. He detailed the potential issues and an upcoming scheduled meeting with Tri-State on October 29th. Discussion ensued. Angie Zbornik invited the LPEA Board to attend the Tough Men open house at the Powerhouse on October 26, 2014

**GUESTS (from sign in sheet)**

The following guests were present; Betsy Romere, John Shaw, Kris Oyler, James Jensen, M. Ellis, Jason Nichols, Angie Zbornik, and Kurt Schneider.

**CONSENT BOARD ITEMS**

The consent board items were presented and reviewed.

**Motion:** Director Formwalt moved to approve the September 17, 2014 minutes with seven edits, July 31, 2014, special meeting minutes as presented, August 6, 2014 special meeting minutes as presented, August 7, 2014 special meeting minutes as presented, October 2, 2014 special meeting minutes as presented; October 3, 2014 special meeting minutes as presented; the capital credit payments to estates, September write offs and accepting new members; motion seconded and carried without dissent.

**ITEMS REQUIRING BOARD ACTIONS**

**REVIEW/APPROVE BOARD POLICY 215, AMI OPT OUT PROGRAM**

CEO Dreyspring highlighted the public meetings in Pagosa Springs and Durango last week. He reviewed the comments from the public regarding the AMI opt out program. Discussion ensued on: specific edits to Policy 215; staff looking at the policy and expanding on how the policy should read; technology and benefits of the AMI meters. Additional discussion included: crew safety; manual meter reading fee; budget billing; communication; photovoltaic having AMI meters; and the cost to read meters after the ami smart meters were fully deployed. It was noted a member requesting a detailed cost survey. It was determined for staff to get back with options and addressing the questions provided by the members with the cost of service proposal that shows the actual costs and details at the November board meeting.

**REVIEW/APPROVE FEE TARIFF, RESOLUTION 2014-26**

President Rendon requested discussion.

**Motion:** Director Bassett moved to create an opt out meter reading fee of \$10; motion seconded and did not pass.

It was determined to have staff prepare and submit a cost of service study, including actual costs, fees, and potential options to the board.

Director reimbursements were presented and reviewed.

**Strategic Planning meeting 10/2/14**

Jeffrey Berman	\$267.20	Bob Lynch	\$215.00
Joe Wheeling	\$280.64	Britt Bassett	\$400.12
Robert Formwalt	\$200.00	Michael Rendon	\$200.00
Jack Turner	\$261.60	Tom Compton	\$233.60
Heather Erb	\$266.60	Mark Garcia	\$200.00

Strategic Planning meeting 10/3/14

Jeffrey Berman	\$267.20	Bob Lynch	\$215.00
Joe Wheeling	\$280.64	Britt Bassett	\$200.00
Robert Formwalt	\$200.00	Michael Rendon	\$200.00
Jack Turner	\$261.60	Tom Compton	\$233.60
Davin Montoya	\$219.60	Mark Garcia	\$200.00

Committee of the Whole 10/13/14

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	\$91.80	Heather Erb	\$137.21
Tom Compton	\$144.43		

Board meeting 10/15/14

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

Director Lynch	Round Up	\$125.00
Director Turner	Round Up	\$125.00

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

**APPOINT DELEGATE/ALTERNATE TO THE FASTTRACK ANNUAL MEETING**

President Rendon requested discussion.

**Motion:** Director Formwalt moved to appoint Director Turner as the delegate and Director Berman as the alternate to FastTrack's annual meeting; motion seconded and passed without dissent.

**REVIEW/ACTION ON EDUCATION /SPECIAL PROJECT GRANT REQUESTS**

President Rendon requested discussion. Faye Shrater of the Round Up Board thanked the LPEA board for the opportunity in making the recommendations. She reviewed in detail the process the Round Up Board went through and suggested amounts to award each applicant the following distribution: Big Brother and Big Sisters of Southwest Colorado, \$8,000; KSUT, \$5,000 for 2014 and \$5,000 for 2015; La Plata Youth Services \$3,917.00; Colorado Lions Kid Sight Program \$7,385.00; Pagosa Springs Elementary School; and Regional Substance Abuse Prevention Program (RSAPP), \$10,614.00. Ms. Shrater requested if the Round Up Board was tasked with this project again to receive the information in a timelier manner. Discussion ensued on the following: expenses for Round Up Board travel; survey results that was conducted after the process; the Round Up Board compensated for their mileage; when granting funds not to extend to the next year; and potentially review once a year.

**Motion:** Director Bassett moved to approve the special project grants as presented by the Round Up Board Foundation; motion seconded and passed without dissent.

**Motion:** Director Turner amended the motion to remove the recommendation of \$5,000 for KSUT for 2015 from the original motion, and the amendment was seconded; motion seconded and passed with Director Garcia and Director Montoya dissenting.

President Rendon invited the Round Up Board to the holiday party. President Rendon asked what the process was for appointing new round up board members. Discussion ensued on the following: time requirements; organization; process; eligibility; and appointment of a board member to the roundup board. It was determined to put the appointment of LPEA board members to the Round Up Board with the recommendation to discuss guidelines, board policies and process.

### **REVIEW/APPROVE BOARD POLICY 367, ENERGY AUDIT REBATE PROGRAM**

President Rendon requested discussion. Manager of Corporate Services, Mark Schwantes reviewed the draft policy submitted to the board for review and approval. He detailed the history, public meetings and edits from the board. He took questions. Discussion ensued on: edits; funding for the project; additional programs for the funds; recommendation of adding a requirement that the \$150 rebate only go towards repairing/replacing items found in the audit. Kurt Schneider, a 4CORE board member and acting executive director reviewed their findings when conducting their energy audits which included a significant amount of safety and health issues. Discussion ensued on rebates energy auditors, on bill financing, and costs for energy audits.

**Motion:** Director Berman moved to approve the policy with two edits; motion seconded and passed without dissent.

**Motion:** Director Erb moved to amend the motion adding \$150 to cover the costs of weatherization and not to exceed other monies from other entities; motion seconded. Director Erb withdrew her amendment.

**Motion:** Director Berman moved to revise the verbiage of Board Policy 367 to include helping LPEA Members with health and safety issues; motion seconded and passed with Director Montoya and Director McCaw dissenting

The regular board meeting recessed for lunch at 12:12 P.M., and President Rendon called the meeting back to order at 12:57 P.M.

President Rendon recognized the new Manager of Operations, Justin Talbot. CEO Dreyspring reviewed the process of selecting Justin Talbot.

### **REVIEW/APPROVE CAPITAL PROJECTS BUDGET, RESOLUTION 2014-25**

President Rendon requested discussion. CFO Svanes took questions on Resolution 2014-25. Director Berman suggested that it become part of the strategic planning process for the board.

**Motion:** Director Wheeling moved to approve resolution 2014-25 Capital Projects Budget. as presented; motion seconded and passed without dissent.

### **PAGOSA BIOMASS UPDATE**

President Rendon requested discussion. CEO Dreyspring noted he was scheduled to meet with JR Ford on Tuesday October 21 in Pagosa Springs. Discussion ensued on: competitive pricing; budget; individual contracts; greenhouse gases and status of the communication between Tri-State, JR Ford and LPEA.

### **REVIEW/APPROVE CAPITAL CREDIT RETIREMENT, RESOLUTION 2014-27**

President Rendon requested discussion. CFO Svanes reviewed in detail the Capital Credit Retirement funds. He took questions on Resolution 2014-27.

**Motion:** Director Wheeling moved to approve Resolution 2014-27 Capital Credit Retirement as presented; motion seconded and passed with Director Montoya dissenting.

### **DISCUSSION OF THE PROCESS FOR SELECTING A TAX ATTORNEY FOR 1099'S**

Attorney Spear reviewed the Denver attorneys he interviewed who specialize in tax matters and could provide an opinion on the issuance of 1099s to subscribers of community solar gardens. Discussion ensued with Attorney Spear noting that the attorney selected, William Callison of Faegre Baker & Daniels, should complete his review over the next month and have his written report for next month's meeting. It was also noted the budget for this research was \$2,000. CEO Dreyspring advised the board that the issues were complex and felt the legal costs could be significantly higher.

### **REVIEW/APPROVE COMMUNITY SOLAR GARDEN CONTRACT, RESOLUTION 2014-28 thru 31**

Mark Schwantes, Manager of Corporate Services and CEO Dreyspring both took questions on all four resolutions. Discussion ensued on the allowed Tri-State 5% energy limit of wholesale electric service contract with Tri-State.

**Motion:** Director Turner moved to adopt all four Community Garden Resolution 2014-28, Armadillo; Resolution 2014-29 Solar Garden Partners; Resolution 2014-30, Solar Garden Partners; Resolution 2014-31 Sun Mesa Gardens as presented; motion seconded and passed with Director Bassett and Director Lynch abstaining from voting.

### **ATTORNEY REPORT**

Attorney Spear summarized his written report which was included in the October board packet. He highlighted: Tri-State discussions and preparations for hearings with Tri-State and that the final hearings were scheduled for Nov 3-7, 2014 and were in settlement discussions. Additional items he touched on were: community solar garden agreements, electric service regulations; Pagosa Biomass; franchise agreement for Pagosa Springs; 1099 discussion; RUS transfer on the 115 transfer. He took questions on his report. CEO Dreyspring gave an update on the franchise agreement in Pagosa Springs.

### **CEO AND STAFF REPORTS**

CEO Dreyspring highlighted: a meeting scheduled with Director Wheeling and Tri-State General Manager Mike McInnis at Tri-State on the 29<sup>th</sup> of October; update on the 230 kV project; AMI opt out meetings update and input received. He took questions on his report. CFO Svanes noted the drive thru kiosk was up and running and gave the details of the process. Manager of Corporate Services, Mark Schwantes took questions on his report.

Director Erb gave a brief report on the Green Business roundtable meeting with seventy five attendees.

Manager of Engineering, Ron Meier highlighted: that the Grassy Mountain project was up and operational with deployment in the area; he gave an update with Chromo Mountain; and he would be speaking at the NRECA Innovative Power Summit reviewing the challenges with renewables. He took questions on his report.

Manager of Operations, Justin Talbot took questions on his written report.

### **FINANCIAL REPORT PLUS**

CFO Svanes presented the October financial report which included: Total kWh purchased monthly; electric revenue - year to date; electric revenue-monthly; total net margins-year to date; account receivables delinquent report; losses from FastTrack with Director Wheeling reviewing the CABS (carrier access billing systems). CFO Svanes also highlighted ratios; modified debt services; TIER and OTIER. He took questions on his report.

Director Garcia requested a status update on WESODI. Manager of Special Projects, Steve Gregg reviewed the following items: Cortez property listed for sale; gave an update on the Three Springs project and noted he was assisting WESODI and BWR with construction services.

### **QUARTERLY DIRECTOR REIMBURSEMENT REPORT**

President Rendon requested discussion

### **SAFETY & OUTAGE REPORTS**

Manager of Operations, Justin Talbot highlighted the third quarter outages report which included: major outages; outages by cause; average outage minutes per customer; with an average of one hundred and eleven minutes per customer per year. He took questions on the outages report. Mr. Talbot gave the third quarter safety and training report and highlighted the first aid and CPR class; pole top rescue; grounding refresher training; gave an update on future training; safety culture; hazard recognition; and fire extinguisher training.

### **CONSULTANT & CONTRACTOR REPORT**

President Rendon requested discussion. CFO Svanes addressed questions.

### **CONSTRUCTION & MAINTENANCE REPORT**

Manager of Operations, Justin Talbot took questions on the maintenance and construction reports. He highlighted the 69 kV and 115 line east of Bayfield. He took questions.

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

Director Turner gave the Round Up Board meeting report that was on Monday October 13, 2014. There were four requests. One was tabled until November and they awarded one educational grant to the Agricultural program at Durango High School for \$2,500 and two educational grants. One to Prejudice Elimination Action Team for \$2,200 and one to Title VII Nation American Education Program for \$1,300.00. He took questions on his report.

### **FASTTRACK COMMUNICATIONS REPORT**

Director Wheeling gave highlights of the last FastTrack board meeting which included: they approved a new auditor; a strategic planning session was scheduled for Friday October 31 and Nov 1, 2014. He took questions on his report.

### **TRI-STATE REPORT**

Director Wheeling highlighted items from the board meeting which included: revolving credit line oversubscribed; private placement; bonds hitting the market; interest rates; changes in Craig, Colorado project would be completed by 2016; contract committee brought in contract experts and reviewed Policy 115 & Policy 117 and that they would tackle 5% allowed amount of renewable energy. He took questions on his report. Director Compton gave a rate committee meeting update. Discussion ensued on the rate committee meeting. Director Wheeling indicated that the next rate meetings were November 13<sup>th</sup> at 8:00 A.M. and December 11<sup>th</sup> at 8:00 A.M.

### **CREA REPORT**

Director Berman noted there was not a meeting this month but the CREA Fall meeting was scheduled for October 27-28, 2014. He reported that they had a budget committee meeting scheduled for Friday but it was postponed. He took questions on his report and invited board members to attend the CREA meetings.

Director Berman requested at the November Committee of the Whole meeting to discuss Memberships dues to affiliates.

### **WESTERN UNITED REPORT**

Director Formwalt reported that the meeting was scheduled for next week. He took questions on his report.

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

CEO Dreysspring identified the following items for future agenda items and noted that they were also listed in the October board packet; director reimbursement report, financial report, Tri-State rate and membership issues, Tri-State bylaws, member opportunity report, KRTA's presented, 2015 budgets and financial operating forecast, 2015 capital items budget, 2015 capital construction budget, 2015 rate tariffs, meter reading fees, emphasis for audit, discuss appointment of new directors to Round Up Foundation, Southern Ute Alternate Energy project and wheeling fees, board policy 366, Community Solar Garden policy and program. Items added included: committee of the whole meeting, funds transferred to Round Up for special projects, membership dues to affiliates.

### **UPCOMING EXTERNAL MEETINGS**

President Rendon noted the upcoming external meetings list included in the October board packet. Director Garcia announced he would be unable to attend the Basin Electric Annual meeting.

Director Turner left the meeting at 3:53 P.M.

Director Wheeling reminded the LPEA Board that NREL (National Renewable Energy Laboratory) offers tours of their facilities in Golden, Colorado. He highlighted why it would be good for the board to attend either NREL facility or the Tri-State headquarters. Discussion ensued on the topic including potential dates of February 6-10, 2015.

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

### **EXECUTIVE SESSION**

**Motion:** Director Berman moved to go into executive session to discuss the Tri-State PUC case at 4:06 P.M.; Director Wheeling was excused at 4:06 P.M.; motion seconded and passed without dissent.

Director Turner returned to the meeting at 5:02 P.M.

The board came out of executive session at 5:21 P.M.

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

### **OTHER BUSINESS**

None

With no further business, the regular October board meeting recessed at 5:22 P.M. to continue discussions regarding the Tri-State PUC rate settlement negotiations before the regularly scheduled board meeting in November, if necessary.

President Rendon reconvened the October 15, 2014 board meeting on November 12, 2014 at 3:05 P.M. with the following directors present:

Heather Erb	Michael Rendon	Jeffrey Berman
Davin Montoya	Jack Turner	J. Robert Formwalt
Mark Garcia	Tom Compton	

#### **Excused Absence:**

Joe Wheeling	Britt Bassett
Jerry McCaw	Bob Lynch

#### **Also present were:**

Mike Dreyspring, CEO  
Steve Gregg, Manager of Special Projects  
Barry Spear, Attorney  
Justin Talbot, Manager of Operations  
Ron Meier, Manager of Engineering  
Mark Schwantes, Manager of Corporate Services  
Laura Rome, Executive Assistant

### **EXECUTIVE SESSION**

**Motion:** Director Erb moved to go into executive session to discuss the Tri-State PUC case at 3:05 P.M.; Director Wheeling was absent; motion seconded and passed without dissent.

The board came out of executive session at 5:00 P.M.

The regular LPEA board meeting reconvened at 5:00 P.M.

**Motion:** Director Formwalt moved to approve the Preliminary settlement of the Public

Utilities Commission case 13-F-0145E wherein LPEA challenged the legality of Tri-State Generation & Transmission's wholesale rates A-37 and A-38, which settlement is set forth in the document titled Preliminary Settlement and its three attachments and as further explained and discussed in the executive session held on November 12, 2014; motion seconded and passed without dissent.

**OTHER BUSINESS**

None

With no further business, the regular board meeting adjourned at 5:03 P.M. on November 12, 2014

Recorded by: Laura Rome

Approved by:

  
\_\_\_\_\_  
Michael Rendon, President

  
\_\_\_\_\_  
Jeff Berman, Secretary