

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, January 21, 2015, in the headquarters building in Durango, Colorado. President Rendon called the meeting to order at 9:01 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, Chief Executive Officer
Steve Gregg, Chief Operations Officer
Dennis Svanes, Chief Financial Officer
Barry Spear, Attorney
Justin Talbot, Manager of Operations
Ron Meier, Manager of Engineering
Indiana Reed, Marketing & Communications Consultant
Laura Rome, Executive Assistant

Director Lynch led the board in the Pledge of Allegiance.

AGENDA

President Rendon addressed the January 2015 agenda.

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

MEMBER COMMENTS AND CONCERNS

Rebecca Kaufman with Southern Ute Alternative Energy (SUAE) project gave an update and reviewed detailed specifics of the project and requested LPEA approving the interconnect agreement request. It was determined to discuss SUAE project further in executive session. John Shaw with Shaw Electric gave an update on his completed solar garden projects and noted that there was a fair amount of interest for additional community solar gardens. Discussion ensued on potential community solar gardens in the future.

GUESTS (from sign in sheet)

The following guests were present; Rebecca Kaufman, Betsy Romere, Ann McCoy Harold, Sally Belerue, John Shaw and Elaine Stephenson.

CONSENT BOARD ITEMS

The consent board items were presented and reviewed.

Motion: Director Turner moved to approve the December 19, 2014 minutes with one edit; the capital credit payments to estates, December write offs and accepting new members; motion seconded and carried without dissent.

ITEMS REQUIRING BOARD ACTIONS

Director reimbursements were presented and reviewed.

LPEA Board meeting 12/17/14

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

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

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

REVIEW/APPROVE BOARD POLICY 108, INSURANCE FOR DIRECTORS AND BOARD POLICY 109, COMPENSATION FOR DIRECTORS

President Rendon requested discussion. Director Berman reviewed the incentives of other coops and proposed to revise both Board Policy 108 and 109. He detailed his proposed changes to the board for consideration. Discussion ensued.

Motion: Director Berman moved to revise Board Policy 108, Insurance for Directors, and Board Policy 109 Compensation for Directors. Motion was seconded. Discussion ensued.

Motion: Director Turner moved to table the motion for both Board Policy 108, Insurance for Directors and Board Policy 109, Compensation for Directors until the February board meeting; motion seconded and passed with Director McCaw, Director Montoya and Director Wheeling dissenting.

Discussion ensued on the full implications of the proposed amounts. Director Berman encouraged the board to review the description and comparison of what the other coops do in Colorado. It was determined to add to the February board meeting.

REVIEW/APPROVE BOARD POLICY 129, CODE OF ETHICS AND CONDUCT

President Rendon requested discussion. Attorney Spear reviewed the three disclosure form options he provided and the differences between them. Discussion ensued on potential conflicts.

Motion: Director Montoya moved to adopt Board Policy 129, Code of Ethic and Conduct as presented and adopt option three conflict disclosure form with wording to include part of form one; motion seconded.

Discussion ensued on potential conflicts with Attorney Spear addressing questions.

Motion: Director Berman moved to table until the February board meeting; motion seconded and passed with Director Montoya and Director Formwalt dissenting.

It was determined that Attorney Spear would present the updated Board Policy 129, Code of Ethic and Conduct and form three with the edits to be presented and approved at the February board meeting.

REVIEW/APPROVE LPEA MEMBERSHIP AND DISTRICTS, RESOLUTION 2015-01

President Rendon requested discussion. Discussion ensued on moving district lines to make it easier for the members to know the boundaries of their district and included potentially using geographical boundaries such as roads. It was determined to review and come back next year with further review of the district lines.

Motion: Director Montoya moved to adopt Resolution 2015-01, Membership and Districts as presented; motion seconded and passed without dissent.

REVIEW/APPROVE CONSTRUCTION BIDS, RESOLUTION 2015-02

President Rendon requested discussion. Manager of Operations, Justin Talbot reviewed the details of the construction bids and Resolution 2015-02.

Motion: Director Compton moved to adopt Resolution 2015-02, Construction Bids as presented; motion seconded and passed without dissent.

REVIEW AND POSSIBLE ACTION ON CREA RESOLUTIONS

President Rendon requested discussion. Director Berman reviewed the CREA resolutions and the redline version included in the board packet. He discussed his concerns with four CREA resolutions. Discussion ensued with the suggestion for next year's version that the LPEA board could add to the calendar and strategic plan.

APPOINT DELEGATE/ALTERNATE FOR THE CREA & WESTERN UNITED ANNUAL MEETINGS

President Rendon requested discussion. Director Compton and Director Bassett both requested to attend and were approved.

Motion: Director Garcia moved to appoint Director Berman as delegate and Director Turner as alternate to the CREA annual meeting; motion seconded and passed without dissent.

Motion: Director Garcia moved to amend his motion to appoint Director Turner as the delegate and Director Berman as the alternate. The motion was not voted upon.

Motion: Director Montoya moved to appoint Director Compton, Director Compton declined the nomination.

Motion: Director Berman moved to appoint Director Turner as delegate and Director Berman as alternate to the Western United annual meeting; motion seconded and passed without dissent.

The regular board meeting recessed for lunch at 11:48 A.M., and President Rendon called the meeting back to order at 12:33 P.M.

President Rendon indicated the executive session would be at 3 P.M.

REVIEW AFFILIATE ORGANIZATION DUES/FEEES

President Rendon requested discussion. CEO Dreyspring reviewed in detail the member organizations, 2014 activity and dues. He took questions on the information presented in the board packet. Discussion ensued on removing LPEA's membership from several affiliates. CEO Dreyspring discussed CRN (cooperative network research), recommended maintaining our affiliation with NRECA and emphasized the upcoming changes in the industry and noted it was vital for LPEA to continue participating. Discussion ensued with the determination for staff to provide additional information at the February board meeting.

2015 CALENDAR

CEO Dreyspring reviewed the 2015 calendar included in the board packet. Discussion ensued on committee of the whole meetings that CEO Dreyspring requested. It was determined to add to the February agenda and potentially create board committees.

REVIEW LPEA BOARD BYLAWS, FIDUCIARY DUTIES AND APPOINTMENT OF DIRECTORS

President Rendon requested discussion. It was requested to change the name to the annual meeting timeline.

REVIEW EXAMPLE OF COMMUNITY SOLAR GARDEN BILLING

President Rendon requested discussion. CFO Svanes reviewed the details of a sample residential community solar garden billing. Discussion ensued with CFO Svanes addressing questions. CFO Svanes was tasked to email the example he provided to the board for further review.

DISCUSS POSSIBLE 2015 COMMUNITY SOLAR GARDEN PROGRAM

President Rendon requested discussion. Manager of Engineering, Ron Meier gave an update on the status of the CSG programs with two more ready for connection and finalizing paperwork. Ron addressed questions and gave a detailed explanation of the metering for CSG's and how the AMI meters connect. He reviewed both Tri-State and LPEA MDM (meter data management) and file protocol. Discussion ensued with Director Bassett requesting opening community solar garden applications for 2015. CEO Dreyspring requested postponing until other items including the Tri-State 5% allowed amount were addressed.

ATTORNEY REPORT

Attorney Spear summarized his written report which was included in the January board packet. It included: partial release of the transfer of the Tri-State 115 assets; wholesale power agreement; opinion letter for RUS documents; tiered rates and net metering tariffs; Policy 129 disclosure forms; Round Up board meeting qualifications; landlord service agreement; Keith easement, Jackson foreclosure; coyote hill agreement; Tri-State rate discussion; franchise agreement; summary for the 1099 questions as requested by the board; and assisting staff with a consumer complaint. He took questions on his report.

CEO AND STAFF REPORTS

CEO Dreyspring highlighted the following items from his written report: the upcoming CREA annual meeting; potential trip to the capital while there and reviewed in detail the CREA Legislative update and discussed the three primary components; he gave an update on the SUAE project; gave a strategic plan update which included objectives, initiatives, and mission/vision build. Additional items he touched on were: energy efficiency in Pagosa Springs; plans for a

public meeting in Pagosa Springs scheduled for March 24, 2015 and a rescheduled meeting with JR Ford concerning the Pagosa Biomass. He took questions on his report. Chief Operations Officer, Steve Gregg, gave an update on the franchise agreement status for Ignacio, Pagosa Springs and Bayfield. He took questions on his report. Manager of Engineering, Ron Meier, highlighted the LPEA distribution line map showing areas of photovoltaic penetration and possible voltage limitations. He took questions on his report.

FINANCIAL PLUS REPORT

CFO Svanes noted that the auditors were keeping LPEA staff busy. He highlighted the quarterly financial report on the following items: total kWh purchased-YTD; total kWh purchased monthly; 2014 kWh sold comparison; residential commercial and industrial; and 2014 kWh sold comparison. Director Berman requested a heating degree comparison. Additional items included: electric revenue, YTD; 2014 electric revenue comparison; total net margins YTD; and account receivables delinquent report. He took questions on his report.

EXECUTIVE SESSION

Motion: Director Garcia moved to go into executive session at 2:59 P.M. to discuss the Southern Ute Alternative Energy project, a personnel issue and a customer complaint; motion seconded and passed without dissent.

The board went into executive session at 2:59 P.M.

Director Wheeling was excused at 3:30 P.M. regarding the Southern Ute Alternative Energy project discussion. Attorney Spear also left the meeting due to a conflict of interest as his law firm represents the Southern Ute Indian Tribe and LPEA.

The board came out of executive session at 4:30 P.M. Director Wheeling and Attorney Spear rejoined the meeting.

QUARTERLY DIRECTOR REIMBURSEMENT REPORT

It was included in the board packet

SAFETY & OUTAGE REPORT

Manager of Operations, Justin Talbot reviewed the major outages and safety report for the 4th quarter. They included: outage by cause; average outage minutes per customers; training for the 4th quarter; future training; LPEA safety culture; and hazard recognition. He took questions on his report.

CONSULTANT & CONTRACTOR REPORT

CFO Svanes took questions on the report included in the board packet.

CONSTRUCTION & MAINTENANCE REPORT

Manager of Operations, Justin Talbot noted that projects were two weeks out and the maintenance project east of Bayfield was going well. He took questions on the reports.

CAPITAL ITEMS REPORT

CEO Dreyspring took questions on the report included in the board packet.

LA PLATA ELECTRIC ROUND UP FOUNDATION REPORT

Director Turner reported that the Round Up board met on Monday January 12th, 2015. He noted that members rounding up continue to decrease. CEO Dreyspring reviewed strategies for the roundup program and that he and CFO Svanes were working on them. Director Turner reported that there were three educational grant requests and one round up grant request. It was determined to move one educational to Round Up grant. They were all funded. For Educational they went to Mountain Middle School for \$1,500 and SOS Outreach for \$2,500. The Round Up grants went to Hesperus Baptist Camp for \$3,000 and San Juan Headwaters Forest Health Partnership for \$1,600. He reported on the new officers for the Round Up Board. They included President, Robyn Duff-Wirth; Vice President, Michelle Harris and Secretary, Teresa Campbell. Director Turner indicated that CEO Dreyspring was working with Attorney Barry Spear on a form for grants and accountability. Director Turner pointed out the Round Up board retreat was scheduled for Monday, February 23, 2015. Further discussion included requirements of being a round up board member with Attorney Spear reviewing the bylaws for round up board members and qualifications. Additional discussion included the concerns the Round Up Board had on the unclaimed capital credits requests and their request for a formal letter from the LPEA board clarifying the process of the Round Up Board making recommendation to the LPEA board. President Rendon recommended the Round Up board continue to review unclaimed capital credit requests and for the LPEA board to draft a letter stating that. It was determined to have the Round Up board review and recommend to the LPEA board up to twice a year for the unclaimed capital credit requests and LPEA reserve the right to hold the funds for other projects.

FASTTRACK COMMUNICATIONS REPORT

Director Wheeling gave a brief overview of the FastTrack January board meeting and noted the board approved the basic operations cash flow last month, and indicated that the strategic planning session was scheduled for Monday February 16, and the board meeting was scheduled for February 17, 2015.

TRI-STATE REPORT

Director Wheeling reviewed his written report included in the board packet. Items he highlighted were: Tri-State Board Policy 118; and an overview of the contract committee meeting. He took questions on his report.

Director Garcia left the meeting at 5:25 P.M.

TRI-STATE RATE AND CONTRACT COMMITTEE

Systems Engineer, Dan Harms gave a detailed cost of service and rate design analysis status report. He reviewed the following items: cost of service methods; four different allocation methods; representatives methods; generation function - cost classification summary; transmission function- cost classification summary; total system – cost of service classification summary; time of use periods; contribution of irrigation members on system peak with 2013 hourly member loads; weather normalized which included 2013 daily system peak demand; percentage of top hours from 2008-2013 by time of day with a thirty minute intervals; time of use periods conclusions; cost of service summary – average excess demand; and rate design objectives. Additionally he reviewed in detail the cost curve information, current rate and cost of service allocation methods and reviewed the conclusions from benchmarking; He took questions on his report.

Director McCaw and Director Montoya left the meeting at 5:44 P.M.

Discussion ensued on the details of the cost of service and rate design analysis status report. Director Compton gave an update on the Tri-State rate committee meetings.

CREA Report

Director Berman noted there was not a CREA meeting in January.

WESTERN UNITED REPORT

Director Formwalt noted that there was not a meeting in January, the next meeting they will consider purchasing the property in New Mexico. He took questions on his report.

FUTURE COMMITTEE OF THE WHOLE MEETINGS AND FUTURE AGENDA ITEMS

CEO Dreyspring identified the following for future agenda items and noted that they were also listed in the January board packet; Strategic plan working sessions including mission and vision statements, review/approve, Board Policy 108, Insurance for Directors; Board Policy 109, Compensation for Directors; Board Policy 129, Code of Ethics; review of annual meeting plans; review preliminary audit committee; unclaimed capital credit fund requests; review and possible action on board committees; LPEA affiliates membership costs and benefits; 2015 board calendar and board committees; reports included member opportunity report; communications plan update and Pagosa biomass. Additional items included: review and consideration for CSG's in 2015; to invite speaker Chris Culwell for a tiered rate discussion and consideration; and a Committee of the Whole meeting was set for Tuesday February 17, 2015.

UPCOMING EXTERNAL MEETINGS

President Rendon noted the upcoming external meetings list included in the January board packet. CREA Annual Meeting – February 7-10, 2015, Denver, CO; NRECA Annual Meeting, Feb 19-27, 2015 in Orlando, FL; Tri-State Annual Meeting & Membership meetings, April 8, 2015, Denver, CO; NRECA Legislative Conference May 3-5, 2015, Washington DC; CFC Forum, June 8-10 2015, Chicago, IL.

TRI-STATE RATE AND MEMBER ISSUES

It was determined to move Tri-State Policy 115 transfer discussion to the February board meeting.

OTHER BUSINESS


None

With no further business, the regular board meeting adjourned at 6:02 P.M.

Recorded by: Laura Rome

Approved by:


Michael Rendon, President


Jeff Berman, Secretary