

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, February 18, 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

CEO Dreyspring led the board in the Pledge of Allegiance.

**AGENDA**

President Rendon addressed the February 2015 agenda. Director Bassett requested to add discussion on Delta-Montrose Electric Association (DMEA) and Federal Energy Regulatory Commission (FERC).

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

**MEMBER COMMENTS AND CONCERNS**

**GUESTS (from sign in sheet)**

The following guests were present; Betsy Romere and Barbara Wickman.

Bret Cochran, Safety Regulatory Compliance Superintendent gave an update on safety training and the fire drill that was conducted two weeks ago. Additionally he noted the locations of fire extinguishers, first aid kits and AED's. He took questions.

**CONSENT BOARD ITEMS**

The consent board items were presented and reviewed.

**Motion:** Director Compton moved to approve the January 21, 2015 minutes; the capital credit payments to estates, January write offs and accepting new members; motion seconded and carried without dissent.

## **ITEMS REQUIRING BOARD ACTIONS**

Director reimbursements were presented and reviewed.

### Committee of the Whole 2/17/15

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

### LPEA Board meeting 2/18/15

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

Heather Erb	4CORE	\$ 125.00
Robert Formwalt	CREA	\$1,007.44
Jack Turner	CREA	\$1,704.50
Tom Compton	CREA	\$1,420.32
Robert	Geothermal plant in Lordsburg	\$ 200.00
Jeff Berman	CREA	\$1,596.00
Jeff Berman	NRECA airfare	\$ 915.00

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

## **REVIEW/APPROVE BOARD POLICY 108, INSURANCE FOR DIRECTORS**

President Rendon requested discussion. Director Berman reviewed a chart he emailed the LPEA board members with two options, reviewed alternatives including phasing changes in over a number of years, or that it would only apply to new directors or re-elected directors. Director Berman suggested it was awkward for sitting board members to set their own compensation rates, so he may bring it back to the board after he will no longer be on the LPEA board.

**Motion:** Director Montoya moved to adopt Board Policy 108, Insurance for Directors and Board Policy 109 Compensation for Directors as presented; motion was seconded and passed without dissent.

## **REVIEW/APPROVE BOARD POLICY 109, COMPENSATION FOR DIRECTORS**

See above motion.

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

President Rendon requested discussion. Attorney Spear reviewed the changes to Board Policy 129, Code of Ethics as directed by the board and the updated disclosure form. He took questions.

**Motion:** Director Wheeling moved to adopt Board Policy 129, Code of Ethic and Conduct as presented and adopt disclosure form as presented; motion seconded.

**Motion:** Director Berman moved to amend the motion to strike all of the examples presented in the disclosure form; motion was not seconded.

Original motion by Director Wheeling passed without dissent.

### **REVIEW ANNUAL MEETING TIMELINE**

President Rendon requested discussion.

### **REVIEW/APPROVE ELECTION MANAGEMENT PROPOSALS**

CFO Svanes reviewed the election management process, the LPEA bylaws and Board Policy 127, Annual Meeting voting procedures. He solicited four bids, received three and reviewed the bids, costs, and process, survey and ballots systems. He took questions on the information he provided. Discussion ensued on the election process and election management candidates.

**Motion:** Director Bassett moved to appoint La Plata County Clerk, Tiffany Parker as the election manager to conduct the LPEA election for Board of Directors; motion seconded and passed without dissent.

### **RESOLUTION 2015-03 ELECTION THIRD PARTY CONTRACT**

CFO Svanes reviewed Resolution 2015-03, third party contract.

**Motion:** Director Bassett moved to adopt Resolution 2015-03, election third party contract as presented; motion seconded and passed without dissent.

### **2015 CALENDAR**

It was noted the LPEA board was sent a link for the 2015 calendar.

### **LPEA AFFILIATES MEMBERSHIP ITEMIZED COSTS**

President Rendon requested discussion. CEO Dreyspring noted the board had requested information on the NRECA dues. CEO Dreyspring and CFO Svanes both took questions. Director Berman recommended LPEA cancel memberships in NRECA and Touchstone Energy.

**Motion:** Director Bassett moved to not renew LPEA's NRECA membership; motion was seconded.

CEO Dreyspring recommended maintaining the NRECA membership and get involved in the NRECA resolutions process to express LPEA's expectations. He recommended having NRECA representatives come talk to the board.

**Motion:** Director Turner moved to postpone the decision with Director Berman addressing NRECA at the Annual meeting, CEO Dreyspring inviting NRECA representatives to meet with the LPEA Board, and not pay the NRECA dues at this time. The motion did not pass.

**Motion:** Director Berman moved to table Director Bassett's original motion and direct CEO Dreyspring to contact NRECA CEO Jo Ann Emerson and invite her to the LPEA March 18, 2015 board meeting; motion seconded and passed.

**Motion:** Director Montoya moved to pay the NRECA dues twice, the motions were seconded and did not pass.

It was determined to add to the March agenda.

### **DMEA/FERC**

Director Bassett reviewed an email he sent the board regarding the Public Utilities Regulatory Policies Act (PURPA). He requested an opinion from the attorney. Attorney Spear indicated he could give an opinion on the information at next month's meeting. Discussion continued.

**Motion:** Director Berman moved to instruct the attorney for a summary and opinion on the DMEA FERC filing. The motion was not voted upon as it was not an action item on the February agenda. Director Berman rescinded his motion.

CEO Dreyspring was directed to review DMEA's FERC filing and report back to the board at the March board meeting.

The regular board meeting recessed for lunch at 11:42 A.M., and President Rendon called the meeting back to order at 12:28 P.M.

### **LUNCH MEETING WITH THE CITY OF DURANGO COUNCIL 12:00 P.M.**

President Rendon welcomed members of the Durango City Council. They included: Mayor Sweetie Marbury, Mayor Pro Tem Dean Brookie, Councilor Dick White, City Manager Ron LeBlanc and Assistant to City Manager Mary Beth Miles. President Rendon noted there was not a set agenda and asked if the Durango City Council had any questions. Questions and discussion included: opportunity for solar on the City of Durango buildings; the franchise revenue and funds; the time of use (TOU) rates; Tri-State settlement; cost of service process; temporary rate; rate structure for 2016 and how it could have an effect to the TOU program. Additional items included: discriminatory rate; economic development in both La Plata and Archuleta counties; Southern Ute Alternative Energy (SUAE) project; deployment of the AMI program and the benefits of the AMI meter including monitoring usage; that the city arborist retired; and confirmation that the LED program was part of the LPEA board's strategic plan.

### **PRESENTATION ON TIERED RATES WITH CHRIS CALWELL 1:30 P. M.**

President Rendon introduced Chris Calwell. He gave a PowerPoint presentation on how utilities can charge for electricity as distributed generation like solar and wind, increasingly coupled with storage, become less expensive than power from the utility. He reviewed: wind cost; solar cost; phases of separation; rate structure; revenue sources; residential rate increases from 2006-2014; annual percentage increase in residential rates; effective kWh cost for usage classes; and progressive or tiered rates. He took questions on his report.

### **ATTORNEY REPORT**

Attorney Spear summarized his written report which was included in the February board packet. It included: sale of Tri-State assets; wholesale power agreement and the 5% provision; opinion letter for the RUS loan; tiered rates, LPEA Board Policy 129 disclosure form; Keith easement; Coyote Hill agreement; franchise agreement; memo on community solar garden net metering; and community solar garden tax summary. He took questions on his report.

## **CEO AND STAFF REPORTS**

CEO Dreyspring highlighted the following items from his written report: update on the Southern Ute Alternative Energy project including the status on the wheeling and interconnect agreements. Additional items he reviewed included: City of Durango meetings, Pagosa biomass; Pagosa Verde; reported that Director Lynch went to a geothermal plant in New Mexico; Tri-State managers meeting; joint Archuleta county commissioners and Pagosa Springs council meeting; Bayfield rotary presentation; and gave an update on Durango Industrial Development Foundation. Steve Gregg reviewed DIDF history and growth for the area.

CFO Svanes gave an update on the auditor; financial report; sales and highlighted maintenance costs. He took questions on his report.

Manager of Operations, Justin Talbot, highlighted that operations was focusing on maintenance and the mobile substation in Pagosa Springs. He took questions his report.

Chief Operations Officer, Steve Gregg, highlighted a potential franchise agreement for Pagosa Springs and Bayfield; and the City of Durango requested changing all street lighting to LED. He conveyed his concern for recovering the costs and labor. He took questions on his report.

Manager of Engineering, Ron Meier took questions on his written report.

## **MEMBER OPPORTUNITY REPORT**

Manager of Engineering, Ron Meier took questions.

## **COMMUNICATIONS PLAN UPDATE**

CEO Dreyspring reviewed the marketing communications report and billing messages.

## **STRATEGIC PLAN**

Discussed during Committee of the Whole.

## **4CORE FUNDING DISCUSSION AND POSSIBLE ACTION**

Discussed during Committee of the Whole

**Motion:** Director McCaw moved to fund 4CORE for \$50,000 from unclaimed capital credits for year 2015; motion seconded and passed without dissent.

## **WESODI DISCUSSION WITH GUEST LAURA HOKANSON**

Discussed during Committee of the Whole.

## **REVIEW COMMUNITY SOLAR GARDENS FOR 2015 (ROUND 2)**

Discussed during Committee of the Whole.

## **REVIEW BOARD COMMITTEES CONCEPT AND BOARD POLICY 123, OPEN COMMITTEE MEETINGS**

Director Wheeling noted the understanding that the board could make changes in the future.

**Motion:** Director Wheeling moved to adopt Board policy 123, Open Committee Meetings as presented; motion seconded and passed.

## **REVIEW UNCLAIMED CAPITAL CREDIT FUND REQUESTS AND BOARD POLICY 208, DISPOSITION OF UNCLAIMED PROPERTY, SECTION II F**

Discussed during Committee of the Whole.

**Motion:** Director Turner moved to commit \$25,000 to this round of unclaimed capital credits and request the Round Up Foundation Board make recommendations at the March board meeting; motion seconded and passed

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

No report.

### **FASTTRACK COMMUNICATIONS REPORT**

Director Wheeling gave a brief overview of the FastTrack February board meeting at the Committee of the Whole meeting.

### **TRI-STATE REPORT**

Director Wheeling gave a brief overview of the FastTrack February board meeting at the Committee of the Whole.

### **CREA Report**

Director Berman highlighted the following items: CREA summary report included in the board packet; CREA annual meeting; discussions with Senator Roberts and J. Paul Brown; and noted that he provided the LPEA Board with a summary write up, emailed to the CREA Executive Director, about concerns of his own and he has heard from some board members, including CREA's political action committee, CREA publications content, development of statewide energy efficiency efforts, and others.

Director Turner gave a brief synopsis on his attendance to the CREA annual meeting and it included: how the industry was changing; cyber security; substation security; and a suggestion making sure inventory was labeled. He noted that he would send out a written summary to the board in the next week. Director Formwalt and Director Compton both also highlighted items from the CREA annual meeting.

### **4CORE**

Director Erb requested adding a 4CORE report to the monthly LPEA board agenda. She briefly highlighted the following items from the 4CORE meeting including: the polling; energy summit; and carbon tax. She took questions on her report.

### **WESTERN UNITED REPORT**

No report given.

### **TRI-STATE RATE AND MEMBER ISSUES** **DISCUSS TRI-STATE POLICY 115, MEMBER SYSTEM DISTRIBUTED** **GENERATION**

President Rendon requested discussion.

### **EXECUTIVE SESSION**

**Motion:** Director Berman moved to go into executive session at 3:58 P.M. to discuss Tri-State Policy 115; Director Wheeling was excused; motion seconded and passed without dissent.

The board went into executive session at 3:58 P.M.

Director Wheeling was excused at 3:58 P.M.

Director Montoya and Director McCaw left the meeting at 3:58 P.M.

The board came out of executive session at 4:49 P.M.

**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 February board packet; auditor report, CEO travel report, Pagosa Biomass update, annual staff report, finalize annual meeting plans, appoint election supervisory committee, unclaimed capital credit application grants, appoint delegate/alternate to Tri-State annual meeting, attorney engagement letter, review/approve board policy 362, Solar Hot Water Rebate, Williams Corporation representative and future plans, review/approve monthly agenda items including policies to review, Tri-State member and rate issues. Items added included, 4CORE report, NRECA dues, DMEA/FERC issue, and wheeling agreement for the SUAE project.

**UPCOMING EXTERNAL MEETINGS**

President Rendon noted the upcoming external meetings list included in the February 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; and CFC Forum, June 8-10 2015, Chicago, IL. Director Compton requested to attend the NRECA legislative conference in May 3-5, 2015 and Director Turner requested to attend the NRECA annual meeting. Both were approved.

**OTHER BUSINESS**

None

With no further business, the regular board meeting adjourned at 4:53 P.M.

Recorded by: Laura Rome

Approved by:

  
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Michael Rendon, President

  
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Jeff Berman, Secretary