

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, March 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
Shay Denning, Attorney
Justin Talbot, Manager of Operations
Ron Meier, Manager of Engineering
Indiana Reed, Marketing & Communications Consultant
Laura Rome, Executive Assistant

Director Compton led the board in the Pledge of Allegiance.

AGENDA

President Rendon addressed the March 2015 agenda.

Motion: Director Compton moved to approve the March 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 Ann McCoy Harold.

CONSENT BOARD ITEMS

The consent board items were presented and reviewed.

Motion: Director Erb moved to approve the February 18, 2015 minutes; the capital credit payments to estates, February write offs and accepting new members; motion seconded and carried without dissent.

President Rendon requested Attorney Denning give a summary on the special meeting held on Wednesday March 11, 2015. Attorney Denning reviewed the discussion and it included: a summary of the discussions held in open session during the meeting; and the results of the meeting, which were to file a placeholder motion at FERC in the DMEA-Tri-State case for the potential of further comment or pleading at a later date. Attorney Denning noted the special

LPEA board meeting followed the requirements of the Colorado State Statute. She stated the notice for the special meeting had been posted as soon as it was known. She recommended that the LPEA board ratify the original motion at today's board meeting. Attorney Denning also reviewed the bylaw requirements for meeting notification and waiver provisions for meeting notices. Discussion ensued.

ITEMS REQUIRING BOARD ACTIONS

Director reimbursements were presented and reviewed.

Special Board Meeting 3/11/15

Michael Rendon	\$125.00	Tom Compton	\$144.43
Jeff Berman	\$125.00	Heather Erb	\$137.21
Mark Garcia	\$188.28	Jack Turner	\$141.95
Bob Lynch	\$191.60	Britt Bassett	\$125.00

Committee of the Whole 3/16/15

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	\$141.65

LPEA Board meeting 3/18/15

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

Jeff Berman	CREA	\$600
Jack Turner	Round Up	\$250

Motion: Director Lynch moved to approve the director reimbursements as presented; motion seconded and passed with Director Montoya and Director McCaw dissenting.

ANNUAL MEETING UPDATE/FINAL PLAN REVIEW

President Rendon requested discussion. CEO Dreyspring updated the board on the annual meeting. He noted the director packets were available in Durango and Pagosa and as of March 18, 2015, four director packets had been picked up. He took questions on the process.

APPOINT ELECTION SUPERVISORY COMMITTEE, RESOLUTION 2015-04

CEO Dreyspring reviewed Resolution 2015-04.

Motion: Director Compton moved to adopt Resolution 2015-04, Election Supervisory Committee as presented; motion seconded and passed without dissent.

APPOINT DELEGATE/ALTERNATE TO THE TRI-STATE ANNUAL MEETING, AND APPROVAL OF OTHER ATTENDEES

President Rendon requested discussion. He asked who was planning on attending. Director Compton, Director Berman and Director Lynch requested permission to attend the Tri-State annual meeting. It was approved.

Motion: Director Garcia moved to appoint Director Turner as delegate and Director Berman as alternate to the Tri-State Annual meeting; motion seconded and passed without dissent.

ATTORNEY ENGAGEMENT LETTER FOR CONSIDERATION

President Rendon noted it was postponed to April.

SOUTHERN UTE ALTERNATIVE ENERGY WHEELING AND INTERCONNECT AGREEMENTS

CEO Dreyspring reviewed why this needed to be in executive session.

UPDATE DMEA/FERC COMPLAINT

CEO Dreyspring reviewed the discussion he had with Tri-State representatives Mike McInnis and Jason Bronec to let them know what position LPEA took with the FERC place holder filing. Discussion ensued on the response from Tri-State. The board directed CEO Dreyspring to research and provide the board with a summary of Tri-State's FERC response filing. Attorney Denning requested an executive session to discuss further details of the case. Discussion continued with feedback from board members on the process.

NRECA CEO DIALOG ON NRECA BENEFITS (VIA SKYPE) 10:00 A.M.

President Rendon introduced himself and had the LPEA board introduce themselves to NRECA's CEO, Jo Ann Emerson, and Executive Vice President for Customer Relations, Martin Lowry. Discussion included: generation and transmission; challenges for distribution and distributed generation; solar through the SUNDA project; storage solutions for solar; traditional fuel solutions; analytical strategy; pros and cons of all energy sources; better communication from NRECA regarding clean energy; and the Department Of Energy on solar. Martin Lowry encouraged the LPEA board to be part of the resolution process and noted the resolution committee meeting was scheduled for June 19, 2015. He urged the board to submit draft resolutions. Mr. Lowry also highlighted: innovation in distribution; opportunities at the distribution level; the government relations committee; and the business and strategies group. Discussion ensued on the pros and cons around renewable energy and distribution; cooperative research committee; better communication and collaboration. CEO Dreyspring thanked both Jo Ann Emerson and Martin Lowry for their time. CEO Dreyspring recommended remaining members of NRECA and getting engaged, involved and assign delegates to influence change. Discussion ensued.

Motion: Director Turner made a motion to continue LPEA's membership with NRECA; motion seconded and passed with Director Berman dissenting.

Discussion included LPEA remaining affiliates of Touchstone Energy. It was determined to add to the April agenda.

UPDATE DMEA/FERC COMPLAINT CONTINUED

Director Wheeling highlighted: the costs of coal; different coal mines; new wind and solar costs and with renewable energy that it was intermittent. He noted potential future costs for gas and it could be more expensive than wind and solar in the future. Additional dialog included discussion of Qualifying Facilities; how Tri-State distributes a renewable RFP; Tri-State Policy 118; and Tri-State Policy 316. Director Wheeling took questions on his feedback. Discussion ensued on the following: regulation by FERC; the placeholder motion filed by LPEA; and the circumstances and details of the complaint. Discussion continued with the following: procedure of a special meeting; posting of the agenda; LPEA Bylaws; Colorado State Statutes; posting of the agenda; the issue of a meeting quorum, with Attorney Denning requesting the LPEA board ratify its decision from the special meeting. Director Montoya noted his concern that at the February board meeting that this issue was brought before the board and he did not think it was grounds to have an emergency meeting. CEO Dreyspring read the adopted motion from the March 11, 2015 special board meeting. It read:

“Director Bassett moved to instruct LPEA’s legal counsel to submit a motion regarding the DMEA petition for declaratory to enter a place holder to preserve our rights as an interested part; motion seconded and passed without dissent.”

CEO Dreyspring also noted Board members present at the special March 11, 2015 board meeting which included: Heather Erb; Jeff Berman; Britt Bassett; Mark Garcia; Tom Compton; Bob Lynch; Jack Turner; and Michael Rendon.

Motion: Director Turner moved to ratify the original motion from the March 11, 2015 special meeting for the FERC placeholder filing. Motion seconded and passed with Director Montoya, Director McCaw, Director Formwalt dissenting and Director Wheeling abstaining.

It was determined for staff to return to the LPEA board at the April board meeting with a summary of the pros and cons of the DMEA/FERC filing. CEO Dreyspring noted that the original filing was February 9, 2015.

The regular board meeting recessed for lunch at 12:01 P.M., and President Rendon called the meeting back to order at 12:48 P.M.

WILLIAMS CORPORATION REPESENTATIVES, FUTURE PLANS – STEVE GREGG AT 1:00 P.M.

COO Steve Gregg introduced Williams’s Energy Operations, Supervisor of the Ignacio Plant Compression Project, Dale Ruggles. He highlighted the following items: new investments in the Ignacio plant facilities; multi-year project to replace and upgrade the compression at Ignacio and gave an overview of project objectives. He displayed the configuration before construction; post construction; compression project by the numbers; economic impacts including construction costs; and estimated projected labor costs. He noted benefits of the investments; emissions reduction; Southern Ute Indian Tribe air emissions inventory; plant processing steps; and gas path. Additionally he highlighted the gas plant facts and figures. He took questions on his presentation. Items included, return on investment, benefits included right of ways, potential for depressed revenue; belief in the partnership with LPEA. Director Erb requested a copy of his presentation. Additional conversation included the 5% allowed amount by Tri-State; expectations in 2017 and beyond; and facility capacity of generating six megawatts of power a day. He offered a tour and physical inspection of the facility to the LPEA board.

Director McCaw left the meeting at approximately 1:45 P.M.

TRI-STATE PROPOSED BYLAW CHANGE ON CAPITAL CREDIT RETIREMENTS

President Rendon requested discussion. CEO Dreyspring reviewed in detail how the capital credits were retired and how it would impact LPEA. Discussion ensued.

Motion: Director Formwalt moved directing the LPEA Tri-State representative to oppose the bylaw change; motion was seconded and passed with Director Compton dissenting and Director Wheeling abstaining.

REVIEW AND DISCUSS DIRECTOR BASSETT'S STOVEPIPING ISSUE RAISED AT THE FEBRUARY 2015 BOARD MEETING

Director Bassett noted since he has membership in a Community Solar Garden and has Time Of Use, that the size our subscription doesn't allow offsetting usage between the two. CFO reviewed how time of use (TOU) and net metering works. His display included; TOU ETS advantage; on peak; off peak day; off peak night; net metering and reviewed generation of energy in excess of usage; and net metering time of use. He reviewed several sample members with a TOU net metered account and took questions on the displayed graphs. Discussion ensued.

ATTORNEY REPORT

Attorney Denning summarized the written report which was included in the March board packet. It included: transfer of 115 kV assets to Tri-State; wholesale power agreement; letter for memorandum for tiered rates; Keith easement; Jackson foreclosure; Coyote Hill agreement; the Public Utilities Commission (PUC) case; franchise agreements; and the DMEA petition. She took questions on her report. Discussion ensued on the Coyote Hill agreement. Discussion ensued on the 115 kV transfer to Tri-State with the determination to add it to the May agenda with COO Steve Gregg giving an update in April.

CEO AND STAFF REPORTS

CEO Dreyspring highlighted the following items from his written report: SUAE solar project; Pagosa biomass; Pagosa Verde; 4CORE meeting; and reported that an upcoming scheduled staff meeting in March at Fort Lewis College (FLC) to explore opportunities between LPEA and FLC; and AMI member opportunities. Additionally he noted the upcoming public meeting in Pagosa Springs, Colorado on March 24, 2015; and he had spoken with Gregory Aliff with Deloitte LLP to give an industry update at the at the 2015 LPEA Board strategic workshop. He took questions on his report.

Manager of Engineering, Ron Meier gave a presentation on the Colorado Association of Municipal Utilities (CAMU) Residential Survey and it included: residential rates; LPEA general service rate; he gave examples of members and block rates; small commercial survey; large commercial survey; and large commercial three phase survey. He took questions on his report. CFO Svanes took questions on his written report.

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

Chief Operations Officer, Steve Gregg, took questions on his written report.

Additional discussion included the CallToOrder software that was utilized for maintaining the monthly board packets and the additional PDF board packet where two systems were maintained.

FINANCIAL REPORT

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

FINANCIAL ANALYSIS RECOMMENDED BY ATTORNEY SPEAR

Manager of Engineering, Ron Meier reviewed a financial analysis for Tri-State Policy 115 for community solar gardens. He took questions on his presentation.

CEO TRAVEL REPORT

CEO Dreyspring took questions on his written report.

UPDATE ON DISTRIBUTED GENERATION

Manager of Engineering, Ron Meier gave an update on the status of the 2014 Community Solar gardens (CSG) and future distributed generation projects. He took questions on his report. It was determined to add to the April board meeting an update on the Biomass project. Ron Meier noted that his staff was working on renewable planning. Discussion ensued including a potential round of community solar gardens.

Motion: Director Basset moved to initiate a second round of Community Solar Garden with the cap of the allowed amount not to exceed 500 kilowatts based upon staff guidance. The motion was seconded but did not pass with Directors Bassett and Turner voting in the affirmative.

Discussion ensued on: Tri-State Policy 118; engineering staff needs; adding additional Community Solar Gardens (CSG); and the mechanism for members to invest in a CSG. CEO Dreyspring recommended staff giving feedback. Steve Gregg reviewed the current impact on LPEA for CSG's including learning the systems and employee safety. Manager of Engineering, Ron Meier requested to wait until next year. Discussion continued.

AUDITOR REPORT

President Rendon noted it was discussed during Committee of the Whole. President Rendon noted the auditors were available by phone.

Motion: Director Wheeling moved to accept the audit report as presented; motion seconded and passed without dissent.

TIERED RATE DISCUSSION

Discussed during Committee of the Whole

LA PLATA ELECTRIC ROUND UP FOUNDATION REPORT

Director Lynch reported the funds available and noted there was 13,623 members rounding up, which was down twenty three from last month. He noted the educational grants awarded were: \$600 to Fort Lewis Mesa PRC; \$1,000 to Durango Bluegrass Meltdown; \$1,100 to San Juan BOCES speech therapist; and \$1,500 to Durango Community after Prom Association. Round Up awarded \$4,000 to Manna Soup Kitchen; \$3,000 to Pope John Paul II food pantry; \$1,000 Adult Day Care at Our Place; and \$1,900 to the Veterans Homestead Project. Additionally 4CORE was awarded \$50,000 for this round. He took questions on his report.

FASTTRACK COMMUNICATIONS REPORT

Director Wheeling gave a brief overview of the FastTrack March board meeting. He noted the audit was completed with a new auditor and upcoming strategic planning meeting. He took questions on his report.

TRI-STATE REPORT

Director Wheeling gave a brief overview of the Tri-State March board meeting and it included: the finance committee meeting; SEC reporting issues; and the audit was completed and with Tri-State moving from private to public revealed different aspects of the auditing process. He took questions on his written report. He added the rate consultant went before the board and gave a

brief overview perspective. CEO Dreyspring also took questions on Tri-State Policy 115 and Tri-State Policy 118. Director Wheeling noted the rate committee meeting and turned over to Director Compton. Director Compton noted items discussed: demand billing mechanism; seasonal rates; demand billing period; and unbundling rates. Director Compton took questions on his report.

CREA REPORT

Director Berman noted the written report and highlighted shared resources and legislative discussion from the CREA board meeting. He took questions on his report.

WESTERN UNITED REPORT

Director Formwalt noted Western United Energy wouldn't have a meeting until April; they had made an offer on property in Albuquerque for warehousing and there was an increase in sales. He enquired on the thoughts of the LPEA board if they would be interested in offering products to the members and expanding services. He took questions on his report.

4CORE

Director Erb reported that 4CORE was working hard on what was the next step forward. They were having two board meetings a month; gathering information; and meeting with the stakeholders. She took questions on her report.

FUTURE COMMITTEE OF THE WHOLE MEETINGS AND FUTURE AGENDA ITEMS

CEO Dreyspring noted the future agenda items were included in the board packet. Items noted to add included: the Southern Ute Alternative Energy project; invite the La Plata County Commissioners for lunch; Touchstone Energy topic; report on staff hours on renewable energy; and Pagosa biomass.

UPCOMING EXTERNAL MEETINGS

President Rendon noted the upcoming external meetings list included in the March board packet; 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 Berman requested attending the intermountain REA annual meeting and the NRECA legislative conference in Washington DC. It was approved. Director Erb noted she was taking a tour at a large scale CSG in Alamosa, board members were invited and requested to attend on March 30th, 2015. It was approved.

EXECUTIVE SESSION

Motion: Director Compton moved to go into executive session at 4:46 P.M. to discuss the Southern Ute Alternative Energy project. Attorney Denning was excused from the executive session; motion was seconded and passed without dissent.

The board went into executive session at 4:46 P.M.

Attorney Denning was excused at 4:46 P.M.

The board came out of executive session at 5:01 P.M.

Motion: Director Montoya moved giving CEO Dreyspring the authority to seek out and hire council for the Southern Ute Alternative Energy project; motion seconded and passed without dissent.

OTHER BUSINESS

None


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

Recorded by: Laura Rome

Approved by:



Michael Rendon, President



Jeff Berman, Secretary