

LA PLATA ELECTRIC ASSOCIATION, INC.  
Board of Directors Minutes of Meeting  
January 20, 2016  
Durango, Colorado

**I. CALL TO ORDER**

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, January 20, 2016, in the headquarters building in Durango, Colorado. President Rendon called the meeting to order at 9:00 A.M., with the following Directors present:

Joe Wheeling	Kohler McInnis	Karen Barger
Davin Montoya	Jeffrey Berman	Michael Rendon
Britt Bassett	Jack Turner	J. Robert Formwalt
Mark Garcia	Tom Compton	Bob Lynch

Excused Absence:

None

Also present were:

Mike Dreyspring, Chief Executive Officer  
Barry Spear, Attorney  
Dennis Svanes, Chief Financial Officer  
Ron Meier, Manager of Engineering  
Justin Talbot, Manager of Operations  
Dan Harms, Manager of Rates, Technology, and Energy Policy  
Linda Looman, Manager of Member Relations and HR  
Indiana Reed, Marketing & Communications Consultant  
Charis Charistopoulos, Executive Assistant

**GUESTS** (from sign in sheet):\_The following guests were present:

Betsy Romere  
Ron Bishop  
Trevor Hewitt  
Tony Hudspeth  
Aaron Dunlap

Director Formwalt led the Board, Staff, and guests in reciting the Pledge of Allegiance.

**I. APPROVAL OF AGENDA**

President Rendon presented Director Compton with the Director Gold Certification and lapel pin by NRECA.

President Rendon addressed the January 20, 2016 agenda. The Board discussed issues with DirectorPoint Board meeting software. Upon recommendation by Director Berman, the Board agreed to move Future Agenda Items to occur after the Executive Session.

**Motion:** Motion by Director Turner to approve the January 20, 2016 Board of Directors' meeting agenda. Motion seconded by Formwalt. All in favor, motion carried.

## **II. MEMBER COMMENTS AND CONCERNS**

Member Ron Bishop referred to the LPEA bylaws stating that members agree to purchase all their power from LPEA, and not from outside producers. Bishop asked why LPEA purchases power from solar producers, and raised questions pertaining to the safety and costs related to LPEA linemen who are called to work on solar units. Attorney Spear opined that LPEA does purchase power from solar producers, and members purchase power exclusively from LPEA. CEO Dreysspring clarified that LPEA has Purchase Power Agreements (PPA) with solar producers, and members are purchasing power from LPEA. Bishop also asked why LPEA would purchase solar which comes at a higher rate, than from Tri-State in which LPEA has ownership as a member.

President Rendon, stating in his personal opinion, that socio-political justification and the uniqueness of co-ops allow decisions to be made that are not solely based on "the bottom line." Bishop alleged a \$300,000 loss of revenue to LPEA from payouts to solar producers who charge higher rates than Tri-State, and asked why members were subsidizing the solar industry. Rendon stated that the co-op model operates on the notion that everyone pays the same amount; however, logistical factors such as the costs to serve rural areas being greater than the costs to serve more densely populated areas, in effect means urban members are subsidizing rural members if everyone pays the same rate. And from a historical perspective, government subsidization was used to help create the co-op's in the first place.

Ron Meier stated that LPEA has a very aggressive inspection process which ensures that all solar systems comply with interconnection standards. The first step is an out-of-power test against every solar panel; the second step is strict adherence to safety protocols, linemen do not perform physical disconnects of PVs; and re-inspection of solar systems every 3 years. Operationally, there are no additional costs involved with outage management pertaining to solar systems. Dan Harms explained that solar cannot generate without the grid being present, making it a non-source from which to disconnect in the event of an outage.

## **III. CONSENT BOARD ITEMS**

The consent board items were presented.

**Motion:** Director Barger moved to approve consent items which include: capital credit payments to estates, December write-offs, accepting new members and the minutes of the December 16, 2015 regular Board meeting with corrections as discussed and agreed upon by the Board.

Motion seconded. All in favor of approving the consent Board items including the December 16, 2015 minutes with approved changes. Motion carried.

## **REVIEW REVISED DIRECTOR EXPENSE FORM WITH IRS 990 REPORTING**

**REQUIREMENTS** - President Rendon addressed the revised Director expense reporting form and sign-in sheet. Discussion ensued, edits were made, and the revised forms implemented. Director expense forms will be turned in to the Board Treasurer at the Committee of the Whole

meeting for approval at the subsequent Board meeting. The Director sign-in form with IRS 990 reporting requirements (mileage and hours) will be turned in upon adjournment of the regular Wednesday Board meeting.

#### **IV. CEO AND STAFF REPORTS**

Written reports by CEO Dreyspring and Staff were included in the December Board packet. Staff took questions from the Board of Directors.

#### **V. ITEMS REQUIRING BOARD ACTION**

**ON-BILL FINANCING RESOLUTION 2015-18 UPDATE** - Attorney Spear reported that Shay Denning is drafting the agreement between LPEA and First Southwest Bank which includes recommendations made by Directors at the December 16, 2016 Board meeting. She and CFO Svanes will give a detailed presentation at the February 24, 2016 Board meeting.

#### **TIME OF USE RATE TARIFFS ADJUSTMENT RESOLUTION 2016-01 -**

**Motion:** Motion to by Director Wheeling to approve Resolution 2016-01. Motion seconded.

Communications Manager, Reed stated that legal notice of Resolution 2016-01 will be published in the papers, followed by a press release, and updates will be made in all print collateral reflecting the rate change. Harms stated that current TOU hours may change in response to the change in on and off-peak hours by Tri-State which would increase the rate of on-peak usage.

All in favor, motion carried unanimously.

Dan Harms will present residential AMI data in March that compares regular residential rates, demand rates, and TOU rates, with high and low spreads among single customers and rate classes and the effects of each on member bills.

#### **VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION**

**2017 RATE DESIGN TIMELINE DISCUSSION** - Harms presented the 2017 Rate Design Timeline options for 2016, which include ongoing education, discussion of topics and alignment with Strategic Plan, including a review of Rate Policy 214 and Board guidance. Discussion ensued regarding preliminary and final vote timing: presenting draft rates in October subject to member comment prior to draft of a resolution for vote in November 2016; as well as, processing when a single rate change should it occur, and the importance of the official notice to the public for current and proposed rates. CEO Dreyspring noted that it is critical to treat any “preliminary” vote” with the same statutory requirement for a 30-day public notification as a final vote because it shows the intention of the Board. Director Berman proposed that the November vote be ratified in December following consideration of public comments in the 30-day notice period.

**Motion:** Director Bassett motioned to approve Policy 214 and add the following within section II-C-7 stating, “comply with strategic planning goals set from time to time by the Board;” with the addition of new section II-E stating, “Any change in rates will include initial approval by the Board, a 30-day public comment period, then

final approval by the Board. Any change in rates shall comply with all applicable statutes.” Motion seconded by Director Garcia.

Discussion ensued regarding the three options presented in the redline draft of Policy 214 provided by Attorney Spear, and the similarities of intent between requiring an “initial approval (Board action)” and a “preliminary vote,” both of which require 30-day public notice, versus a discussion of “rate concepts” open to public comment, prior to drafting a resolution for a single vote in November followed by 30-day public notice. Discussion about the implications of being bound to policy that requires a final vote, versus the ability within the current policy to vote again if necessary.

**Motion to Amend:** Director Turner moved to amend the motion to include option C-7, “comply with Strategic Planning Goals set forth,” as well as, the language of Option 3 which states, “In an effort to keep members informed and to receive member input, and before taking action on any rate change, the Board will publish notice of when it will hold meetings to review the rate process and to consider any proposed changes in rates. This notice will be in addition to any applicable statutory requirements for notice to the public before the rate change can take effect.” Motion seconded.

Discussion ensued about Option 3 of the redline draft of Policy 214 provided by Attorney Spear, transparency, and the intent of public notice. Directors Wheeling, Barger, Turner, Rendon, Formwalt, Montoya, McInnis and Compton in favor; Directors Garcia, Lynch, Bassett and Berman Opposed. Motion amended 8 / 4.

**Approval of Amended Motion:** Directors Wheeling, Barger, Turner, Rendon, Formwalt, McInnis, Compton, Garcia, Lynch, Bassett and Berman in favor; Director Montoya opposed. Amended motion approved 11 / 1.

**DIRECTOR EDUCATION AND TRAVEL EXPENSE COMPLIANCE DISCUSSION (POLICIES 109 AND 121)** – CEO Dreyspring reported on a request made by the Board to draft revisions to Policy 121 (Director Education) based on the December Board meeting discussion about Director expenses and budgets. After reviewing policies from Mountain View, United, and Inter-Mountain Co-ops with CFO Svanes, and Director McInnis, it was determined that revisions were not necessary and that finding ways to improve policy compliance was the appropriate step. Svanes presented a summary of the Director expenses and explained that the report will allow Directors to compare their current expenditures and guide decision making. The report was met favorably as a means of guidance in moving forward with compliance.

Discussion ensued about a group budget versus individual budgets based on Director responsibilities, budgetary limits impeding information gathering, and concern that “set limits” has and may again invite criticism of active Directors being over budget (for Board approved extra expenses) during an election cycle despite what some directors pointed out that the mere thousands of dollars involved that permits Directors to bring back critical knowledge to LPEA’s decision making process, based on anachronistic wage policies. Concerns were raised over timely return of paperwork in order to receive reimbursement, whether the current budget is realistic and needs to be increased, and that the Director budget was not addressed within the approval of the overall budget. Dreyspring stated the policy needs to be followed or changed. Ideas were offered that Directors might present trip proposals to the Board with costs and an

explanation of benefit for approval, and placing a limit on the number of trips rather than a limit on expenses. There was consensus among the Board to come back in March with individual projections of anticipated travel and discuss planning for the year.

**SAN MIGUEL ELECTRIC ASSOCIATION GOOD SENSE PROGRAM AND LOCAL FIRST PARTICIPATION** – CEO Dreyspring reported on a request by the Director Turner to contact San Miguel about their Green Sense Program. Similar to LPEA’s Round-Up Program, it is supplemented by their Green Blocks Program. Money from both programs goes into a Green Fund and is used for renewal projects, and partly for offsetting subsidies from community solar facilities. Discussion ensued and there was consensus that a Green Cents Program would compete with the LPEA Round-Up Program and dilute the LPEA communications. LPEA has a Green Power Program that members can opt into and purchase blocks of green energy. The Board directed CEO Dreyspring to clarify the Green Power Program, how it works and where the money goes at the February Board meeting. Dreyspring and Indiana Reed will look into creating a story page in the Local First, Look Local coupon book as part of community communication efforts.

**REVIEW OF ENERGY EFFICIENCY POLICY WITHIN THE STRATEGIC PLAN** – Director Berman stated that the Strategic Plan identified a review of LPEA energy efficiency programs by December, and requested a report. CEO Dreyspring reported that during the Strategic Planning Committee meetings, the goal was revised to December 2016 due to the hiring of Dan Harms as Manager of Rates, Technology and Energy Policies and the need for time to gather data for analysis. Direction was given that Harms will make a list of the programs and apprise the Board throughout the year of his findings and assessments.

**2016 LPEA ANNUAL MEETING UPDATE** – CEO Dreyspring reported that Bill Ritter, former Colorado Governor and Patty Durand, Executive Director Smart grid Consumer Collaborative is not available, and that Greg Aliff, Industry Consultant was approached to be the keynote speaker. Board discussed brevity in local reports to allow more time for the keynote speaker and to maximize time for member engagement; as well as, creating a slideshow that tells the LPEA brand and story of “people serving people,” and showcases the LPEA employees. The Board gave direction for Dreyspring to confirm Greg Aliff as speaker.

Cindy Straight, LPEA Billing Administrator and Election Committee member, spoke briefly about Runback Election Services from Phoenix, AZ who will administer ballots for the LPEA Board of Director Elections. La Plata County Clerk, Tiffany Parker has utilized their services and been pleased with the service they provide. Ms. Straight explained that she had toured their facility in Arizona to observe how they handle election materials.

**DIRECTOR REIMBURSEMENTS** - Treasurer Barger reported that totals were correct and that no questions were necessary. Director reimbursements were presented and reviewed:

LPEA Mileage Reimbursements

Karen Barger	\$28.08	Bob Lynch	\$129.60
Britt Bassett	\$00.00	Kohler McInnis	\$17.28
Jeff Berman	\$00.00	Davin Montoya	\$37.80
Tom Compton	\$37.80	Michael Rendon	\$00.00
Robert Formwalt	\$129.60	Jack Turner	\$32.40
Mark Garcia	\$129.60	Joe Wheeling	\$28.08

LPEA Board Meetings

Karen Barger	\$1200.00	Bob Lynch	\$1200.00
Britt Bassett	\$1200.00	Kohler McInnis	\$1200.00
Jeff Berman	\$1200.00	Davin Montoya	\$1200.00
Tom Compton	\$1200.00	Michael Rendon	\$1200.00
Robert Formwalt	\$1200.00	Jack Turner	\$1200.00
Mark Garcia	\$1200.00	Joe Wheeling	\$1200.00

Other External Meetings

Karen Barger	\$00.00	Bob Lynch	\$00.00
Britt Bassett	\$00.00	Kohler McInnis	\$00.00
Jeff Berman	\$00.00	Davin Montoya	\$00.00
Tom Compton	\$00.00	Michael Rendon	\$00.00
Robert Formwalt	\$00.00	Jack Turner	\$141.20
Mark Garcia	\$00.00	Joe Wheeling	\$00.00

**Motion:** Director Berman motioned to approve Director expenses as presented. Motion seconded. All in favor, motion carried.

**VII. ATTORNEY REPORT**

A written report by Attorney Spear was included in the January Board packet. A verbal report was given by Spear who also took questions.

**VIII. DIRECTOR REPORTS AND OTHER BOARD ACTIONS**

**LPEA ROUND-UP FOUNDATION MEETING REPORT** - Director McInnis presented on the Round-Up Foundation. Grant recipients were a girls Hockey Team locker room, Durango Independent Film Festival, and S.O.S. Charitable donations of choice were made on behalf of the three outgoing Board members. Director Lynch reported that numbers are up and Michele Harris is the new President.

**FASTTRACK COMMUNICATIONS REPORT** - Director Wheeling reported and took questions on FastTrack Communications.

**CREA REPORT** – Director Berman presented and took questions on the CREA written report. Director Compton shared that the CREA Legislative Session runs concurrent to the CREA Annual Meeting, February 27-March 1. Senator Ellen Roberts proposed legislation that would apply to the Pagosa Springs Biomass Project and might like input from LPEA. Directors discussed their support for the Biomass Project, but an apparent lack in benefit by tripling Renewable Energy Credits when they are largely valueless. An item for an LPEA Board Resolution in support of the project will be placed on the February 2016 Board agenda. The Board gave direction for CEO Dreysspring to speak to Ellen Roberts and JR Ford about support for the project and legislation after the upcoming legislative session.

**IX. UPCOMING EXTERNAL MEETINGS**

February 14-17, NRECA and NISC Annual Meeting, New Orleans LA (Berman, McInnis, Turner)  
February 22, LPEA Committee of the Whole  
February 24, LPEA Board of Directors meeting  
February 27-March 1, CREA Annual Meeting and Legislative Conference, Denver CO (Berman, McInnis, Barger, Turner, Compton, Lynch, Formwalt, Garcia)  
March 14, FastTrack Annual Meeting prior to Committee of the Whole  
April 2016 – 4<sup>th</sup> Annual Micro Grid Conference (Turner)  
May 1-4, NRECA Legislative Conference, Washington DC

**APPROVED TRAVEL** - Director Berman requested and received approval to attend the DistribuTECH Conference in Orlando, FL prior to travelling to the NRECA Annual Meeting. Director Garcia will not be attending the NRECA Annual Meeting. Directors Formwalt and Garcia requested and received approval to attend the CREA Annual meeting.

## **X. REVIEW OF CEO ACTION LIST**

CEO Dreysspring review and approval of actions items arising from Board discussions:

1. IS/IT Cyber Security table top exercise and vendor audits to be considered by staff.
2. Follow up on February agenda for Tri-State report on CPP requests on generation plants.
3. Equity Policy review on upcoming agenda
4. Present flow chart of capital credit retirement and escheat process.
5. Travel budgets for 2016 from directors, on March agenda.
6. Green Blocks – what does it go toward? Explain including any policy related to Green Blocks
7. Update succession plan for Round Up board members for February agenda.
8. February agenda resolution for support of biomass legislation, (Barry to draft).
9. On agenda for audio or video recording board agenda possibly March/April.
10. Work with Operations Manager to implement Right of Way Clearing policy for Board of Directors.
11. Speak to Senator Roberts and JR Ford about Biomass legislation. Attorney Spear draft supporting resolution

## **XI. EXECUTIVE SESSION**

**Motion:** Motion by Director Bassett to go into Executive Session to discuss the member survey, non-disclosure agreements, industrial member self-generation, personnel matter with CEO and attorney only, personnel matter with Directors only. Motion seconded motion carried. The Board of Directors went into Executive Session from 4:21 PM to 6:21 PM.

The Board did not request that Attorney Spear take any minutes of the executive session discussion.

**XII. FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES** – The Board elected to re-locate Future Agenda Items and Committee Schedules to follow the Executive Session for the purposes of capturing any agenda items that proceed from Executive Session.

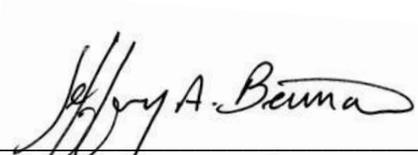
Perform Equity Policy Review-March  
Individual Director travel budgets prepared by Directors-March

Flow chart of capital credit retirement and escheat process by request of Director Basset -March  
Review recording of Board meetings, by request of Director Wheeling-April  
Review Right of Way Policy-April  
Review of Line Extension policy  
Discuss 2016 funding for 4CORE

There being no further business, the LPEA board of directors meeting adjourned at 6:25 PM.

Recorded by: Charis Charistopoulos

Approved by:   
Michael Rendon, President

  
Jeff Berman, Secretary