

LA PLATA ELECTRIC ASSOCIATION, INC.
Committee of the Whole Meeting
March 14, 2016
Durango, Colorado

I. CALL TO ORDER

The Committee of the Whole of the regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Monday, March 14, 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
Shay Denning, 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
Indiana Reed, Marketing & Communications Consultant
Charis Charistopoulos, Executive Assistant

GUESTS (from sign in sheet): The following guests were present:

Betsy Romere
John Beebe
Kurt Schneider

UPDATE ON SOUTHWEST HORIZONS PROJECT -- 4CORE Board Treasurer, Kurt Schneider presented on the community solar project at Southwest Horizons, a low-income housing community consisting of 61 detached rental homes available to residents who meet the requirement of 40, 50, and 60% of the area median income. An extensive feasibility study determined that installing the project on the well/pump system is best suited to the existing community infrastructure, and the “pay it forward, sweat-equity” model in which residents who help build the project pass knowledge on to each subsequent round of recipients, will keep installation costs to less than \$2.00 per kilowatt. An EPA matching funds grant for renewables

to low-income housing was awarded and 4CORE is attempting to raise matching funds and locate materials at cost or by donation. The anticipated completion date of the project is September 2016.

4CORE UPDATE-GUEST PRESENTER, BOARD TREASURER, KURT SCHNEIDER -

Schneider reported that 4CORE is in talks with the SW Council of Governments about coming under their umbrella and having them assume all administrative duties. This move would free-up current 4CORE Program Director, Laurie Dickson to continue oversight of the various 4CORE programs. More will be known in June. Schneider took all questions and addressed Solarize Archuleta, Refuel Colorado, and that Home Rx weatherization audits will be referred to outside contractors, like Mike Frisoni and Greg Dubit. 4CORE continues to partner with Regional Housing Alliance in the new home-buyer's program, offering education about weatherization and energy efficiency.

REVIEW OF DMEA/FERC CASE – Attorney Denning reported that the FERC case brought by DMEA is now closed. Following FERC's ruling, no party appealed the decision. However, following the conclusion of the DMEA/FERC case, Tri-State G&T (TS), filed a petition seeking a declaratory order from FERC finding that TS's recently amended Policy 101 complies with PURPA and FERC's regulations implementing PURPA. If approved, TS's Policy 101 will allow TS to charge a cooperative that exceeds the 5% Wholesale Contract cap as a result of purchasing energy from a QF, TS's unavoided costs for failing to purchase at least 95% of the cooperative's energy requirements from TS.

The Board discussed the positions of various Directors to TS's petition. Options discussed included sending comments to FERC opposing the actions of TS, taking no action as a Board, and writing a letter to Tri-State expressing the Board's concerns with the revised Policy 101. Substantial discussion ensued regarding submission of a letter of commentary by CEO Dreyspring to TS, and the issues raised by Policy 101.

Director Wheeling stepped out.

Motion: Director Rendon moved to recommend to full board to file a letter with FERC stating opposition to Tri-State's action in Policy 101. Motion seconded by Director Garcia.

Discussion ensued regarding impact on TS of filing letter of opposition with FERC, and preference for drafting a statement of concerns to Tri-State and keeping the Board away from divisive issues.

Those in favor: Directors Bassett, Berman, Rendon, Lynch, and Garcia. Those opposed: Directors McInnis, Compton, Turner, Montoya, Formwalt, and Barger. Motion failed 6/5.

There was consensus among the Board to accept CEO Dreyspring's proposal to draft a letter to Tri-State articulating the key concerns of the Board, and present the draft letter to the LPEA Board at the upcoming Board meeting on March 16, 2016 for discussion, editing, and approval.

AUDITOR'S REPORT -- Rob McCoy, of BKD Auditors and Advisors in Denver, CO, presented the independent auditor's report of LPEA's consolidated financial statements, and its subsidiaries, as of December 31, 2015 and 2014. The audit report contained an unqualified, or "clean" opinion on LPEA's financial statements. McCoy and CFO Svanes took all questions on the presentation of the audit report provided in the director packet.

Motion: Motion by Director Formwalt to discuss the audit report in Executive Session with Mr. McCoy and Directors only. Motion seconded by Director Garcia. Motion carried unanimously. The Board of Directors remained in Executive Session from 11:45 AM to 12:00 PM.

TECHNOLOGY DISRUPTORS, BY SALIM ISMAIL – Over the lunch break, Board, staff and guests watched a video presentation on Technology Disruptors given by Salim Ismail at the NRECA Annual meeting in New Orleans, from March 2016, and entertained discussion.

RATE DESIGN REPORT: RATE DESIGN CONCEPT: TOU AND DEMAND – Dan Harms presented the monthly rate design education topic in accordance with the LPEA rate timeline for the year.

Harms presented an analysis derived from 365 days of hourly readings from over 29,000 accounts and reviewed load profiles on typical residential services, all electric service, and net metered service.

Harms explained the calculation of the total LPEA purchased power expense for the energy portion of member bills, and the demand rate from Tri-State; as well as, transitions between on and off-peak from Saturday through Monday, and the resulting cost allocation and savings of the TOU rate.

Board and staff were asked to consider questions such as, *Which rate design methodology best fits LPEA's strategic plan to "conserve and use electricity more efficiently; which rate design methodology best provides: revenue stability and predictability; bill stability and predictability; fairness in the allocation of costs; and finally, overall simplicity?*

Substantial discussion ensued on the rate scenario options, most notably the desire to provide choice among rates for members, and the idea for a pilot project for a full demand rate that includes a coincident peak buyback, in order to test the take-rate and find out how energy usage is impacted by incentivizing change in member behaviors. Harms took all questions. Next month, the cost differences to serve urban versus rural members will be explored and considered.

There being no further business, the LPEA Committee of the Whole meeting adjourned at 3:56 PM.

Recorded by: Charis Charistopoulos

Approved by: 
Michael Rendon, President


Jeff Berman, Secretary