

LA PLATA ELECTRIC ASSOCIATION, INC.  
Board of Directors Minutes of Meeting  
November 16, 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, November 16, 2016 at the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 9:01 A.M., with the following Directors present:

Mike Alley	Bob Formwalt	Kohler McInnis, Vice President
Karen Barger, Treasurer	Dan Huntington	Davin Montoya, President
Britt Bassett	Bob Lynch	Jack Turner
Jeff Berman	Doug Lyon	Joe Wheeling, Secretary

**EXCUSED ABSENCE:** Jack Turner left at 2:15 p.m., and returned at 3:30 p.m.

**LPEA STAFF:**

Mike Dreyspring, Chief Executive Officer  
Dennis Svanes, Chief Financial Officer  
Dan Harms, Manager of Rates, Technology, and Energy Policy  
Ron Meier, Manager of Engineering, Member Relations and Marketing  
Justin Talbot, Manager of Operations  
Linda Looman, Manager of HR and Customer Service  
Indiana Reed, Marketing & Communications Consultant  
C. E. Charistopoulos, Executive Assistant  
Nancy Andrews, Energy Management Advisor  
Shay Denning, Attorney

**GUESTS** (from sign in sheet): The following guests were present: Michael Bell, Tony Hudspeth, Betsy Romere, Jeff Bork, Barbara McLachlan.

Joe Wheeling led the Board, Staff, and guests in reciting the Pledge of Allegiance.

**I. APPROVAL OF AGENDA**

**Motion:** Director McInnis moved to approve the agenda as presented. Motion seconded and carried without dissent.

**II. MEMBER COMMENTS AND CONCERNS** — Member Jeff Bork asked the Board of Directors to issue a decision on his request to receive tap fee compensation for the line extended

to his property. CEO Dreyspring thanked Mr. Bork and advised him that the request is being processed with Engineering Department, and LPEA Staff will be in contact.

State Representative Elect, Barbara McLachlan introduced herself and expressed her intention to listen, learn, and represent LPEA to the best of her abilities, at the State level.

**III. CONSENT BOARD ITEMS** — Director Montoya addressed the Consent Board Items. Direction was given to correct 2 items in the Board meeting minutes.

**Motion:** Director Wheeling moved to approve the consent items: accepting new members, capital credit payments to estates, monthly write-offs, and minutes for the October 17, Committee of the Whole, and October 19, 2016 Board meeting with approved corrections. Motion seconded, and carried without dissent.

**IV. CEO AND STAFF REPORTS** — Staff addressed the written reports included in the Board packet and took all questions. CEO Dreyspring highlighted meetings and gave updates on discussions with various entities. CFO Svanes advised that revenue is slightly higher than forecast due to variances in the load factor, the On Bill Financing program is doing very well, and capital credits will be applied in early December. Linda Looman reported that Employee development and communication improvements are underway through internal education and leadership training.

Ron Meier discussed issues relating to land use codes and construction; as well as line extensions and tap fees. Justin Talbot addressed the impact of increased regulations, and noted that system-wide PCB testing will be complete by the end of the month. Indiana Reed advised that the 2017 rates will be published in the Durango Herald and Pine River Times on Friday, November 18. Dan Harms highlighted the Williams Waste Heat recovery project in his report.

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

**LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 120 BOARD VACANCIES** — CFO Svanes addressed recommended revisions to Policy 120 Board Vacancies and took questions.

**Motion:** Director Formwalt moved to adopt revised Policy 120 Board Vacancies. Motion seconded and carried without dissent

**LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 124 EMPLOYEE EXPENSE ACCOUNTS (RENUMBERED TO 401)** — CFO Svanes addressed recommended revisions to Policy 124 Employee Expense Accounts, renumbered to 401, and took questions.

**Motion:** Director Lynch moved to adopt revised Policy 124 Employee Expense Accounts, renumbered as Policy 401 Employee Expense Accounts. Motion seconded and carried without dissent.

**LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 125 OFFERS TO ACQUIRE ALL, OR SUBSTANTIALLY ALL, OF LA PLATA ELECTRIC ASSOCIATION, INC. ASSETS** — CFO Svanes addressed recommended revisions to Policy 125 Offers to Acquire all or Substantially All of La Plata Electric Association, Inc. Assets, and took questions. At the direction of the Board of Directors, Staff and Attorney Denning will make clarifications to various points of language within the policy, revise language defining a qualified offer, and present for review at the December 14, 2016 Board meeting.

**Motion:** Director Huntington moved to table discussion of revised Policy 125 Offers to Acquire All, or Substantially All, of La Plata Electric Association, Inc. Assets, to a future meeting. Motion seconded and carried without dissent.

**LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 126 PROFESSIONAL CONDUCT DURING BOARD OF DIRECTOR MEETINGS** — CFO Svanes addressed recommended revisions to Policy 126 Professional Conduct During Board of Director Meetings. Discussion ensued about points of language, enforcement, best practices, and discretion of the Board Chairman.

**Motion:** Director Turner moved to rescind Policy 126 Professional Conduct During Board of Director Meetings. Motion seconded; however motion to rescind Policy 126 failed 5 to 7.

Staff and Attorney Denning will revise language and present for Board review at the December 14, 2016 Board meeting.

**RESOLUTION 2016-19 2017 BUDGET AND FORECAST** — CFO Svanes highlighted items from the October 19, 2016 Board meeting discussions on preliminary budget and revenue requirements that were approved unanimously, and took questions. The Board discussed the potential impact of future Tri-State rate hikes and deferred revenue on the LPEA budget (which has room for contingencies) and rates; as well as ways to mitigate risks and increase the rate of return on investments from non-revenue sources in order to remain compliant with covenants.

**Motion:** Director Bassett moved to adopt Resolution 2016-19 2017 Budgets and Forecast. Motion seconded and carried without dissent.

**RESOLUTION 2016-20 2017 RATES AND TARIFFS** — Dan Harms reviewed the 2017 draft rates that were met with Board approval during the October 17, 2016 Committee of the Whole meeting and will take effect January 1, 2017. Based on the draft rates presented in October, Staff

recommended the following changes to the rate schedules: (1) 3.6% increase (equal to a wholesale pass through) for Transmission Service rates; (2) \$1.50 decrease in base rate, 33% more off-peak hours, and an on-peak rate increase to 23 cents per kWh for Residential Time of Use (potential customer bill savings of 5-40%); (3) staggered timing of ETS heaters for load control; (4) 50% more off-peak hours, \$1.50 decrease in base rate, and an on-peak rate increase to 23 cents per kWh, for small commercial Time of Use customers; and (5) no change to Irrigation rates.

**Motion:** Director Alley moved to adopt Resolution 2016-20 2017 Rates and Tariffs. Motion seconded and carried without dissent.

**SELECT AREA OF EMPHASIS FOR AUDIT** — Staff recommended that Unbilled Revenue be considered for the area of emphasis in conjunction with the annual audit in order to ascertain whether the process of accrual and reconciling of energy sales that falls between billing cycles is functioning correctly.

**Motion:** Director Formwalt moved to approve the recommendation by Staff for Unbilled Revenue as the area of focus in conjunction with the annual audit. Motion seconded and carried 11 to 1. Director Berman dissented.

**DIRECTOR REIMBURSEMENTS** — Treasurer Barger reported the Director expense items.

LPEA Mileage Reimbursements

Mike Alley	\$64.80	Bob Lynch	\$64.80
Karen Barger	\$14.04	Doug Lyon	\$2.16
Britt Bassett	\$00.00	Kohler McInnis	\$8.64
Jeff Berman	\$00.00	Davin Montoya	\$18.90
Robert Formwalt	\$64.80	Jack Turner	\$14.04
Dan Huntington	\$25.92	Joe Wheeling	\$14.04

LPEA Board Meetings

Mike Alley	\$1200.00	Bob Lynch	\$1200.00
Karen Barger	\$1200.00	Doug Lyon	\$1200.00
Britt Bassett	\$1200.00	Kohler McInnis	\$1200.00
Jeff Berman	\$1200.00	Davin Montoya	\$1200.00
Robert Formwalt	\$1200.00	Jack Turner	\$1200.00
Dan Huntington	\$1200.00	Joe Wheeling	\$1200.00

Other External Meetings

Mike Alley	\$200.00	Bob Lynch	\$00.00
Karen Barger	\$00.00	Doug Lyon	\$00.00
Britt Bassett	\$00.00	Kohler McInnis	\$525.00
Jeff Berman	\$00.00	Davin Montoya	\$00.00
Robert Formwalt	\$200.00	Jack Turner	\$00.00
Dan Huntington	\$00.00	Joe Wheeling	\$00.00

**Motion:** Director Turner moved to approve Director expenses as presented. Motion seconded and carried without dissent.

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

**DIRECTOR TRAINING ALIGNMENT WITH STRATEGIC PLAN** — The Board was in agreement that during the 2017 Spring Strategic Planning Retreat, consideration will be given to adding “Director Travel” to the Objectives and Initiatives.

**DIRECTION WITH 4CORE** — There was agreement among the Board that an LPEA Director will not be appointed to attend the 4CORE Board meetings, as LPEA Energy Advisor, Nancy Andrews works closely with 4CORE is able to report monthly activity, and that Director Turner was appointed by the 4CORE board as an at large member.

**VII. ATTORNEY REPORT** — Referring to the written report included in the Board packet, Attorney Denning highlighted work done for LPEA and took all questions.

## **IX. DIRECTOR REPORTS AND OTHER BOARD ACTIONS**

**ROUND-UP FOUNDATION REPORT** — Director McInnis reported the following October grants: \$4,000 to Project Merry Christmas, \$1,000 to Arc of Southwest Colorado from the Round Up Foundation, and a \$1,000 Education grant to Bayfield High School Friends for Rachel. McInnis advised of Board vacancies and requested recommendations for re-appointments or new candidates.

**FASTTRACK COMMUNICATION** — Director Wheeling reported that October financials are good, despite increased expenses from Strategic Planning. The Business Plan is being finalized and engineers are working with LPEA to determine make-ready costs for the Durango Central project.

**TRI-STATE** — Director Wheeling reported that lengthy discussions have taken place on Regional Transmission Organization timelines, governance, how to move forward with partnership agreements, and assigning a provider. The RTO conversion could be online as soon as 2019. Wheeling noted that an opportunity for savings is possible due to market efficiencies. Wheeling also addressed member responses to the Tri-State Contract Committee member poll on changes to the Wholesale Power Contract and took questions.

**4CORE REPORT** — Program Manager, Laurie Dickson gave an update on the Southwest Horizons Solar Barn Raising and Habitat for Humanity solar projects which received a \$25,000 grant from the LPEA Green Power fund. LPEA is processing 4CORE documentation for an additional \$10,000 in matching funds.

LPEA Energy Advisor, Nancy Andrews reported that the prospective partnership with Southwest Council of Governments would put the non-profit status of 4CORE at risk, and will not take

place; however, both organizations will continue to collaborate on grants and programs as possible. 4CORE is working on a Refuel Colorado program grant for electric vehicle charging stations in the area, and working with Energy Outreach Colorado on energy efficiency rebates.

**CREA** — Director McInnis reported that no cost increase is expected for Colorado Country Life magazine or membership dues in the coming year. A vehicle AED saved the life of a Mountain Parks lineman who suffered heart failure after contact with a hot line. McInnis also reported that Colorado received \$70 million from the VW settlement, with \$11 million earmarked for charging stations, and the remainder for alternative energy fleets.

**WESTERN UNITED** — Director Formwalt addressed the written sales report included in the Board packet and took questions. Of note, October sales were above budget, the test labs are doing very well, and a 3-year planning session will take place in January.

**IX. UPCOMING EXTERNAL MEETINGS** — There were no questions about the Upcoming External Meeting schedule included in the Board packet

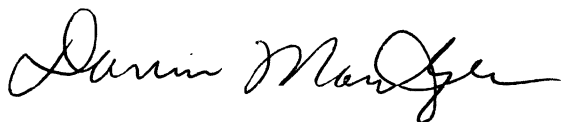
**X. REVIEW OF CEO ACTION LIST** — CEO Dreyspring reviewed the list of action items taken from the Board meeting and answered all questions. The LPEA Board directed CEO Dreyspring to submit a letter of public comment to the Colorado Department of Public Health and Environment advocating consideration for charging stations along the Highway 550 and Highway 160 corridors.

**XI. EXECUTIVE SESSION**

**Motion:** Director Barger moved to enter into Executive session at 2:52 p.m. to discuss Industrial Load Retention and review the LPEA Wholesale Contract and Tri-State Policy 115 Issues (Director Wheeling was excused from the Tri-State discussion). Motion seconded and carried without dissent. The Board came out of executive session at 3:35 p.m.

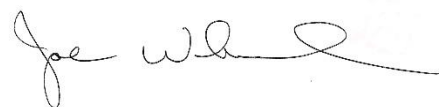
**XII. FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES** — the LPEA 2017 Board meeting dates will be considered for adoption at the December 2016 Board meeting.

There being no further business, the LPEA Board of Directors meeting adjourned at 3:35 p.m. Recorded by: C.E. Charistopoulos, approved by:



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Davin Montoya, President



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Joe Wheeling, Secretary