

LA PLATA ELECTRIC ASSOCIATION, INC.  
Board of Directors Minutes of Meeting  
December 14, 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, December 14, 2016 at the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 9:00 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		Jack Turner
Jeff Berman	Doug Lyon	

**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  
Linda Looman, Manager of HR and Customer Service  
Indiana Reed, Marketing & Communications Consultant  
C. E. Charistopoulos, Executive Assistant  
Nancy Andrews, Energy Management Advisor  
Gayle Norman, Manager of Staking Services  
Rachel Schur Wagner, Staff Engineer  
Clifford Field, Intern-Student  
Shay Denning, Attorney

**EXCUSED ABSENCE:** Joe Wheeling, Secretary, Bob Lynch, Justin Talbot, Manager of Operations

**GUESTS** (from sign in sheet): The following guests were present: Michael Bell, Tony Hudspeth, Betsy Romere, Jeff Bork, Ana McCoy, Trevor Hewitt, Jim Morehart, John Beebe, Sherry Bowman, Ben Gibson, Tom Compton.

Bob Formwalt 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 10 to 0.

**II. MEMBER COMMENTS AND CONCERNS** — Non-member, Ben Gibson asked if the Time of Use (TOU) program would become mandatory for residential service. Dan Harms advised there are no changes to the standard residential rate for 2017, the TOU rate remains optional at this time, and mandatory TOU is a possibility by 2021.

**III. CONSENT BOARD ITEMS** — Director Montoya addressed the Consent Board Items. Direction was given to clarify one item in the November 16, 2016 Board meeting minutes.

**Motion:** Director Lyon moved to approve the consent items: accepting new members, capital credit payments to estates, monthly write-offs, and minutes for the November 16, 2016 Board meeting, with approved corrections. Motion seconded, and carried 10 to 0.

**IV. CEO AND STAFF REPORTS** — Staff addressed the written reports included in the Board packet and took all questions. CEO Dreyspring highlighted meetings attended, and reviewed the 4CORE expense allocation of the LPEA Green Fund grant awarded for the SW Horizons Solar Barn Raising project. A total sum of \$689.30 in matching funds will be awarded to cover additional material expenses. CFO Svanes advised that the November Financial Report is not available due to the earlier timing of the December Board meeting, and the November report will be forwarded to the Board of Directors for review next week. Svanes noted that the 2017 IRS mileage reimbursement rate was lowered to \$.0535 per mile.

Linda Looman reported that phone IVR (Integrated Voice Response) challenges reported by members were being analyzed for improvements. Ron Meier gave an update on the status of the Communications Coordinator interviews, reported that final permitting for the Oxford Solar Tract is expected from the Tribe by the end of the year, and advised that staff is looking to NRECA for assistance with two member satisfaction surveys slated for 2017. Indiana Reed addressed current news releases, articles, commercials, radio messages, and social media data.

Dan Harms noted that all agreements are in place for an industrial member generation project, and that LPEA has been approached by another industrial customer for a similar potential project. Staff are configuring a mobile mapping system to enable interactive map access for mobile devices in the field.

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

**LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 125 OFFERS TO ACQUIRE** — Attorney Denning addressed recommended revisions to Policy 125 Offers to Acquire, and took questions.

**Motion:** Director Lyon moved to adopt revised Policy 125 Offers to Acquire. Motion seconded and carried 10 to 0.

**LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 126 PROFESSIONAL CONDUCT DURING BOARD MEETINGS** — CFO Svanes and CEO Dreyspring addressed recommended revisions to Policy 126 Professional Conduct During Board Meetings, and took questions.

**Motion:** Director Huntington moved to adopt revised Policy 126 Professional Conduct During Board Meetings. Motion seconded and carried 9 to 1, Director Turner dissenting in favor of rescission.

**LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 214 RATE DEVELOPMENT** — CFO Svanes and Attorney Denning addressed recommended revisions to Policy 214 Rate Development, and took questions.

**Motion:** Director Alley moved to adopt revised Policy 214 Rate Development. Motion seconded and carried 10 to 0.

**LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 313 REIMBURSEMENT FOR DAMAGES TO COOPERATIVE PROPERTY**— CFO Svanes and Attorney Denning addressed recommended revisions to Policy 313 Reimbursement for Damages to Cooperative Property.

**Motion:** Director Turner moved to adopt Policy 313 Reimbursement for Damages to Cooperative Property. Motion seconded and carried 10 to 0.

**LPEA POLICY REVIEW AND POSSIBLE APPROVAL: RESCISSION OF POLICY 340 ECONOMIC AND COMMUNITY DEVELOPMENT**— CFO Svanes addressed recommendations to rescind Policy 340 Economic and Community Development, on the basis that it is redundant and has already been addressed in Policy 103 Delegations of Authority from the Board of Directors to the Chief Executive Officer.

**Motion:** Director Formwalt moved to rescind Policy 340 Economic and Community Development. Motion seconded and carried 10 to 0.

**REVIEW LINE EXTENSION POLICY** — Ron Meier reviewed the Line Extension Policy, timing of rebates and credits, *tap fee* concerns, and the process forward in response to issues raised by members, Jim Morehart and Jeff Bork, who were in attendance and engaged in discussion. The Line Extension Policy describes how the cooperative interacts with various types of member requirements to establish service; and takes into consideration financial impacts to membership, local economic development, and strategic goals. Line extension fees serve to help new members locate as close as possible to existing LPEA facilities, and reduce the risk of existing members subsidizing new electric facilities costs. CEO Dreyspring will draft a formal response to both members following direction by the Board.

**RESOLUTION 2016-21 2017 BOARD MEETING SCHEDULE**— President Montoya addressed the 2017 Board Meeting Schedule, and took questions.

**Motion:** Director Formwalt moved to adopt Resolution 2016-21 2017 Board Meeting Schedule. Motion seconded and carried 10 to 0.

**RESOLUTION 2016-22 IRREVOCABLE LETTER OF CREDIT SUIT/BIA** — CFO Svanes addressed Bureau of Indian Affairs entitlements, and statutes that necessitate an Irrevocable Letter of Credit for construction on Tribal lands, and took questions.

**Motion:** Director Barger moved to adopt Resolution 2016-22 Irrevocable Letter of Credit SUIT/BIA. Motion seconded and carried 10 to 0.

**RESOLUTION 2016-23 BUSINESS INTERNET BANKING** — CFO Svanes reviewed internet contracts in place to prevent fraud with internet banking, and took questions.

**Motion:** Director Lyon moved to adopt Resolution 2016-23 Business Internet Banking. Motion seconded and carried 10 to 0.

**APPOINT DELEGATE AND ALTERNATE TO NRECA, NISC, NRTC, CFC, AND FEDERATED INSURANCE 2017 ANNUAL MEETINGS**—There was consensus among the Board to appoint Director Barger as the 2017 voting delegate, and Director Berman as the 2017 voting alternate.

**Motion:** Director McInnis moved to approve Director Barger as the 2017 voting delegate, and Director Berman as the 2017 voting alternate. Motion seconded and carried 10 to 0.

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

LPEA Mileage Reimbursements

Mike Alley	\$194.40	Bob Lynch	\$00.00
Karen Barger	\$14.04	Doug Lyon	\$2.16
Britt Bassett	\$00.00	Kohler McInnis	\$25.92
Jeff Berman	\$00.00	Davin Montoya	\$18.90
Robert Formwalt	\$64.80	Jack Turner	\$14.04
Dan Huntington	\$51.84	Joe Wheeling	\$00.00

LPEA Board Meetings

Mike Alley	\$1200.00	Bob Lynch	\$00.00
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	\$1000.00

Other External Meetings

Mike Alley	\$00.00	Bob Lynch	\$00.00
Karen Barger	\$00.00	Doug Lyon	\$00.00
Britt Bassett	\$00.00	Kohler McInnis	\$650.00
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 Huntington moved to approve Director expenses as presented. Motion seconded and carried 10 to 0.

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

**ROUND UP FOUNDATION BOARD APPOINTMENT RECOMMENDATIONS** — The LPEA Board confirmed recommendations for Round Up Foundation Board of Director vacancies for Districts 1 and 4; and reappointments for Districts 2 and 3.

**Motion:** Director Barger moved to appoint Melinda Volger for District 1, and Patti Zink for District 4; and to reappoint Sheryl Ayres for District 2, and Werner Heiber for District 3. Motion seconded, and carried 9 to 0, with one abstention by Director Formwalt.

**ANNUAL MEETING: PRELIMINARY ESC NOMINATIONS** — LPEA bylaws state that the Election Supervisory Committee must be appointed two months prior to the Annual Meeting. The 2016 committee members will be contacted to vet current eligibility and commitment to the 2017 Annual Meeting election process.

**RATE TOPIC: REVIEW MEMBER RESPONSE TO 2017 RATE TARIFFS ADOPTED BY BOARD** — Harms addressed contact with a member to identify solutions for concerns raised by the member; and noted that all member feedback on the adopted 2017 LPEA Rate Tariffs has been processed by LPEA staff.

**SUIT POLICY 115 CONTRACT** — Dan Harms discussed hurdles to the QF approach with the SUIT Oxford Solar Tract project and the benefits of pursuing an application under the old Tri-State Policy 115, and took questions. Attorney Denning opined on the adoption of the project under Tri-State Policy 115, subject to their approval of LPEA’s recommended changes to the policy. There was consensus among the Board to continue discussion in executive session.

**LUNCH PRESENTATION: VILLAGE AID PROJECT, BY RACHEL SCHUR WAGNER AND CLIFF FIELD** — Wagner and Field shared their experience with the Village Aid Project, formerly known as Engineers Without Borders.

**2017 LPEA LEGISLATIVE OBJECTIVES** — CEO Dreyspring presented various legislative issues and initiatives being discussed at NRECA, CREA, and locally for Board consideration.

**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 that Round Up Foundation grants were awarded to Immaculate Heart Food Bank (\$1,000), Shop With a Cop (\$3,000) and Pagosa Crisis Pregnancy Center/Thrive (\$3,000). Educational grants were awarded to the Archuleta County Education Center (\$2,000), Durango Montessori School (\$1,592) and Tri-County Headstart (\$3,400). Round Up participation has increased by 43 members, and 174 members participate in Round Up Plus. McInnis discussed Board vacancies in Districts 1 and 4, and reappointment potentials for Districts 2 and 3.

**FASTTRACK COMMUNICATION** — CEO Dreyspring advised that the FastTrack Board meeting is scheduled for December 20, 2016.

**TRI-STATE** — CFO Svanes touched on RTO discussions, committee updates, a presentation on energy efficiency, year-end financials, and capital credits discussed at the December Board meeting.

**CREA** — Director McInnis gave highlights from the written report included in the Board packet, noting a tour of Western United Energy facilities, and discussions with CFO, Greg Mordini. McInnis reported on Safety and Loss Control, Legislative Session discussions, and manager's meeting.

**WESTERN UNITED** — Director Formwalt reported strong margins are creating the possibility for early capital credit retirements, and order backlog is more than double over last year. Three acres of storage have been added to accommodate strengthened inventory. CEO Dreyspring reported on WUE's pricing mitigation strategy for its material alliance accounts.

**4CORE REPORT** — Nancy Andrews reported that LPEA completed and approved expense reconciliation for the SW Horizons Solar Barn Raising project. Kurt Schneider, Treasurer, and Paul Senecal, VP, have resigned from the Board; and five new members have been confirmed: Dan Naimen, planner, Town of Ignacio; Doug Large, Pagosa Springs solar installer; Bonnie Rozean, former Finance Clerk, then Manager at 4CORE from 2009 – 2014; Patrick Cummins, Clean Power Plan compliance coordinator for Bill Ritter/New Energy Economy; and Laurie Williams, FLC Engineering professor, and faculty coordinator for Engineers Without Borders.

**IX. UPCOMING EXTERNAL MEETINGS** — The Board discussed upcoming external meetings and directed the Executive Assistant to add the April 2017 NRECA Directors Meeting in Tampa, FL to the agenda. The Executive Assistant will contact Directors about attendance at the February CREA and NRECA Annual meetings.

**X. REVIEW OF CEO ACTION LIST** — CEO Dreyspring reviewed the list of action items taken from the Board meeting and answered all questions.

**XII. FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES** — Director Berman requested discussion of the Waste Heat Recovery Contract renewal; Director Turner requested a discussion about advocating on behalf of the Pagosa Springs Senior Center for EPA grant funds from the VW Settlement (for which they are eligible). Following the conclusion of the Board meeting, a request was made to CEO Dreyspring by Director Bassett to discuss Board Holiday Gifts, which was approved by President Montoya.

**XI. EXECUTIVE SESSION** — President Montoya requested a motion to move into executive session to discuss an Industrial Member Update, the SUIT Policy 115 contract, and resolution of a member Line Extension issue.

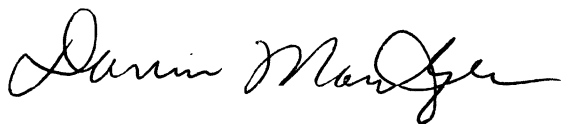
**Motion:** Director Turner moved to enter into executive session at 1:45 p.m. Motion seconded and carried 10 to 0.

The Board Came out of executive session at 2:45 p.m. CEO Dreyspring will draft formal, individual letters of response to Line Extension Policy concerns brought by members Jeff Bork and Jim Morehart.

**Motion:** Director McInnis moved to approve Attorney Denning’s recommended motion to approve the SUIT Policy 115 contract *to authorize CEO, Mike Dreyspring, to execute Contract No. TS-16-0154 with Tri-State regarding the Solar Project on the Southern Ute Indian Tribe, following legal review.* Motion seconded and carried 8 to 2, with Directors Bassett and Berman dissenting.

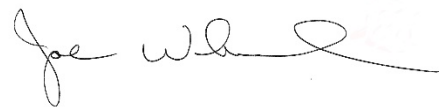
There being no further business, the LPEA Board of Directors meeting adjourned at 2:50 p.m.

Recorded by C.E. Charistopoulos, and approved by:



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Davin Montoya, President



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Joe Wheeling, Secretary