

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors Minutes of Meeting
January 18, 2017
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 18, 2017 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	Bob Lynch	Jack Turner
Jeff Berman	Doug Lyon	Joe Wheeling, Secretary

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
Indiana Reed, Marketing & Communications Consultant
C. E. Charistopoulos, Executive Assistant
Nancy Andrews, Energy Management Advisor
Brad Fuqua, Engineering IT Specialist
Don Short, GIS Services Specialist
Barry Spear, Attorney

EXCUSED ABSENCE: Linda Looman, Manager of HR and Customer Service

GUESTS (from sign in sheet): The following guests were present: Betsy Romere, Aaron Dunlap, John Shaw, Michael Bell, Tony Hudspeth

Barry Spear 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 — None.

III. CONSENT BOARD ITEMS — Director Montoya addressed the Consent Board Items.

Motion: Director Alley moved to approve the consent items: accepting new members, capital credit payments to estates, monthly write-offs, and minutes for the December 14, 2016 Board meeting. Motion seconded, and carried without dissent.

IV. CEO AND STAFF REPORTS — CEO Dreyspring highlighted LPEA’s internal leadership training program that partners with Empire Electric for ongoing education and training, and discussions with the City of Farmington to share resources and collaborate on a mutual aid agreement to provide better service in times of crisis. Dreyspring is working on a marketing campaign to encourage members to report outages using the SmartHub app, and Staff will review and update the Strategic Plan O&I’s during a planning retreat in February. Dreyspring will begin reviewing power supply costs and details in the CEO report on a quarterly basis beginning in April or May, 2017.

Dennis Svanes noted a change in GSA mileage reimbursement rate, and Nadine Ontiveros reported on the January 16, 2017 Employee Annual Meeting. Ron Meier advised that a permit for the Oxford Tract Solar Array was denied by the Tribal Council, the NERC self-certification is underway, and Staff is working with Archuleta County to modify land use codes pertaining to overhead lines.

Justin Talbot reported that severe weather conditions have resulted in the postponement of customer projects until Spring and an increase in outage-related workload, and that a damaged arrester was responsible for the January 17, 2017 outages in Trimble, the west side, and downtown Durango. Dan Harms presented load profiles for 2017 Time of Use (TOU) hours which show a substantial reduction in spikes and a better balance in load factor.

CSG TOU COMPENSATION – Dan Harms reviewed the 2016 method in which Community Solar Garden (CSG) kWh allocation off sets on-peak usage at \$0.168 per kWh, and banks the remaining allocation for purchase by LPEA at \$0.066 per kWh. Because of the 2017 change in TOU hours, CSG production occurs primarily during off-peak hours, resulting in compensation well-above that received by roof-top solar members on TOU, if purchased at an on-peak rate.

Harms stated that a revised CSG policy may be needed which would credit TOU CSG customers with a blended rate of \$0.078 per kWh for all hours. This would bring more parity with TOU members with rooftop solar. Director Berman suggested that, in his opinion, Board action should be considered to establish any changes rate methodology contained in this policy.

REVIEW OF HOLIDAY OUTAGES – Justin Talbot reviewed 2 large outages in La Plata County on December the 16th and 22nd, and one in Archuleta County on December 23rd. Of the 149 individual outages, 5 involved downed lines, and the average repair time was 4 hours.

ADVOCACY DISCUSSION: VW SETTLEMENT FUNDS FOR PAGOSA SPRINGS SENIOR CENTER – The Board discussed a \$25,000 EPA Environmental Justice grant

received by 4CORE for a project at the Socorro Senior Living Apartments in Pagosa Springs, CO. Dan Harms advised that he met with 4CORE Project Manager, Laurie Dickson, to discuss the many stipulations within the grant, such as energy storage, and that LPEA is interested in exploring a Tesla Battery Wall.

ANNUAL MEETING: BOARD NOMINATIONS FOR ELECTION SUPERVISORY COMMITTEE – The Board reviewed the list of confirmed LPEA District Election Supervisors for the May 13, 2017 LPEA Annual Meeting in Ignacio, CO. It was noted that the address for Sheryl Ayers needs to be confirmed.

Motion: Director Lyon moved to approve the 2017 Election Supervisory Committee nominations for the May 13, 2017 LPEA Annual Meeting in Ignacio, CO. Motion seconded and carried without dissent.

QUARTERLY FINANCIAL REPORT – CFO Svanes reviewed the preliminary year-end Financial Reports and took all questions. Of note, 946,000,000 kWh was sold in 2016, more than forecast; and 2016 energy sales came in at \$103.5 million.

QUARTERLY OUTAGE AND SAFETY REPORTS – Justin Talbot reported 8 major outages in (affecting 250 or more members) in the fourth quarter, 434 planned outages, 176 weather related outages, and 111 outages due to other causes. Talbot discussed the January 5, 2017 outage in Pagosa Springs in which a cloud-to-cloud lightning strike induced voltage into a downed power line and struck a lineman who was properly grounded. He was taken to the Emergency Room, and follow-up visits indicate that he is unharmed. As of December 31, 2016, days with no lost time numbered 1,322. Talbot reviewed the extensive, monthly, day-long 4th quarter and upcoming training received by Operations staff, and took all questions.

QUARTERLY CONSULTANT AND CONTRACTOR REPORTS – CFO Svanes addressed the Consultant and Contractor Report. No questions were taken.

QUARTERLY CONSTRUCTION AND MAINTENANCE REPORTS – Ron Meier addressed the Construction and Maintenance Report. No questions were taken.

V. ITEMS REQUIRING BOARD ACTION

APPOINT DELEGATE AND ALTERNATE TO CREA AND WESTERN UNITED ANNUAL MEETING —

Motion: Director McInnis moved to appoint Director Barger as the CREA Annual Meeting voting delegate, and Director Turner as the alternate. Motion seconded and carried without dissent.

Motion: Director Huntington moved to appoint Director McInnis as the Western United Annual Meeting voting delegate, and Director Turner as the alternate. Motion seconded and carried without dissent.

VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

HOSTING ARCHULETA COUNTY COMMISSIONERS FOR LUNCH – LPEA was pleased to have Commissioners Steve Wadley, Michael Whiting, and Archuleta County Administrator, Bentley Henderson, join Staff and the Board of Directors for lunch. Discussion centered around redundancy service of electricity in Archuleta County, efforts to gather funds to provide power to the Pagosa Lakes subdivision, a renewable energy project that plays a vital economic role in the Pagosa Springs community, and outages.

LPEA MAPPING SYSTEM, PRESENTED BY PRESENTER: BRAD FUQUA, ENGINEERING IT SPECIALIST, AND DON SHORT, GIS SERVICE SPECIALIST – Don Short gave a historical review of LPEA’s GIS and Mapping system, and the evolution of software applications that have resulted in the current IOS mapping solution. The app is proprietary and member information is protected. Brad Fuqua demonstrated features of the system, discussed the capacity for increased productivity and efficiency in response time, and took all questions.

VIII. DIRECTOR REPORTS AND OTHER BOARD ACTIONS

4CORE REPORT – Laurie Dickson reported that 4CORE is moving ahead with a Solar Barn Raising Project to install a Tesla Battery Wall at the Socorro Senior Living Apartments in Pagosa Springs, with non-competitive funds received from the EPA settlement. 4CORE is also looking at partnering with Energy Outreach Colorado and the CARE weatherization program for energy audit programs that will provide gas and electric rebates for income qualified AMI members.

V. ITEMS REQUIRING BOARD ACTION

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: DISCUSS UNCLAIMED CAPITAL CREDITS, POLICY 208 DISPOSITION OF UNCLAIMED PROPERTY — CFO Svanes addressed recommended revisions to Policy 208 Disposition of Unclaimed Property, and took questions.

Motion: Director Formwalt moved to adopt revised Policy 208 Disposition of Unclaimed Property. Motion seconded and carried without dissent.

CEO Dreyspring was directed to provide a full report on the source, balance, and distribution of all LPEA discretionary funds at the February 15, 2017 Board meeting, to facilitate further discussion.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: DISCUSS RESCISSION OF POLICY 356 EDUCATIONAL DONATIONS/CONTRIBUTIONS — CFO Svanes addressed the recommendation to rescind Policy 356 Educational Donations/Contributions, and took questions.

Motion: Director Turner moved to rescind Policy 356 Educational Donations/Contributions. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: REVIEW MEMBERSHIP BOARD DISTRICTS, POLICY 128 ESTABLISHING BOARD OF DIRECTOR DISTRICTS — CFO Svanes addressed recommended revisions to Policy 128 Establishing Board of Director Districts, and took questions.

Motion: Director Berman moved to adopt revised Policy 128 Establishing Board of Director Districts, noting that the Board Districts were reviewed and approved. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: RESCISSION OF POLICY 322 JOINT USE OF FACILITIES— CFO Svanes addressed the recommendation to rescind Policy 322 Joint Use of Facilities, and took questions.

Motion: Director Berman moved to rescind Policy 322 Joint Use of Facilities. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: DISCUSS SCHOLARSHIP PROGRAM AND RELATED POLICIES — CFO Svanes discussed Policy 403 GED Testing Scholarships, Policy 411 La Plata Electric Scholarship, and Policy 416 John Voelker Vocational School Scholarship, and the benefit of combining them into a single Scholarship policy, and took all questions. Svanes will present a draft policy with recommended Board revisions for review at the February 15, 2017 Board meeting.

DIRECTOR REIMBURSEMENTS — Treasurer Barger reported the Director expense items.

LPEA Mileage Reimbursements

Mike Alley	\$64.20	Bob Lynch	\$64.20
Karen Barger	\$13.91	Doug Lyon	\$2.14
Britt Bassett	\$00.00	Kohler McInnis	\$17.12
Jeff Berman	\$00.00	Davin Montoya	\$18.73
Robert Formwalt	\$64.20	Jack Turner	\$14.45
Dan Huntington	\$25.68	Joe Wheeling	\$14.98

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	\$125.00	Bob Lynch	\$00.00
Karen Barger	\$00.00	Doug Lyon	\$00.00
Britt Bassett	\$00.00	Kohler McInnis	\$00.00
Jeff Berman	\$00.00	Davin Montoya	\$00.00
Robert Formwalt	\$00.00	Jack Turner	\$00.00
Dan Huntington	\$00.00	Joe Wheeling	\$00.00

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

VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

DISCUSSION OF BOARD HOLIDAY GIFTS — The Board discussed the appropriateness of gifts purchased by LPEA for Directors, specifically the prime ribs ordered for employees and Directors during the holidays. Attorney Spear opined that Policy 129 Code of Ethics and Conduct, allows gifts of nominal value for employees and Directors of the cooperative. There was consensus among the Board that gifts presented to Directors which are consistent with gifts given to all employees was acceptable practice.

RECONCILING OF NET METERED TIME OF USE — The Board agreed that no further discussion or Board action was necessary, based on the previous discussion of Agenda item VI-A-3. *CSG TOU Compensation.*

LINE EXTENSION POLICY REVIEW — The Board discussed revising the language to allow a credit to be issued for proof of construction on a primary residence, as opposed to the current policy language that requires a building permit. Meier will present a revised Line Extension Policy for review at the February 15, 2017 Board meeting.

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

IX. DIRECTOR REPORTS AND OTHER BOARD ACTIONS

ROUND-UP FOUNDATION REPORT — Director McInnis reported Round Up grants and Educational grants made in December to Community Foundation of SW Colorado (\$2,000), Durango Botanical Gardens (\$1,000), Sexual Assault Services Organization (\$2,500 and \$4,000), FLC Robotic GNOME Lab (\$1,000) and La Plata Open Space (\$1,000).

CREA — Director McInnis and CEO Dreyspring met with incoming House of Representative member Barbara McLachlan.

FASTTRACK COMMUNICATION — The FastTrack Board and Staff discussed challenges faced with the strategic initiative in Durango, and are considering an alternate test-case

opportunity in a rural location that presents less risk and more favorable conditions. A wireless based broadband project in Montezuma County is also in the works.

TRI-STATE — Director Wheeling advised that the Mountain West group will solicit RFPs from Regional Transmission Organizations (RTO) to negotiate a path forward. The Tri-State Board is discussing Transmission assets and Wheeling will apprise CEO Dreyspring of developments as they unfold. Wheeling also touched on discussions in The Contract Committee that included Disruptive Utility Models, Rate Stabilization, and Member Surveys.

WESTERN UNITED — Director Formwalt addressed the written report included in the Board packet. No questions were taken.

IX. UPCOMING EXTERNAL MEETINGS —The Board discussed upcoming external meetings. Director Alley requested permission to attend the NRECA Annual Meeting and Director courses. Director McInnis requested permission to attend the February Tri-State Board meeting, and asked the Board to approve all external meeting travel requests.

Motion: Director Lynch moved to approve travel requests made by Directors Alley and McInnis. Motion seconded and carried without dissent.

CEO Dreyspring advised the Board that he would like to attend the NRECA Gettysburg Leadership Conference, and the Board agreed.

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 — Unclaimed Capital Credit Expenditures (Board), TOU and CSG Legal Opinion (Dreyspring), Line Extension Issue (Montoya), Ellen Roberts (Montoya), Cyber-security (McInnis).

XI. EXECUTIVE SESSION — President Montoya requested a motion to move into executive session to discuss Renewal of Cogeneration PPA Negotiations and Tri-State Policy 115, a Line Extension Issue, and the biomass project.

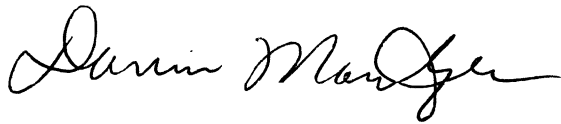
Motion: Director Huntington moved to enter into executive session at 3:20 p.m. Motion seconded and carried without dissent.

Director Berman left the meeting at 3:50 p.m., and Director Turner left the meeting at 4:02 p.m. The Board Came out of executive session at 4:17 p.m. The Board will discuss Renewal of Cogeneration PPA Negotiations and Tri-State Policy 115 at the February 15, 2017 Board meeting.

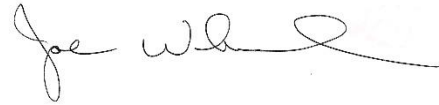
Motion: Director McInnis moved that the Executive Committee select a presiding officer to mediate a member issue with the Line Extension Policy. Motions seconded and carried without dissent.

There being no further business, the LPEA Board of Directors meeting adjourned at 4:18 p.m.

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



Davin Montoya, President



Joe Wheeling, Secretary