

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors Minutes of Meeting
May 17, 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, May 17, 2017 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	Dan Huntington	Kohler McInnis
Karen Barger, Secretary	Rachel Landis	Davin Montoya, President
Britt Bassett	Bob Lynch, Vice President	Jack Turner
Bob Formwalt	Doug Lyon, Treasurer	Guinn Unger

LPEA STAFF:

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

EXCUSED ABSENCE: None.

GUESTS (from sign in sheet): The following guests were present: Michael Bell, Adele Riffe, Philip Riffe, Harry Riegle, Tony Hudspeth, Lissa Ray, Jenn Wheeling, Betsy Romere, Susan Atkinson, Karen Pontius, Kirby MacLaurin, Werner Heiber, Jeff Berman, Carol Cure, John Shaw, Kristin Jensen, Monique DiGiorgio, Derek Wadsworth

Jack Turner 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. Director Turner requested Chairman's discretion to address member comments pertaining to the election of officers. President Montoya agreed. Motion carried without dissent.

II. MEMBER COMMENTS AND CONCERNS

Several members expressed a desire to see Directors work together as a team for the highest good of the membership, and requested that the Board elect officers and affiliate representatives in a balanced manner that represents the diversity of the membership, and an openness to renewable energy. LPEA was encouraged to continue providing public workshops on local and renewable energy and to keep up with technology.

ELECTION OF LPEA OFFICERS AND ROUND UP BOARD REPRESENTATIVES—

Attorney Denning apprised the Board of the policy and procedure for nominating and electing officers. Denning accepted and counted handwritten nominations for executive officers. Davin Montoya was elected to the office of Board President; Bob Lynch was elected by acclamation to the office of Board Vice President; Karen Barger was elected by acclamation to the office of Board Secretary; Doug Lyon was elected by acclamation to the office of Board Treasurer.

ELECTION OF LPEA REPRESENTATIVES TO TRI-STATE, CREA, AND WESTERN UNITED –

Director Bassett requested that the Board consider a future agenda item requiring that a portion of the stipend provided to the LPEA Director who is elected to the Tri-State Board of Directors, be donated to the Green Power Fund.

Attorney Denning accepted and counted hand written nominations for representatives to Tri-State, CREA, and Western United. Kohler McInnis was elected by majority vote to serve as the delegate to Tri-State; Karen Barger was elected by majority vote to serve as the delegate to CREA; Bob Formwalt was elected by acclamation to serve as the delegate for Western United.

Motion: Director McInnis moved to appoint Karen Barger to serve as the Western United alternate, and Bob Formwalt to serve as the CREA alternate. Motion seconded and carried without dissent.

Mike Alley and Guinn Unger expressed interest in serving on the Round Up Board.

Motion: Director Formwalt moved to appoint Mike Alley and Guinn Unger to serve on the Round Up Board. Motion seconded and carried without dissent.

Director Unger requested an agenda item to discuss LPEA's ownership interest in FastTrack Communications (FTC), and LPEA representation on that Board of Directors. President Montoya advised that the FTC slate of Directors was approved during FTC Annual Shareholder's meeting in April of 2017. Director Bassett requested that the FTC Annual Shareholders Meeting take place after the LPEA Annual Meeting to permit LPEA Directors to establish representation on the FTC Board of Directors. Director Formwalt and Attorney Denning advised that FTC is a private corporation and its Board meetings are closed to the public. Attorney Denning will present an overview of how FTC works as a subsidiary of LPEA at the June meeting, and confer with the FTC attorney about LPEA Director attendance and participation in FTC monthly Board meetings. CEO Dreyspring will bring LPEA Director concerns to the FTC Board for processing.

II. MEMBER COMMENTS AND CONCERNS (CONTINUED)

President Montoya advised that Dan Harms will present a second workshop on Renewable Energy at LPEA on June 8, 2017 from 5:00 – 7:00 p.m.

Member Karen Pontius invited all in attendance to the June 7 screening of the documentary, *From The Ashes*, at the Durango Public Library at 6:00 p.m. Member Harry Riegle stated appreciation for the Tacoma Hydro presentation at LPEA Annual Meeting and disappointment that only one director presentation was given and that a Q&A session did not take place. Member Riegle inquired about whether an LPEA Staff member could be appointed to the Tri-State Board of Directors; if so, could their salaries be donated to Round Up Foundation. CEO Dreyspring thanked Riegle for the question and advised that the cooperative form of governance is based on one member-one vote, and the fiduciary duty and duty of loyalty required of a Director presents a conflict of interest for cooperative staff whose duties and loyalties belong to the best interests of their own cooperative and its membership.

Member Derek Wadsworth asked for an open discussion about options for the Williams co-generation project prior to the upcoming vote, particularly as it pertains to Renewable Energy Credits (RECs) and freeing up the Tri-State 5% cap on DG. Dan Harms advised that all options would be presented and openly discussed in the afternoon session. Member Kirby MacLaurin stated a concern regarding the LPEA appointment to the Tri-State Board of Directors, that a conflict of interests exists for a Director to receive compensation from Tri-State, and negotiations might be less palatable to members for this reason. Member Lissa Ray restated a request that LPEA provide online access to full audio and/or video recordings of all Board meetings for the benefit of the members. President Montoya advised that communication is a core component of the Strategic Plan and will be addressed.

III. CONSENT BOARD ITEMS.

Motion: Director McInnis moved to approve the consent items: accepting new members, capital credit payments to estates, monthly write-offs, and minutes for the April 19, 2017 Board meeting. Motion seconded, and carried without dissent.

IV. CEO AND STAFF REPORTS

CEO Dreyspring presented a legislative tracking spreadsheet that is regularly monitored and updated by staff to track legislation relevant to the cooperative, and provide at-a-glance bill summaries and status. Dreyspring addressed LPEA's May 10th request to the Tri-State Contract Committee for an increase of the 5% DG allowance to 10%, highlighting the talking points and reporting no action taken by the Committee. Dreyspring noted the importance of writing a white paper that lays out the economic benefits of an increase in the DG allowance to Tri-State, and refutes the argument that other members would subsidize any additional percentage in the allowance.

CFO Svanes reported that the RUS financing of CoBank debt with CFC has been finalized. Linda Looman highlighted staff professional development and internal leadership programs. Ron Meier reported that Attorney Denning is drafting a legal agreement for PV installations sized above 120%; as well as, an agreement that puts smarter inverter technology in place to curtail generation when voltage limits are reached, both of which are designed to protect the power quality of the system for members. CEO Dreyspring received a first-place writing award from Colorado Country Life, and LPEA received the top award for overall newsletter content for the year. The line extension is underway for the LPEA EV charging station project which is set to be complete by June 30th.

Justin Talbot reported on work orders, system operations and maintenance, tree trimming and line locates, system interruptions and outages. Dan Harms touched on the EV charging station installation, the June 8th Large Scale Renewable Generation workshop, at LPEA from 5:00-7:00 p.m., and customer usage information captured on SmartHub. CFO Svanes addressed the Financial Report included in the Board packet and took questions on MDSC ratios, forecasting, and reporting requirements. A request was made to include a report of exception items on upcoming reports.

V. ITEMS REQUIRING BOARD ACTION

RENEWAL OF COGENERATION PPA NEGOTIATIONS – TRI-STATE POLICY 115 – Dan Harms explained that the current Williams Purchased Power Agreement (PPA) was LPEA’s first agreement with Tri-State under Policy 115 (effective June 1, 2007 through June 1, 2017), with compensation from a partial net metered energy arrangement. Harms reviewed three options to move forward before presenting his recommended course of action. The first option of non-renewal would result in freeing up 80% of the Tri-State 5% DG allowance which would have to be filled immediately with PPAs under .035 cents to remain revenue neutral to offset a \$450,000 annual loss in fixed cost recovery that LPEA membership would absorb.

The second option is to renew the Williams PPA under Tri-State Policy 115 and utilize the partial net metering provision which maintains Williams’ load and avoids lost revenue. The proposed agreement term is 8 years at a fixed rate to hedge against future Tri-State rate increases. The third option to renew the Williams PPA under Tri-State Policy 118 in which Tri-State would purchase the generation at market price of less than \$30/mWh, and LPEA would incentivize the agreement by contributing \$22/mWh. The 5% DG allowance would be freed up at a cost of \$902,000 annually to LPEA.

Harms proposed 2 resolutions based on the option to renew under Tri-State Policy 115. Discussion ensued on the possible outcomes of the FERC ruling against cost recovery mechanisms in Tri-State’s revised Policy 115, and buying out of the agreement with Tri-State. Director Unger requested a roll call vote on Resolution 2017-08 Tri-State LPEA Policy 115 117 for Williams Generation, and Resolution 2017-09 LPEA Williams PPA and REC Agreement.

RESOLUTION 2017-08 TRI-STATE LPEA POLICY 115 117 FOR WILLIAMS GENERATION and RESOLUTION 2017-09 LPEA WILLIAMS PPA AND REC AGREEMENT

Motion: Director Formwalt moved to adopt Resolution 2017-08 Tri-State LPEA Policy 115 117 for Williams Generation and Resolution 2017-09 LPEA Williams PPA and REC Agreement. Motion seconded.

Motion: Director Bassett moved to amend 2017-09 LPEA Williams PPA and REC Agreement to include a provision to transfer \$22,500 of the fixed cost recovery income from the Williams load (\$1,875.00/month) to the Green Power Fund for local renewable projects. Motion to amend seconded and carried 8 to 4 with Directors Huntington, Montoya, McInnis, and Lyon opposed.

Motion: President Montoya addressed the motion to adopt Resolution 2017-08 Tri-State LPEA Policy 115 117 for Williams Generation and Resolution 2017-09 LPEA Williams PPA and REC Agreement as amended. Motion to adopt both Resolutions carried 10 to 2 with Directors Turner and Unger opposed.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: NEW POLICY 105 EMAIL AND COMMUNICATION – Attorney Denning led a discussion of elements in a proposed policy to address email and communications practices by Directors, to comply with open meeting laws under state statutes and protect against potential agency liability. Discussion ensued about Policy 129 Code of Ethics and Conduct, best practices, and separating policy from procedure. The Board agreed to dispense with Policy 105, and permit Denning to incorporate elements of proposed Policy 105 into existing Policy 129, and draft an internal memo of guidelines and best practices regarding Director email and communication. Denning will present these items to the Board in August.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 201 FINANCIAL MANAGEMENT AND GOALS – CFO Svanes addressed recommended revisions to Policy 201 Financial Management and Goals, and took all questions.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: RESCIND POLICY 202 EQUITY MANAGEMENT POLICY– CFO Svanes addressed the recommendation to rescind Policy 202 Equity Management Policy on the basis that this matter is incorporated into revised Policy 201 Financial Management and Goals, and took all questions.

Motion: Director McInnis moved to adopt Policy 201 Financial Management and Goals with approved clarifying language, and to rescind Policy 202 Equity Management Policy. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 212 IDENTITY THEFT PROGRAM – CFO Svanes addressed recommended revisions to Policy 212 Identity Theft Program, and took all questions.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: RESCIND POLICY 213 PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION– CFO Svanes addressed the recommendation to rescind Policy 213 Protection of Personally Identifiable Information on the basis that this matter is incorporated into revised Policy 212 Identity Theft Program, and took all questions.

Motion: Director Lyon moved to adopt revised Policy 212 Identity Theft Program, and to rescind Policy 213 Protection of Personally Identifiable Information. Motion seconded and carried without dissent

DIRECTOR EXPENSE APPROVAL — Treasurer Lyon reported the Director expense items to be reimbursed.

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	\$8.56
Robert Formwalt	\$64.20	Davin Montoya	\$18.73
Dan Huntington	\$25.68	Jack Turner	\$14.45
Rachel Landis	\$1.07	Guinn Unger	\$27.82

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
Robert Formwalt	\$1200.00	Davin Montoya	\$1200.00
Dan Huntington	\$1200.00	Jack Turner	\$1200.00
Rachel Landis	\$1200.00	Guinn Unger	\$1200.00

Other External Meetings

Mike Alley	\$200.00	Bob Lynch	\$00.00
Karen Barger	\$152.82	Doug Lyon	\$00.00
Britt Bassett	\$00.00	Kohler McInnis	\$3912.48
Robert Formwalt	\$200.00	Davin Montoya	\$143.73
Dan Huntington	\$00.00	Jack Turner	\$00.00
Rachel Landis	\$00.00	Guinn Unger	\$00.00

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

RESOLUTION 2017-07 CAPITAL PROJECTS WORK PACKAGE – Justin Talbot presented a package of member service improvement projects, including the Intermountain Electric Services bid of nearly \$3.8 million. All projects are within budget and were approved by the Board of Directors in October 2016.

Motion: Director Turner moved to adopt Resolution 2017-07 Capital Projects Work Package. Motion seconded and carried without dissent.

VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

ANNUAL MEETING REVIEW – CEO Dreyspring presented the benefits of hosting a week night, evening Annual Meeting with dinner, rather than a Saturday morning meeting with lunch. There was consensus among the Board that a weeknight evening meeting between May 8-10, 2018, and the central location of the Sky Ute Event Center were preferable. Staff will contact the Sky Ute Event Center to confirm availability and report findings in June. Of note, \$535.00 was donated to Round Up by attending members who elected to donate their \$5.00 bill credit to the foundation. Lonnie Taylor discussed member survey results and feedback from Annual Meeting attendees which was very positive, overall.

REVIEW POLICY 127 DIRECTOR ELECTIONS AND ANNUAL MEETING VOTING PROCEDURES – CEO Dreyspring advised that the Election Supervisory Committee would provide Policy 127 modification recommendations to Attorney Denning, who will review the proposed policy revisions with the Board of Directors in June 2017.

REVIEW AUDIT CONTRACT – CFO Svanes and CEO Dreyspring addressed the audit proposal information provided in the Board packet and requested that the Board approve the contract.

Motion: Director Lyon moved to adopt the audit contract from BKD Auditors and Advisors in Denver, CO. Motion seconded and carried without dissent.

STANDBY RATE TARIFF – Dan Harms presented an informational review of standby power which is necessary to ensure that capacity is available in the event that members need additional generation at various times or, if equipment should fail or not meet demand. Harms discussed Tri-State’s “usage component,” back up charges (85% of generation, all transmission demand) associated with fuel consumption, and “fixed component,” standby charges (15% of generation) for facilities use. Harms discussed details of Dispatchable and Non-Dispatchable Generation Standby Rate Tariffs that would help manage industrial generation projects, and took questions. Harms will continue the informational review in July, and a request to approve new rate tariffs will take place later in the year.

STRATEGIC PLAN UPDATE: REVIEW ENERGY USE PROGRAMS O&Is – Dan Harms stated the O&I intent as having a *goal to help member reduce their electric bills and retain/institute programs and provide education to help members understand how to manage, conserve, and use electricity more efficiently.* Harms highlighted Action Items within the O&I: Key Success Indicators, Partnerships, On-Bill Financing, Time of Use, SmartHub, Heat Pump Technology, and discussed procedures for the Assessment of Energy Efficiency Initiatives that measure the Energy Use Program Cost relative to Member Benefit.

ANALYSIS OF ENERGY EFFICIENCY AND DG PROGRAMS – Harms reviewed Energy Efficiency (EE) Program data on energy use assessments, heat pumps, lighting, appliances and demand response timers. The net annual indirect impact to LPEA of these programs was a savings of \$55,336; and an annual member benefit of \$428,656. The net annual indirect impact to LPEA of standard rate and TOU net meter accounts was a loss of \$159,142; and a member benefit of \$405,781. Overall, EE programs resulted in an annual member benefit of \$834,436, at a cost of \$103,806 to LPEA.

STRATEGIC PLAN UPDATE: COMMUNICATIONS O&Is – Ron Meier ran through the history and evolution of LPEA’s professional, and award-winning external communications efforts that incorporate newspapers, Colorado Country Life magazine, direct mail, website, radio, social media, and people (community sponsorships, civic organizations, governmental relationships, employees, and Directors). The Board discussed Meier’s analysis of a member survey with NRECA market researchers which addressed member perception of rates, bills and payments, social responsibility of the coop, customer service, and electric service, and took all questions. Meier discussed the action items in light of the LPEA mission and vision statements, and took feedback about ways to improve communication with members.

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 grants made in May to La Plata Youth Services for \$3,000, Four Corners Draft Horses for \$400, Archuleta Special Olympics for \$1,000, Our Savior Lutheran School for \$1,500, and the Chimney Rock Interpretive Association for \$1,500. Educational Grants went to Dancing Spirit Community Center in the amount of \$3,000, and the Chimney Rock Interpretive Association for \$1,000.

CREA REPORT— Director McInnis attended the national NRECA conference in Washington DC and found it to be a very valuable experience, as he was able to meet with Colorado legislators and discuss issues relevant to LPEA

FASTTRACK COMMUNICATIONS REPORT – CEO Dreyspring advised that the fiber to the home test case in Forest Lakes has been withdrawn due to the high cost of construction; however, FastTrack is indirectly working with other retail providers for extensions into Deer Valley. The new sales consultant, Russ Elliot, was introduced to the FastTrack Board

TRI-STATE REPORT – President Montoya addressed the Tri-State Board Report included in the Board packet. CFO Svanes and CEO Dreyspring took questions about the Tri-State Contract Committee business, and reiterated the need to draft a white paper laying out LPEA’s position as part of the bargaining effort.

WESTERN UNITED REPORT – Director Formwalt reported that WUE is on track to earn \$100 million in revenue this year, and business continues to expand. WUE is also considering moving from six to four Board meetings per year.

4CORE REPORT— Laurie Dickson reported that the Ride and Drive event at the Annual Meeting went well, and 19 Nissan Leafs have been sold thus far, with 20 as the goal. New 4CORE Program Manager Emily Burke will oversee the Socorro Senior Living solar project, and several new sponsors are on board. The Colorado Energy Office will no longer be funded, but the Charge Ahead grants will not be affected because they come from a different funding pool. Dickson noted that the EPA is paying attention to 4CORE because of LPEA’s support of the Socorro solar project, and that all water conservation workshops have been sold out.

X. UPCOMING EXTERNAL MEETINGS

Director Montoya addressed the upcoming external meetings list, and travel requests: Director Turner requested to attend the CoBank Forum, Director Lyon requested to attend NRECA Director Summer School. No objections were raised.

Motion: Director Formwalt moved to accept all Director travel requests. Motion seconded and carried without dissent.

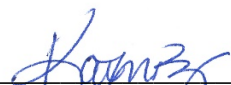
XI. REVIEW OF CEO ACTION LIST — CEO Dreyspring reviewed the list of action items taken from the Board meeting and answered all questions.

XII. FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES — President Montoya entertained future agenda item requests from Directors.

There being no further business, the LPEA Board of Directors meeting adjourned at 5:48 P.M.

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


Davin Montoya, President


Karen Barger, Secretary