

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors Minutes of Meeting
June 21, 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, June 21, 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 Tucker, Communications Coordinator
Justin Talbot, Manager of Operations
Linda Looman, Manager of HR and Customer Service
Indiana Reed, Marketing & Communications Consultant
C. E. Charistopoulos, Executive Assistant
Shay Denning, Attorney

EXCUSED ABSENCE: Dan Harms, Manager of Rates, Technology and Energy Policy.

GUESTS (from sign in sheet): The following guests were present: Harry Riegle, Tony Hudspeth, Lissa Ray, Jenn Wheeling, Betsy Romere, Susan Atkinson, Karen Pontius, Kirby MacLaurin, Ann McCoy Harold, Nick VanVonno, and Jack Llewellyn.

Doug Lyon led the Board, Staff, and guests in reciting the Pledge of Allegiance.

I. APPROVAL OF AGENDA

Motion: Director Lyon moved to approve the agenda as presented. Motion seconded. The Board agreed to a request by Director Unger to discuss long-term strategic planning. Motion carried without dissent.

II. MEMBER COMMENTS AND CONCERNS

Member Susan Atkinson thanked LPEA for the June 8, Renewables Workshop that was posted on the LPEA website, and provided helpful and informative presentations by Dan Harms of

LPEA, and Brad Nebergall of Tri-State. Atkinson requested a workshop that addresses economic fairness, and incentives for net metering. Member Lissa Ray also praised LPEA Directors and Staff for making the video of the Renewables Workshop available online, and requested more information on the Time Of Use (TOU) policy for 2020 and how it will affect commercial and residential solar accounts. Ray requested follow-up on the 2016 discussion of the use of Unclaimed Capital Credits (UCC) for “mission specific” projects. President Montoya advised that the topic of TOU for Solar will be addressed at upcoming workshops, and that because the UCC fund is currently depleted, discussion of funding “mission specific” projects is not a high priority.

Member Nick VanVonno expressed frustration over being compensated at a wholesale rate rather than a retail rate for the excess generation produced by his system, and stated that he would like to get a battery and pull out of LPEA. CEO Dreyspring explained how the fluctuating voltage, shifting load, system impact, and incremental costs of the nearly 1,000 net metered accounts are factored into a net metering credit policy that is aggressive and in the best economic interest of the entirety of the coop membership. Another member noted that San Diego residents receive no compensation for excess generation.

Member Kirby McLauren asked about LPEA’s long-term power supply plan. President Montoya and Director Landis advised that this is a very important issue for the Board, with power supply education and competency being the highest priority. Karen Pontius posed the question of forming a committee to study a buyout. President Montoya advised that the Board does operate as a Committee of the Whole so that all Directors are involved and meetings are open to the public.

III. CONSENT BOARD ITEMS

President Montoya addressed the Consent Items. Director McInnis noted two corrections to be made in the May 14, 2017 minutes.

Motion: Director McInnis moved to approve the consent items: accepting new members, capital credit payments to estates, monthly write-offs, and minutes for the May 14, 2017 Board meeting with approved corrections. Motion seconded, and carried without dissent.

IV. CEO AND STAFF REPORTS

CEO Dreyspring addressed the Tri-State power bill analysis to explain issues related to negative transmission flow, and explained a change made to the legislative spreadsheet that ranks bills within five categories of priority: Employees and Coop, Members and Key Accounts, Renewable and Alternative Energy, Broadband, Other. Director Bassett noted that the issue position of Club 20 is referenced and proposed including the issue position of the League of Conservation Voters or the Western Colorado Congress, or doing away with monitoring any non-industry positions.

CFO Svanes addressed the written Financial report, and noted that Staff will meet with CFC personnel at the end of the month to do an Enterprise Risk Management and Assessment. Linda Looman addressed the HR and Customer Service report, highlighting employee and organizational development, the employee picnic, and participation in the *100 Days of Summer Walking Challenge* with statewide coops. Customer Service saw a 61% increase in service orders from April to May, and a 29% increase in phone calls.

Ron Meier addressed the Engineering, Member Relations, and Marketing Report, noting that the SUIT solar array is online. Staff is working with Durango TV on a three-part series, and looking forward to developing the third Renewables Workshop dealing with economics. Directors Landis and Lyon discussed the benefit of creating a Renewables Information and FAQ page on the LPEA website, and Meier advised that a website refresh is in the works, and staff will be seeking Board input. Meier took questions and discussed the physics, policy, and pricing aspects of the 120% limit on excess generation, smart inverters, and facilitating rooftop solar. Director Lyon requested Board consensus on a Committee of the Whole meeting to systematically identify and address net metering on a strategic level.

Justin Talbot addressed the Operations report and touched on planned and unplanned outages, project status, involvement with the La Plata County emergency management team and took questions. CEO Dreyspring addressed the system priority sequence of power restoration (transmission-substation > distribution feeder circuits > everything else), efforts to communicate with members, and the necessity of emergency backup power for members with medical needs.

Linda Looman addressed the LPEA Benefits Report and took questions. CEO Dreyspring noted that the Collective Bargaining Agreement (CBA) requires employee collaboration through an Insurance Committee process, and all decisions are subject to the CBA. Looman added that prior to renewal, the plan is evaluated against other employers, coops, and plans in the regions.

CFO Svanes addressed the Financial Report, noting the removal of covenant requirement reporting, since the cooperative is no longer under covenants with RUS and CoBank. Svanes reported a \$101,000 positive true up of an expense accrual and \$531,000 in patronage capital margins. Expense variances were attributed to capitalized work orders and timing issues in the G&A category, and Sales and Cost of Power came in as forecast. Svanes took questions and discussed capital expenditures verses capital expenses, and capital assets.

V. ITEMS REQUIRING BOARD ACTION

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 205 ALLOCATION RETIREMENT CAPITAL CREDITS – CFO Svanes addressed recommended revisions to Policy 205 Allocation Retirement Capital Credits, and took all questions.

Motion: Director Lyon moved to adopt Policy 205 Allocation Retirement Capital Credits. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 127 DIRECTOR ELECTIONS AND ANNUAL MEETING – Attorney Denning and Betsy Romere of the Election Supervisory Committee discussed election procedures, candidate qualification requirements, and recommended changes to the LPEA bylaws. Denning addressed recommended revisions to Policy 127 Director Elections and Annual Meeting, and took all questions. Denning will draft revisions to Policy 127 and present to the Board for further review in July, and CEO Dreyspring will report on LPEA bylaws changes approved by members at the 2011 Annual Meeting.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: RESCIND POLICY 209 RESPONSIBILITY FOR PAYMENT OF ELECTRIC BILL – CFO Svanes addressed the recommendation to rescind Policy 209 Responsibility for Payment of Electric Bill on the basis that it is required in the Electric Service Regulations, and therefore unnecessary.

Motion: Director Lyon moved to rescind Policy 209 Responsibility for Payment of Electric Bill. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 355 OVERHEAD POWER LINE ENCROACHMENTS – CFO Svanes addressed recommended revisions to Policy 355 Overhead Power Line Encroachments, and took all questions.

Motion: Director Lyon moved to adopt Policy 355 Overhead Power Line Encroachments with approved clarifying language. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: RESCIND POLICY 204 APPLICATION OF PATRONAGE DIVIDEND PAYMENTS ON DELINQUENT ACCOUNTS – CFO Svanes addressed the recommendation to rescind Policy 204 Application of Patronage Dividend Payments on Delinquent Accounts on the basis that this matter is incorporated into revised Policy 205 Allocation Retirement Capital Credits, and took all questions

Motion: Director Huntington moved to rescind Policy 204 Application of Patronage Dividend Payments on Delinquent Accounts. Motion seconded and carried without dissent.

ANNUAL MEETING UPDATE: APPROVE 2018 MEETING DATE AND LOCATION – Ron Meier advised the Board of optional dates for the 2018 LPEA Annual Meeting of the members.

Motion: Director Lyon moved to accept Saturday morning, May 12, 2018 at the Sky Ute Event Center in Ignacio, Colorado as the official date and location of the 2018 LPEA Annual Meeting of the members. 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	\$24.08	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	\$00.00	Bob Lynch	\$00.00
Karen Barger	\$400.00	Doug Lyon	\$00.00
Britt Bassett	\$00.00	Kohler McInnis	\$00.00
Robert Formwalt	\$00.00	Davin Montoya	\$00.00
Dan Huntington	\$00.00	Jack Turner	\$00.00
Rachel Landis	\$419.94	Guinn Unger	\$458.46

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

VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

REVIEW SUCCESSION PLANNING O&I – Linda Looman stated the strategic intent of the Succession Planning O&I: *Identify key positions within LPEA and develop a succession plan on each position. Develop and implement a more complete and broad-based onboarding process and development plan for Directors and Employees.* Looman highlighted Action Items within the O&I: *Succession Planning, Recruiting Strategies, Employee/Board Member Orientation, Employee Development, Leadership Development,* and took questions.

REVIEW FINANCIAL STABILITY O&I – CFO Svanes stated the strategic intent of the Financial Stability O&I: *LPEA will maintain stable financial statements and ensure an adequate cash flow to maintain operations and capital improvements.* Svanes highlighted Action Items within the O&I: *Improve Billing Accuracy, Set Financial Goals,* and took questions

APPROVED REQUEST FOR DISCUSSION OF LONG-TERM STRATEGIC

PLANNING BY GUINN UNGER – Director Unger proposed that the cost of carbon-based generation may rise to such an extent that forces members to produce their own energy, making Tri-State unviable. Discussion about whether LPEA risked being reduced to a wires company gave way to consensus that the power supply industry is evolving so quickly that a 20-year strategy is not practical, that LPEA staff has expertise in watching the industry and planning for the future, and that considerations of all approximately 43,000 LPEA member-consumers must be taken into consideration.

REVIEW POLICY 129 CODE OF ETHICS AND CONDUCT AND COMPLETED

CONFLICT DISCLOSURE FORMS – President Montoya addressed the 12 conflict disclosure forms in the Board packet that were completed, signed, and submitted by all Directors. No questions were taken.

VII. ATTORNEY REPORT

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

REVIEW OF TRI-STATE DIRECTOR COMPENSATION AS REQUESTED BY

DIRECTOR UNGER – Attorney Denning reviewed a request by Director Unger to understand Director compensation paid by Tri-State, and LPEA's options relative to the compensation. Discussion ensued regarding details of the Tri-State per diem, the question of whether receiving compensation from Tri-State puts undue pressure on a Director's autonomy, whether receiving compensation from LPEA puts undue pressure on a Director's autonomy, material conflicts, and fiduciary duties and obligations of a Director serving on both the cooperative board and one of its affiliate's board of directors.

Denning confirmed that LPEA exercises no authority over the Tri-State per diem, and opined that CEO Dreyspring is sent to represent LPEA's interest as he wears "one-hat" and bears no fiduciary conflict (as would be the case for Director McInnis, the LPEA appointed representative to Tri-State). Denning opined that the potential conflict, should it ever arise, especially for LPEA Directors appointed to the Tri-State Executive Director Committee, is remedied through recusal from Executive Session discussions that pertain to Tri-State.

DISCUSSION OF FTC BYLAWS ON DIRECTOR ELECTIONS AS REQUESTED BY

DIRECTOR UNGER – Attorney Denning advised that FTC is a for-profit corporation, jointly owned by LPEA and Empire Electric. As such, FTC is a separate entity with independent bylaws which state that a slate of FTC Directors are elected at every FTC Annual Meeting, and LPEA sends a representative to vote LPEA shares at the February Annual Meeting. Denning and other Directors addressed questions by Director Unger about the FTC corporation.

DISCUSSION OF LPEA TRANSPARENCY AS REQUESTED BY DIRECTOR UNGER

Director Unger expressed concern that LPEA does not make information available to the public, particularly items in the Board packet to which members do not have access. Discussion ensued

about sensitivity and confidentiality of Board documents and video and audio recording of meetings for members. President Montoya advised of constraints on staff time to redact documents for public consumption, efforts to provide information to members online, through various media sources, and workshops, and prior decisions by the Board against video and audio recording of meetings.

Direction was given to Director Unger to provide a list of documents and information that he would like to explore for public consumption and Board discussion. Attorney Denning will research the limitations of what information can be made public to the members and report back in July. CEO Dreyspring advised that copies of Policy 117 Member Requests for Cooperative Information and the accompanying request form are available at all times online, on the sign-in table, and otherwise upon request.

VIII. DIRECTOR REPORTS AND OTHER BOARD ACTIONS

ROUND UP FOUNDATION REPORT – Director Unger reported Round Up Foundation grants made in June to VFW Durango for \$500, and Pagosa Friends of the Library for \$3,000; and Educational grants to DHS Aerospace Design Team for \$2,000, and the Audubon Society of the Rockies for \$2,000.

FASTTRACK COMMUNICATIONS REPORT – CEO Dreyspring addressed the FTC June agenda items, gave updates on the fiber extension to the west, the Montezuma County Broadband project, FTC financials, and took questions.

TRI-STATE REPORT – Director McInnis reported that he was assigned to the External Affairs Committee and the Contract Committee, and touched on financials and strategic priorities and issues for Directors and Staff that came out of the member survey, and cybersecurity. The New Horizon coal mine has closed and a permit was issued by the Forest Service to clear the easement of the 115kV line between Bayfield and Pagosa Springs to better manage and maintain power reliability in Archuleta County.

CREA REPORT – Director Barger discussed a tour of the Kinder Morgan Co2 extraction plant near Dove Creek, and a tour of the Empire Electric Operations plant led by General Manager, Josh Dellinger. Barger highlighted items from the legislative and tax committee, and noted the passage or failures of relevant House and Senate bills. CEO Dreyspring discussed possible 2018 legislation.

WESTERN UNITED REPORT – Director Formwalt reported May WUE sales of \$9.6 million, YTD sales of \$96 million, and \$26 million in backorder sales. Officer elections will take place June 29, and charging station kits have been sourced and are available.

4CORE REPORT – Program Manager, Laurie Dickson shared that the 4CORE Refuel Program was selected as the statewide success story for implementing EV charging stations and the EV group purchase program, reported on grants received and applied for, The Socorro Senior Living project status, and the October 7th Solar Home Tour.

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

President Montoya entertained future agenda item requests from Directors.

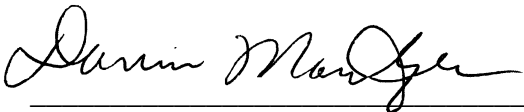
IX. UPCOMING EXTERNAL MEETINGS

Director Montoya addressed the upcoming external meetings list, and entertained travel requests: Directors Lyon, Barger and Landis requested to attend NRECA Director Summer School in July; Director Lyon requested to attend the Gettysburg Leadership Conference in September; Director Barger requested to attend Crucial Conversation in the Boardroom in August. No objections were raised.

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

There being no further business, the LPEA Board of Directors meeting adjourned at 3:26 P.M.

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



Davin Montoya, President



Karen Barger, Secretary