

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, July 19, 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, July 19, 2017 at the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 9:02 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
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
C. E. Charistopoulos, Executive Assistant
Shay Denning, LPEA General Counsel

EXCUSED ABSENCE: None.

GUESTS (from sign in sheet): The following guests were present: Harry Riegle, Lissa Ray, Jenn Wheeling, Betsy Romere, Susan Atkinson, Karen Pontius, Kirby MacLaurin, Michael Turlak, Monique DiGiorgio, Lori Schell, John Shaw, Rob Bourne, Lauri Costello.

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

I. APPROVAL OF AGENDA

Director Unger requested to address Future Agenda Items after Member Comments. President Montoya advised that the Future Agenda Items are processed following a full discussion of all Board agenda items, and the agenda will stand as presented.

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

II. MEMBER COMMENTS AND CONCERNS

Member Susan Atkinson reported on efforts to reduce her carbon footprint and maximize energy efficiency by shifting to the off-peak Time of Use (TOU) hours, and asked if doing so would incur the use of “dirty energy.” Dan Harms advised that the TOU program coincides with the daytime solar production and night time low generation demand, which is not out of sync with footprint reduction. Director Lyon added that Tri-State is 25% green power, and that it is likelihood that her energy profile has changed significantly.

Member Kirby McLauren addressed a concern that LPEA’s intention to make the TOU program mandatory by the year 2020 would present a financial disincentive for solar installation. Dan Harms responded that the TOU transition date is a moving target, and in this middle-of-the-road approach, costs will be aligned to avoid subsidization of net metered accounts by standard residential accounts.

Member Lauri Costello discussed health effects of fossil fuel extraction and concerns about Tri-State’s stated prioritization of bottom-line financials over energy related health effects. Costello expressed appreciation for this community’s focus on health effects and renewables as a viable alternative for better health. CEO Dreyspring thanked Costello and highlighted the need for authoritative information on the health effects associated with energy production.

Member John Shaw thanked LPEA Staff for efforts to “think outside the box,” and make headway behind the meter.

Member Monique DiGiorgio made a request that all local energy generation and new land development be solar-ready; and for a financial analysis of LPEA’s options to self-generate, in order to facilitate a strategic discussion of LPEA’s long-term relationship with Tri-State. Director Formwalt responded that LPEA does not have jurisdiction over land development and referred DiGiorgio to the City and County Planning Departments to present solar-ready ideas. Director Lyon added that LPEA can provide technical specs and assistance.

Member Lori Schell advised that she is working on a “power-to-gas” grid scale storage concept that electrolyzes water to create hydrogen for natural gas pipelines, and fuel cells to feed back into the grid during peak periods.

Member Karen Pontius asked if LPEA is doing anything to match Governor Hickenlooper’s commitment to move forward with the Clean Power Plan. CEO Dreyspring thanked Pontius and responded that the Strategic Plan complies with State renewable standards and regulations, and to the extent that the Governors pledge is voluntary, the Board will process accordingly. Ron Meier added that LPEA has been very progressive in reducing its carbon footprint, and that there is a balance between economics and technology to achieve that.

III. CONSENT BOARD ITEMS.

President Montoya addressed the Consent Items. A correction to the June 21, 2017 minutes was requested.

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

IV. CEO AND STAFF REPORTS

CEO Dreyspring reviewed the June 2017 Enterprise Risk Management Assessment facilitated by CFC. Staff ranked the following risks in order of priority: Revenue Risks and Rates, Member Relations, Power Supply, Culture, Governance, Safety, Compliance & Regulation, and Cyber Security. CEO Dreyspring will provide the full report to the Board of Directors for review, and Staff will determine internal Action Items to process with the Board on an ongoing basis.

President Montoya advised the Board of the process for administering the CEO Evaluation, and will process feedback in executive session at the August Board meeting.

CFO Svanes addressed the Quarterly Financial Report. Electric Revenue of \$55 million is above forecast, and total Net Margins are trending above the YTD forecast. Svanes discussed the new process to manage internal and external security controls for cash handling and deposits, and asked the Board to approve bank authorizations.

RESOLUTION 2017-10 BANK AUTHORIZATION – CFO Svanes reviewed the resolution to authorizing the Chief Executive Officer Michael Dreyspring, Chief Financial Officer Dennis Svanes, and Controller Rachel Gilman to create and be signers on accounts at the Bank of Colorado.

Motion: Director McInnis moved to adopt Resolution 2017-10 Bank Authorization. Motion seconded and carried without dissent.

Linda Looman addressed the HR and Customer Service Report and highlighted the employee check-in process and internal Leadership Development. Justin Talbot addressed the Operations report and discussed outages and service interruptions, safety and OSHA reporting with no lost time, and ongoing training

Ron Meier addressed the Engineering, Member Relations, and Marketing Report, noting LPEA's new tag line, "The Heart of Your Power," which focuses on LPEA employees and families. Meier took questions on the "solar ready" concept as it relates to line extensions, and gave an update on regulatory and compliance standards, and efforts to streamline the member communications process to be proactive.

Dan Harms addressed the Rates, Technology and Energy Policy report. The new electric vehicle charging stations are up and running, and the Board discussed fee collection after the free introductory period expiration. Harms discussed implementation of a mobile workforce, going paperless, and the value of AMI data.

V. ITEMS REQUIRING BOARD ACTION

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 127 DIRECTOR

ELECTIONS AND ANNUAL MEETING – Attorney Denning addressed recommended revisions to Policy 127 Director Elections and Annual Meeting, and took all questions.

Motion: Director Formwalt moved to adopt revised Policy 127 Director Elections and Annual Meeting. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 129 CODE OF ETHICS

AND CONDUCT– Attorney Denning addressed recommended revisions to Policy 129 Code of Ethics and Conduct. Discussion ensued.

Motion: Director Formwalt moved to adopt revised Policy 129 Code of Ethics and Conduct as presented. Motion seconded.

Motion to Amend: Director Unger moved to include language by Director Bassett in section D5. Motion seconded and carried 8 to 3, with Directors Huntington, McInnis, and Formwalt opposed; President Montoya abstained.

Motion to Amend: Director Turner moved to include language by Attorney Denning in section D4. Motion seconded and failed 9 to 2, with Directors Huntington, McInnis, Lynch, Landis, Bassett, Lyon, Barger, Alley and Formwalt opposed; President Montoya abstained.

Motion to Adopt: President Montoya resumed motion to adopt revised Policy 129 Code of Ethics and Conduct as amended. Motion carried 10 to 1 with Director Huntington opposed; President Montoya abstained.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 302 SCHOLARSHIP

PROGRAMS – CFO Svanes addressed recommended revisions to Policy 302 Scholarship Programs, and took all questions.

Motion: Director Alley moved to adopt revised Policy 302 Scholarship Programs. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 363 REGULATIONS

GOVERNING COMPLAINTS – Attorney Denning addressed recommended revisions to Policy 363 Regulations Governing Complaints, and took all questions.

Motion: Director McInnis moved to adopt revised Policy 363 Regulations Governing Complaints with approved modifications. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: POLICY 364 REGULATION

GOVERNING CHANGE OF TARIFFS, RULES, AND REGULATIONS – Attorney Denning

addressed recommended revisions to Policy 364 Regulation Governing Change of Tariffs, Rules, and Regulations, and took all questions.

Motion: Director Huntington moved to adopt revised Policy 364 Regulation Governing Change of Tariffs, Rules, and Regulations with a minor grammatical correction. Motion seconded and carried without dissent.

LPEA POLICY REVIEW AND POSSIBLE APPROVAL: RESCISSION OF POLICY 365 IMMEDIATE SHUT OFF REGULATION– Attorney Denning addressed recommended rescission of Policy 365 Immediate Shut Off Regulation, as it has been incorporated into Policy 363 Regulations Governing Complaints, and took all questions.

Motion: Director Lyon moved to adopt revised Policy 365 - Immediate Shut Off Regulation. Motion seconded and carried without dissent.

REVIEW OF 2011 BYLAWS CHANGE – CEO Dreyspring followed up on a June Board request to review the last bylaws amendment. A 2011 State statute caused LPEA to be in conflict with its bylaws, and the bylaws were amended to bring LPEA into compliance with State statute. Members voted on and adopted changes to notification requirements for voting, Director qualification and tenure, election of Directors, and proposed amendments. Attorney Denning, CFO Svanes, and the Election Supervisory Committee are evaluating recommendations for future amendments and will present for Board consideration at a later date

APPOINT COUNTY FAIR DELEGATE – President Montoya entertained appointments to represent LPEA at the 2017 La Plata County and Archuleta County Fairs. It was noted that CEO Dreyspring will attend both livestock auctions.

Motion: Director Lyon moved to appoint Bob Lynch to represent LPEA at the 2017 Archuleta County Fair, and Kohler McInnis to represent LPEA at the 2017 La Plata County Fair. 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	\$00.00	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	\$125.00	Doug Lyon	\$936.84
Britt Bassett	\$00.00	Kohler McInnis	\$00.00
Robert Formwalt	\$200.00	Davin Montoya	\$00.00
Dan Huntington	\$00.00	Jack Turner	\$759.11
Rachel Landis	\$733.82	Guinn Unger	\$152.82

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

VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

REVIEW POWER QUALITY AND RELIABILITY O&I – Justin Talbot stated the strategic intent of the Power Quality and Reliability O&I: *With a goal to continually improve reliability and power quality, LPEA will identify metrics and support operations/maintenance efforts, as well as explore and implement alternatives and technology for gathering system operational information.* Talbot discussed Action Items within the O&I: *Outage Committee, Quantify Key Reliability Metrics, Targets, and Benchmarks, and Improvement Efforts.* Talbot took all questions.

REVIEW SAFETY O&I – Justin Talbot stated the strategic intent of the Safety O&I: *LPEA will identify peoples, processes, and policies that contribute to LPEA’s culture of safety excellence on an annual basis, enhancing communication and employee engagement in the safety program. With a commitment to the “Quest for Zero,” LPEA will identify areas of focus for improvement.* Talbot discussed Action Items within the O&I: *Integrated District Safety Program, Safety and Regulatory Compliance, Superintendent Certified Loss Control Professional, Safety Technical Training, Benchmark LPEA’s Safety Program, Safety Technology, Emergency Response Plan Kept Current, SOP’s & Safety Manual, and Rural Electric Safety Achievement Program.*

REVIEW DISTRIBUTIVE GENERATION TECHNOLOGIES O&I – Dan Harms stated the strategic intent of the Distributive Generation Technologies O&I: *LPEA will continue to stay abreast of Distributive Generation Technologies. LPEA will evaluate DG technologies as they move into commercial production and integrate those that meet objectives of the Cooperative.* Harms discussed the Key Indicators of Distributed Generation Energy, and Action Items within the O&I: *PV Systems for LPEA: LPEA owned CSG, Increase PV Hosting Capacity: Evaluation of Ermco’s TIGER padmount transformer, Evaluating Grid Interactive Water Heater controls, Moving forward with pilot project to test smart inverter curtailment functionality, Perform study on Constant Voltage Reduction (CVR).* Harms took all questions.

DG WHITE PAPER – CEO Dreyspring addressed a white paper written for the final meeting of the Tri-State Contract Committee on July 12, 2017. Dreyspring made a case for increasing the 5% cap on

Distributed Generation (DG) within the All Power Requirements contract with Tri-State to 10%, discussed roof top solar, transmission constraints in Southwest Colorado, bulk power open access, and FERC decisions. Tri-State took no action on the LPEA request for an additional 5% allowance on DG. The LPEA Board discussed the Tri-State vote and the LPEA vote on the 5% increase request; as well as, the economics and policy options of local DG.

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 BOARD MEETING REQUIREMENTS – Attorney Denning led a discussion contemplating what constitutes a formal “meeting” of the Board of Directors. Denning advised that there is no statutory guidance that defines what constitutes a meeting, and that “best business practice” is worthy of consideration. Denning opined that “moving the business of the cooperative forward,” is sufficient criteria to establish what constitutes a formal meeting; whereas, convening for the purpose of learning or training does not rise to the level of a formal meeting. Therefore, discussions that require or lead to action taken by the cooperative must comply with the 10-day notice requirement by State statute.

Email discussions of potential Board action, or contemplation of action could be considered a meeting of the Board of Directors, and should be avoided. An exception would be CEO inquiry of Directors for input and feedback, or notification of any kind. Denning advised that if or when Directors are in doubt about whether communications are crossing into the territory of becoming a meeting, that they should include her in all aspects in order to monitor and advise.

GUIDELINES FOR EMAIL COMMUNICATION – Attorney Denning discussed guidelines for best practices when dealing with member communication and information sharing. Additionally, all member and public requests for information that is not available on the website, including presentations from Board meetings and workshops, must be processed through Policy 117 Member Request for Information.

VIII. DIRECTOR REPORTS AND OTHER BOARD ACTIONS

DIRECTOR CONFERENCE REPORTS – Director Turner addressed the written report on the CoBank Energy Directors Conference attended in June. Directors Landis and Lyon shared takeaways from attendance at the NRECA Director Summer School Training in July.

ROUND UP FOUNDATION REPORT – Director Alley reported Round Up Foundation grants made in July to Casa of the Southwest for \$2,000, and the Rainbow Youth Center for \$4,500; there were no Education grant requests.

TRI-STATE REPORT – Director McInnis reported that the 30 megawatt San Isabel Electric Association solar project brings Tri-State’s solar portfolio to 85 megawatts, which is the highest in the

G&T industry. Notably, renewable generation accounted for 37% of member sales and 30% of the total power supply.

FASTTRACK COMMUNICATIONS REPORT – CEO Dreyspring addressed reported that FTC financials were strong and the company is profitable. FTC is purchasing an abandoned tower from Empire Electric to build out a wireless Broadband connection for Montezuma County, and Strategic Planning is refocusing on ways to exploit their existing middle-mile infrastructure.

CREA REPORT – Director Barger reported that things are quiet now that the legislative session is over. Information is beginning to come through from NRECA regarding upcoming resolutions for legislative direction at the Regional Meeting this fall in Denver.

WESTERN UNITED REPORT – Director Formwalt addressed the written report included in the Board packet. All officers were elected for another term, and they voted to have four meetings per year, and the schedule will be determined. An open house will take place September 20th.

IX. UPCOMING EXTERNAL MEETINGS

Director Montoya addressed the upcoming external meetings list. No travel requests were made.

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

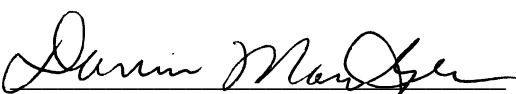
President Montoya addressed the future agenda items and Director requests. The Board discussed priorities, the need to schedule Committee of the Whole (COW) meetings to adequately address large scope topics, and refined proposed topics for discussion. The Board will bring discussion items to staff to parse and present at upcoming COW meetings.


XI. EXECUTIVE SESSION

No executive session took place.

There being no further business, the LPEA Board of Directors meeting adjourned at 4:51 P.M.

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


Davin Montoya, President


Karen Barger, Secretary