

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, July 18, 2018
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 18, 2018 at the headquarters building in Durango, Colorado. Vice President Bassett called the meeting to order at 9:01 a.m., with the following Directors present:

Mike Alley		Kirsten Skeeahan
Britt Bassett, Vice President	Doug Lyon	Jack Turner
Dan Huntington, Secretary	Kohler McInnis	Guinn Unger
Rachel Landis	Davin Montoya	Tim Wheeler, Treasurer

LPEA STAFF:

Mike Dreyspring, Chief Executive Officer
Dan Harms, Manager of Energy Rates and Technology
Dennis Svanes, Chief Financial Officer
Nadine Ontiveros, Manager of HR
Ron Meier, Manager of Engineering and Member Relations
Justin Talbot, Manager of Operations
Jerry Wills, District Manager, Pagosa Springs
C. E. Charistopoulos, Executive Assistant
Shay Denning, LPEA General Counsel

EXCUSED ABSENCE: Bob Lynch, President; Director Landis advised that she would leave the meeting no later than 4:00 p.m.

GUESTS (from sign in sheet): The following guests were present: Betsy Romere, Kirby MacLaurin, Richard Fultner, Jeff Bork, Susan Atkinson, Lissa Ray, Debbie Kent, Dave Peters, Sarah Ferrell, Karen Pontius, Heath Rowe, Monique DiGiorgio, Emily Bowie, John Wallace, Lew Pratsen, Karen Barger, Bill Swapp, Lori Swapp, Ron Bishop, Kristin Jensen, J.T. Mannix

Director Montoya led the Board, Staff, and guests in reciting the Pledge of Allegiance.

I. APPROVAL OF AGENDA

Vice President Bassett addressed the July 18, 2018 Board meeting agenda. Director Wheeler requested to combine discussion items V.A. Approve Board Goals and VI. A. Preliminary Review of Strategic Plan Structure.

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

REVIEW OF EXIT AND EGRESS FROM BUILDING AND MEET UP SITE IN EVENT OF EVACUATION – CEO Dreyspring reviewed the emergency evacuation procedures.

II. MEMBER COMMENTS AND CONCERNS

Members expressed concern about Board governance and Director conflicts of interest, called for Directors Unger and Bassett to step down, and asked the Board and the LPEA Attorney how the conflicts of interest would be addressed.

Members expressed concern that Director Bassett was using his position on the LPEA Board to benefit CalCom Energy where he also is a Board member; that as a donor to Director Unger's campaign he was identified as a consultant of CalCom Energy which was in conflict with the LPEA bylaws at the time; that as of May 16, 2018 Bassett did not disclose his association with CalCom Energy on the (Policy 129 Code of Ethics and Conduct) Conflict of Interest Disclosure form; and that CalCom Energy, dba, California Commercial Energy is not a local company. Bassett stated that his association with CalCom Energy was a conflict of interest, the Conflict Disclosure Form was updated, and that he would answer direct questions, but not participate in voting or discussion on the CalCom Energy project proposal to LPEA. Member, Jeff Bork stated that he initiated contact with LPEA for the CalCom Energy project proposal, and that Vice President Bassett was not involved.

Members expressed concern that as of May 2018 Director Unger did not disclose his run for State Senate in March of 2018 which is stated as prohibited activity on the Conduct Conflict of Interest Disclosure form, "running for election or seeking appointment to any government-related position." Attorney Denning advised that she will provide a memo to the Board that fully evaluates the allegations according to State statute and provide more comprehensive guidance on the interplay between the statutes and policy at the August 15 Board meeting.

Members expressed concern about the unfairness of member subsidization of net metered customers, the impact of a Tri-State buyout on fixed-income members, allowing the members to vote on a buyout, Director utilization of outside legal counsel that may unduly influence LPEA policy, and foreign interests seizing on local Distributed Generation opportunities. Requests were made to record all votes as a matter of policy, that meetings be audio-recorded and made available to the public, and that non-confidential presentation material accompany the public recordings on the website.

III. CONSENT BOARD ITEMS.

Vice President Bassett addressed the Consent Board Items. A request was made to add a missing word on page 5 of the Board Minutes.

Motion: Director McInnis moved to approve the Consent Board Items: capital credit payments to estates, monthly write-offs, minutes for the June 18 Committee of the Whole meeting and the June 20 Board meeting with approved corrections. Motion seconded and carried without dissent.

IV. CEO AND STAFF REPORTS

Due to time constraints, Staff gave brief highlights of monthly, quarterly, and annual reports and took questions. Justin Talbot highlighted the OSHA report, the Safety Review plan, outages and tree maintenance. Jerry wills discussed retirements, technology innovations and upgrades, and the accident report. CEO Dreyspring reviewed 2017 safety assessment and compliance, cyber security, transmission security and reliability, the new five-year Collective Bargaining Agreement, technology evolution, changes in Director orientation, Strategic Planning, and the outstanding financial condition of LPEA. CFO Svanes highlighted 2017 Board policy updates, the RUS loan buyout with CFC, and discussed variances in the YTD Budget versus Actual.

Nadine Ontiveros reported on new hires and 2017 highlights in succession planning, organizational development, employee leadership and orientations. Ron Meier reviewed 2017 Member Relations highlights in commitment to community, communications, marketing, and the 2018 outlook; as well as Engineering highlights in work orders, major projects and system planning, and customer service. Dan Harms highlighted retired employees, community outreach, energy efficiency efforts, \$1.5 million in LED rebates from Tri-State, LED street light program, and electric vehicle corridor grants.

Attorney Denning responded to an email from Director Montoya that expressed concern about Directors who are net metered participating in Board discussion and voting on net metering. Denning advised that a full memo will be presented in August and opined that the Board could decide whether Directors have a material interest in net metering discussions or voting, and recuse them from participating in Dan Harms discussion on the Buyback Rate and Excess Net Metering.

Following up on Monday's Rate Topic on the Buyback Rate and Excess Net Metering, Harms discussed the relevance of excess generation to the Tri-State 5% cap on Distributed Generation (DG), noting that if 10% of net meter generation ends up being "excess" LPEA can accommodate about 10-12 MW of additional rooftop solar if no other projects are submitted under Tri-State Policy 115. Discussion ensued on pricing incentives, compensation risks, avoided cost, interconnection limitations and neighborly consideration. Harms advised that he is asking for guidance on how to modify the rate tariff for upcoming rate approvals.

Motion: Director Montoya moved to pay Tri-State's energy rate for excess generation. Motion seconded.

Motion to Amend: Director Wheeler moved to amend the motion to change the buyback rate to the avoided cost and remove the 120% interconnection limit. Motion seconded. Discussion ensued on keeping member compensation aligned with Tri-State compensation, the impact of removing the 120% interconnection limit on the Tri-State 5% DG limitation, neighborly consideration of large size systems. Motion to amend failed 2 to 8 with Directors Alley, Skeeahan, Lyon, Unger, Huntington, Landis, McInnis, and Montoya opposed; and Director Bassett abstaining.

Motion Amend: Director Landis moved to amend the motion to increase the interconnection limit from 120% to 200%. Motion seconded. Motion to amend withdrawn.

Motion Resumed: The motion to pay Tri-State’s energy rate for excess generation resumed. Motion passed 9 to 1 with Director Wheeler opposed; and Director Bassett abstaining.

Motion: Director Alley moved to increase the interconnection limit from 120% to 150%. Motion seconded. Discussion ensued on consideration for an 80% interconnection limit. Motion passed 6 to 5 with Directors Montoya, Unger, Lyon, McInnis, and Huntington opposed.

V. ITEMS REQUIRING BOARD ACTION

APPROVE BOARD GOALS – Discussion ensued on the Board Resolution on Board work and commitments, further discussion on the Board Goal setting exercise, and the preliminary review of the Strategic Plan structure. There was consensus among the Board to endorse the Board Resolution.

Motion: Director Skeehan moved to endorse the Board Resolution: *As we look towards the future of the Coop, the Board commits to actively honor our mission: to provide safe, reliable, environmentally responsible power, while achieving the lowest reasonable costs to our members. In doing so, we will explore and carefully vet a holistic suite of options to increase LPEA’s value to the membership. Moving forward, we will continue to pursue our mission with transparency, community engagement, acknowledgement of risk, and earning the trust of our members by performing our fiduciary responsibility.* Motion seconded and carried without dissent.

PRELIMINARY REVIEW OF STRATEGIC PLAN STRUCTURE – Ron Meier presented a synthesis of the current Strategic Plan and the new framework being explored by the Board which consists of Areas of Focus that are guided by the Board Resolution and informed by the LPEA Mission statement. Meier is looking to overhaul the Strategic Plan with input on the Strategic Goals and Initiatives agreed upon by the Board. Discussion ensued on reaching consensus about the main Areas of Focus among power supply, membership engagement, local economic development, culture, resilience and reliability, comprehensive planning, beneficial electrification, and viability of the future.

Motion: Director Unger moved to adopt Member Engagement, Culture, Power Supply, and Local Economic Development as the primary Areas of Focus. Discussion ensued. Motion withdrawn.

Vice President Bassett directed Meier and Directors Landis and McInnis to continue working on refining the language to capture the broad intent of the core initiatives for more discussion at the August 15 Board meeting.

RESOLUTION 2018-07 EASEMENT FOR WESTSIDE SUBSTATION – Ron Meier presented a request by the City of Durango for an easement on the Westside substation property for a new building project.

Motion: Director Lyon moved to approve Resolution 2018-07 Easement for Westside Substation. Motion seconded and carried without dissent.

APPOINT COUNTY FAIR DELEGATES – Vice President Bassett entertained appointments to represent LPEA at the 2018 La Plata County and Archuleta County Fairs.

Motion: Director Montoya moved to appoint Director Lynch as the Delegate and Director Alley as the Alternate to represent LPEA at the 2018 Archuleta County Fair; and Director McInnis as the Delegate and Director Huntington as the Alternate to represent LPEA at the 2018 La Plata County Fair. Motion seconded and carried without dissent.

DIRECTOR EXPENSE APPROVAL – Director Wheeler reported the Director expense items to be reimbursed.

LPEA Mileage Reimbursements

Mike Alley	\$130.80	Kohler McInnis	\$17.44
Britt Bassett	\$00.00	Davin Montoya	\$38.15
Dan Huntington	\$52.32	Kirsten Skeeahan	\$156.96
Rachel Landis	\$5.45	Jack Turner	\$29.43
Bob Lynch	\$00.00	Guinn Unger	\$56.68
Doug Lyon	\$2.18	Tim Wheeler	\$00.00

LPEA Board Meetings

Mike Alley	\$1400.00	Kohler McInnis	\$1400.00
Britt Bassett	\$1400.00	Davin Montoya	\$1400.00
Dan Huntington	\$1400.00	Kirsten Skeeahan	\$1400.00
Rachel Landis	\$1400.00	Jack Turner	\$1400.00
Bob Lynch	\$00.00	Guinn Unger	\$1400.00
Doug Lyon	\$1400.00	Tim Wheeler	\$1400.00

Other External Meetings

Mike Alley	\$00.00	Kohler McInnis	\$00.00
Britt Bassett	\$00.00	Davin Montoya	\$00.00
Dan Huntington	\$00.00	Kirsten Skeeahan	\$00.00
Rachel Landis	\$00.00	Jack Turner	\$125.00
Bob Lynch	\$00.00	Guinn Unger	\$00.00
Doug Lyon	\$00.00	Tim Wheeler	\$00.00

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

VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

UPDATE FASTTRACK DIRECTOR FROM LPEA – CEO Dreyspring advised that the FastTrack Communications (FTC) Board of Directors has agreed to increase the number of directors by one and appoint LPEA Director Wheeler to the FTC Board of Directors in August. The entities can explore options for addressing the concern over always appointing a sitting LPEA Director to the FTC Board. The legal process to allow the shareholders to name the slate of FTC Directors is ongoing.

ELECTION SUPERVISORY COMMITTEE (ESC) RECOMMENDED CHANGES TO POLICY 127 DIRECTOR ELECTIONS AND ANNUAL MEETING VOTING PROCEDURES – This discussion item was deferred to the August 15, 2018 Board meeting.

RECORDING BOARD MEETINGS – Dan Harms discussed technological options for audio, video, and live streaming. Ron Meier discussed the cost of equipment and a live streaming subscription service. CEO Dreyspring recommended live streaming to avoid conflict with the official meeting minutes, and to avoid problems with editing that could potentially place LPEA in violation of open meeting laws.

Motion: Director Unger moved to livestream the August 15 Board meeting with currently owned equipment for internal purposes and evaluation prior to going live. Motion seconded. Discussion ensued on public notice.

Motion to Amend: Director Huntington moved to amend the motion to livestream and record the August 13 Committee of the Whole meeting rather than the August 15 Board meeting with currently owned equipment for internal purposes and evaluation prior to going live. Motion to amend seconded. The motion passed 7 to 4 with Directors Wheeler, Landis, Unger, and Bassett opposed.

Motion: The revised motion to livestream and record the August 13 Committee of the Whole meeting with currently owned equipment for internal purposes and evaluation prior to going live, was called to question. Motion carried without dissent.

REVIEW DRAFT LETTER AND COMMENTS ON TRI-STATE POLICY 115 CHANGES – CEO Dreyspring discussed the draft letter to Tri-State with LPEA comment on changes to Policy 115 Member System Distributed Generation Policy. There was consensus among the Board to include the letter of comments submitted to Tri-State on August 26, 2016.

Motion: Director Alley moved to approve the letter as written and include the letter of comments submitted to Tri-State on August 26, 2016. Motion seconded and carried without dissent.

UPDATE ON QF PROPOSALS – Dan Harms discussed how Public Utility Regulatory Act (PURPA) regulations and Federal Energy Regulatory Commission (FERC) rulings impact local Qualified Facility (QF) projects, whether and how to file them under Tri-State Policy 115 Member System Distributed Generation Policy or Policy 118 Member System Participative Generation Policy, the risks of doing either one, and the benefits and opportunities of QF projects. Harms discussed the process for meeting the criteria that obligate LPEA to negotiate with a QF, noting that the risk levels need to be better understood with regard to Tri-State definition of avoided costs in light of the DMEA-FERC decision that's under appeal. Attorney Denning will provide a legal opinion on QFs in executive session at the August 15 Board meeting.

UPDATE ON TRI-STATE POLICY 316 COMPLAINT AND TRI-STATE RELATIONSHIP – CEO Dreyspring followed up on direction from the Board that he and President Lynch meet with Mike McInnes and Rick Gordon of Tri-State to have dialogue about the working relationship. Directors will review the objectives and talking points provided in the Board packet and give feedback at the August 15 Board meeting, prior to the meeting between LPEA and Tri-State on August 24.

VII. ATTORNEY REPORT

Referring to the written report included in the Board packet, Attorney Denning highlighted work done for LPEA and took all questions. Denning attended the DMEA complaint hearing with Tri-State and reported that DMEA was asking for the underlying data and modeling that Tri-State used to determine their buyout number, the underlying data for Kit Carson's buyout, and was concerned that Tri-State was not negotiating fairly with them.

LPEA submitted a letter to Tri-State in accordance with the directions provided in the complaint process. As a result, Tri-State considered LPEA to be a party at the hearing. Director Skeehan expressed concern over this designation since other cooperatives submitted letters, but failed to follow the process, and they were not considered a party – a point of frustration for LPEA. Dreyspring discussed advocating for open and transparent process. Director Skeehan is concerned that being a party to the complaint may preclude LPEA from future complaints and is frustrated by what appears to be inconsistent treatment. Director Skeehan will address this concern with Tri-State and request that LPEA's letter be considered in the same manner as the other comments that were submitted.

IX. DIRECTOR REPORTS AND OTHER BOARD ACTIONS

ROUND UP REPORT – Director Alley reported Round Up grants to Trails 2000 (\$2500), Justice Ministries of Pagosa (\$2310), Great Old Broads for Wilderness (\$1500); and education grants to DHS Affective Education Program (\$1000), San Juan Symphony (\$2000), Pagosa Peak Open School (\$2000).

TRI-STATE REPORT – Director Skeehan advised that the Membership Assessment will be available to Directors in August. The Policy 115 Committee will meet July 24, 2018 and LPEA's comments will be submitted prior to the meeting. Tri-State addressed flaws in a CERES report that ranked their emissions free renewable portfolio as the second worst among 100 surveyed electric power producers.

FASTTRACK COMMUNICATIONS REPORT – CEO Dreyspring advised that FTC has strong financials, is considering retail broadband projects, and Director Wheeler will be appointed to the Board of Directors on August 8, 2018.

CREA REPORT – Director Turner reported that Governor Hickenlooper signed a mandate to lower emissions and a proclamation making June 10 as Lineman Appreciation Day. CREA is very pleased with photo documentary of the Youth Tour by the LPEA Communications Coordinator, Lonnie Tucker. The Energy Innovations Summit and the Annual Meeting is in October.

WESTERN UNITED REPORT – Director McInnis reported that he will attend new Director orientation at the August Board meeting.

4CORE REPORT – Director Landis was not in attendance to provide a report on 4CORE, having left as indicated shortly after 4:00.

X. UPCOMING EXTERNAL MEETINGS

TRAVEL REQUESTS – Vice President Bassett addressed the Upcoming External Meeting list. Director Lyon requested to attend the NRECA Gettysburg Leadership Experience, October 24-26. Director Bassett requested to attend the CREA Energy Innovations Summit, Director Wheeler requested to attend the Engage Energy Conference, September 17-18.

Motion: Director Alley moved to approve all Director travel requests. Motion seconded and carried.

XI. REVIEW OF CEO ACTION LIST

CEO Dreyspring reviewed follow up action items for the CEO from this Board meeting and took questions.

XII. FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES

Vice President Bassett advised that the link to President Lynch's agenda building tool was sent out to Directors, and the highest rated items will be considered for agenda discussion items. Bassett reminded the Board that the September 19 Board meeting will take place in Pagosa Springs with a 7:30 a.m. Employee Appreciation Breakfast to take place at the LPEA office in Pagosa Springs.


XIII. EXECUTIVE SESSION

Motion: Director Alley moved to enter into executive session to discuss FastTrack, followed by an Attorney and Board only discussion of the CEO Evaluation. Motion seconded and carried without dissent.


The Board of Directors remained in Executive Session from 4:54 p.m. to 5:38 p.m. Director Landis left the meeting at 5:08 p.m., and Director Montoya left the meeting at 5:12 p.m.

There being no further business, the LPEA Board of Directors meeting adjourned at 5:38 p.m.

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



Bob Lynch, President



Dan Huntington, Secretary