

LA PLATA ELECTRIC ASSOCIATION, INC.
Committee of the Whole Minutes of Meeting
Monday, August 13, 2018
Durango, Colorado

I. CALL TO ORDER

The Committee of the Whole meeting of La Plata Electric Association, Inc. was held Monday, August 13, 2018 at the headquarters building in Durango, Colorado. President Lynch called the meeting to order at 9:01 a.m., with the following Directors present:

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

EXCUSED ABSENCE: None.

GUESTS (from sign in sheet): The following guests were present: None.

REVIEW GOAL SETTING AND STRATEGIC FRAMEWORK – Director Landis reported on the work performed by Director McInnis, Nadine Ontiveros, and Ron Meier to refine the individual Strategic Goals, and discussed the elements of the Strategic Plan revision process, the SWOT exercise from the July 31 Committee of the Whole meeting, and theme synthesis. Discussion ensued, and consensus was reached on the following core Strategic Initiatives: Power Supply and Delivery, Membership Engagement, Leadership and Organizational Development, and Utility of the Future. Detailed actions and strategies that fall under the Strategic Initiatives were discussed, and Local Economic Development and Operational Excellence are under consideration for inclusion. Landis will continue the Strategic Planning Update discussion at the August 15 Board meeting.

RATE TOPIC: RESIDENTIAL RATE DESIGN – Dan Harms presented background information on Cost of Service studies, discussed expense allocations across different customer classes, and the current 2-part rate comprised of an energy consumption charge and fixed base

charge. The 2-part rate offers simplicity and works well as long as the usage characteristics of each rate class are consistent. Discussion ensued on whether the benefits of solar outweigh or break even with lost revenue from net metering.

Harms discussed the Policy 214 Rate Design Strategic Planning Goals, the mechanics of net metering, strengths and weaknesses of the Time of Use rate; and presented an alternative 3-part rate which focuses on recovering fixed system demand expenses through a system charge tied to the system requirements of each member. The proposed 3-part System Charge Rate compliments TOU, and could be tailored to provide a desired level of solar incentive. To nearly eliminate unrecovered costs, an approximate energy charge of \$0.06/kWh could be used. Director Landis requested that staff note in the minutes key questions raised during the discussion, including questions about full cost accounting, societal, and indirect costs when discussing rates.

Discussion ensued on whether Directors who own rooftop solar have conflicting interests when discussing and voting on rates for net metering, the impact of a 3-part rate as a disincentive to install solar, money from non-solar members going to rooftop solar members, discriminatory rates, and rate pressures. Harms will bring redline changes to Policy 214 Rate Design in September, as well as a data model of the 3-part rate design to the board in October.

KRTA DATA REVIEW – CFO Svanes discussed the Key Ratio Trend Analysis report which shows data using medians to highlight areas of strength and weakness, indicate future performance, provide positive and negative trending, and assist in analyzing systems operations. It measures co-op peer groups across the Nation and State, of a similar size, within the same G&T, and with similar growth; and analyzes 145 ratios under 10 categories: base group, financial, revenue and margins, sales, controllable expense, fixed expense, total expense, employee, growth, and plant. The KRTA addresses profitability, sustainability, productivity, operational efficiency, liquidity, and leverage--which is a crucial factor in covenant and compliance requirements and the budgeting process. Overall LPEA measured up well against its co-op peer groups.

There being no further business, the LPEA Committee of the Whole meeting adjourned at 2:08 p.m.

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



Bob Lynch, President



Dan Huntington, Secretary