

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors' Minutes of Meeting
Wednesday, October 17, 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, October 17, 2018 at the headquarters building in Durango, Colorado. President Lynch called the meeting to order at 9:00 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
Justin Talbot, Manager of Operations
Jerry Wills, District Manager, Pagosa Springs
C. E. Charistopoulos, Executive Assistant
Shay Denning, LPEA General Counsel

EXCUSED ABSENCE: None. Director Montoya left the meeting at 3:00 p.m.

GUESTS (from sign in sheet): The following guests were present: Doug Leming, Will Rietveld Erik Gold, Betsy Romere, Cindy Leming, Philip Riffe, Michael Taylor, Gerry Kmack, Marcia Kmack, Johnathan Dobson, David Koeberle, Ken Fusco, Tim DiBernardino, Lissa Ray, John Glottfall, Bobi Applegate, Steve Harmon, Tom Higgins, Diane Higgins, Paul Gray, Robert Campbell, Lindie Hunt, Don Hunt, Russ Anderson, Thomas Klema, Liz Wheelock, Rick Wheelock, Cory Kerns, Alan McLomas, Gary Walker, Werner Heiber, Mark Pearson, Harry Riegle, Shelby Robinson, Mel Matis, Nancy Cleve, Heath Rowe, Laurel Shelton, Sarah Ferrell, Susan Atkinson, Matt Waters, Paul Jancar, Karen Barger, Scott Wortman, Louise VanVonno, Karen Pontius, John Ballew, Chris George, Jay Hecker, Brian Brown, Nate Bronson, Tammy Bronson, Jo Fusco, Tom Crabb, Kirby MacLaurin, Mike Love, Sandy Friedlag, Joanne Bagley, Cindy Schroeder, Mel Matis, Larry Zauberis.

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

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

I. APPROVAL OF AGENDA

President Lynch addressed the October 17, 2018 Board meeting agenda.

Motion: Director Lyon moved to approve the October 17, 2018 Board meeting agenda. Motion seconded and carried without dissent.

II. MEMBER COMMENTS AND CONCERNS

Numerous members voiced concern over a supposed rate increase to members with solar installations. It appeared that members received an email claiming that LPEA had increased the rates to members with solar installations and the majority of the members present at the meeting attended to object to the items claimed in the email.

President Lynch assured members that a rate increase has not been voted on, there is no movement to limit solar installation, LPEA is not selling out to Tri-State, and the Power Supply Committee is taking the time to study other power supply options. Dan Harms spoke to incorrect information that was circulated among members in the email and clarified that LPEA is contemplating grandfathering old accounts. A separate rate design for net metered accounts is also being considered. Discussion ensued on concerns about the incorrect information circulating among members regarding rate changes. Staff will look at the email at the center of the confusion and respond to members with accurate information that will be posted on the LPEA website.

A member also addressed concerns over an allegation that the Board voted in September to censor the August 15, 2018 Board meeting minutes discussion item, VII.A. *Conflict of Interest Discussion*. President Lynch advised that in September the Board actually voted to approve a transcript of that entire two-hour discussion item that would be available on the LPEA website in the coming weeks.

Members expressed appreciation for LPEA's decision to livestream Board meetings and bring transparency and accessibility to members who cannot attend.

III. CONSENT BOARD ITEMS.

President Lynch addressed the Consent Board Items and asked for a motion to approve the consent items, including minutes for the September 19, 2018 Board of Directors meeting. Director McInnis requested clarifying language be added to the Member Comments.

Motion: Director Alley moved to approve the capital credit payments to estates, monthly write-offs, new member list, and minutes for the September 19, 2018 Board of Directors meeting with approved modifications. Motion seconded and carried without dissent.

IV. CEO AND STAFF REPORTS

Justin Talbot addressed the quarterly maintenance and safety reports, noting that the Rural Electric Safety Achievement Program (RESAP) inspection results yielded valuable insight into improving aspects of safety throughout the organization, and found no major concerns about the current safety practices and culture. Talbot discussed a planned outage on the Trimble Springs circuit that was necessary to prevent sparks from coming into contact with a gas line issue.

Jerry Wills reported that the RESAP inspection brought attention to continuing to focus on details and standard operating procedures. A new contractor is being brought in to finish work for a contractor that was released. Wills noted that the active shooter training was very helpful, and took questions.

CEO Dreyspring reported that good data about fixed and variable costs were discussed during the Tri-State Policy 115 Review Committee meeting, the Pathnet discussions are ongoing, and the legislative conference begins in January. LPEA is interested in bills that are being introduced regarding retail deregulation and consumer broadband easements on utility poles.

CFO Svanes advised that Western United Electric Cooperative CEO, Mike Prom will be a guest presenter to the LPEA Board of Directors in November and took questions on the financial statements. Svanes advised that inflation, revenue decline, interest expense on cashflow borrowing, and slightly increased wage expenses attribute to “lean” margins in the 2019 Budget.

Nadine Ontiveros highlighted training, workforce diversity, and an upcoming Staff Strategic Planning retreat in November, and took questions.

Ron Meier reported that 2019 Election Supervisory Committee participants need to be confirmed prior to appointment, the *Text 2 Power* outage reporting campaign has been launched, and took questions on the quarterly Construction and Maintenance report.

GRID HOSTING AT LPEA AND CHALLENGES TO INTERCONNECTION – Meier gave a presentation on the challenges and opportunities of distributed energy resources and interconnections that addressed a range of issues from regulatory standards to power quality concerns, and discussed plans that include new underground design standards, storage systems, grid communications, voltage control, secondary line voltage regulation, and regional transmission organizations. Discussion ensued on adaptability, grid modernization costs, building organizational capacity, and utilizing current assets with minimal capital expense to manage voltage for interconnection.

Dan Harms addressed the written report in the Board packet and took questions.

LARGE SCALE DER UPDATE – Harms gave an update on large scale Distributed Energy Resource contracts with five developers. LPEA has entered into non-disclosure agreements with some developers and discussions are underway. At this point, none are interested in pursuing Qualified Facility (QF) status because of the risk involved with the pending Federal Energy Regulatory Commission decisions.

V. ITEMS REQUIRING BOARD ACTION

REVIEW AND ESTABLISH 2019 BUDGET AND REVENUE REQUIREMENTS – CEO Dreyspring advised that this discussion would take place in November.

RESOLUTION 2018-08 BIDS FOR MOBILE SUBSTATION – Systems Engineer, Jake Wills presented details for a mobile substation bid and discussed the recommendation of Staff to purchase.

Motion: Director Wheeler moved to approve Resolution 2018-08 Bids for Mobile Substation. Motion seconded and carried without dissent.

RESOLUTION 2018-09 CAPITAL CREDIT RETIREMENTS – CFO Svanes reviewed the unclaimed capital credit allocation, the percentage of equity as assets and the retirement distribution to members and former members. The \$5,300,000 capital credit retirement will be distributed on a FIFO basis for \$2,000,000 of G&T Patronage Capital for the years 1995 and 1996. The remaining \$3,300,000 will be distributed on a combination of FIFO and percentage basis: \$2,475,000 FIFO for the years 1997 and 1998 and \$825,000, approximately 1.34% for the entire remaining amounts excluding G&T allocations, by each year 1998 through 2017.

Motion: Director Bassett moved to approve Resolution 2018-09 Capital Credit Retirement as presented. Motion seconded and carried 11 to 1, with Director Montoya opposed.

2019 CAPITAL PROJECTS BUDGET – Staff Engineer, Ryne Waggoner presented an overview of the 2019 Capital Projects Budget and discussed the breakdown of cost charges for transmission, distribution, system improvements, new service, and service improvements. Variances between the budgeted and actual costs are attributed to delays in project execution such as Right of Way and permitting issues.

Waggoner discussed new projects in distribution conversions and line changes, substation modifications, and ordinary transmission replacements (maintenance). No action was needed, as the Budget will be approved in November. CFO Svanes advised that the Capital Items Budget presented in September has been revised down and is available for review in Board Docs.

ROUND UP BOARD MEMBER REPLACEMENT RECOMMENDATIONS – CEO Dreyspring advised that Round Up Board member replacement recommendations for outgoing members in District 2, Sheryl Ayres, and District 3, Werner Heiber, are due in November and appointments will be made in December.

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

LPEA Mileage Reimbursements

Mike Alley	\$130.80	Kohler McInnis	\$34.88
Britt Bassett	\$00.00	Davin Montoya	\$38.15

Dan Huntington	\$52.32	Kirsten Skeeahan	\$155.87
Rachel Landis	\$3.82	Jack Turner	\$29.43
Bob Lynch	\$130.80	Guinn Unger	\$56.68
Doug Lyon	\$4.36	Tim Wheeler	\$00.00

LPEA Board Meetings

Mike Alley	\$1200.00	Kohler McInnis	\$1200.00
Britt Bassett	\$1200.00	Davin Montoya	\$1200.00
Dan Huntington	\$1200.00	Kirsten Skeeahan	\$1200.00
Rachel Landis	\$1200.00	Jack Turner	\$1200.00
Bob Lynch	\$1200.00	Guinn Unger	\$1200.00
Doug Lyon	\$1200.00	Tim Wheeler	\$1200.00

Other External Meetings

Mike Alley	\$00.00	Kohler McInnis	\$1592.54
Britt Bassett	\$00.00	Davin Montoya	\$00.00
Dan Huntington	\$00.00	Kirsten Skeeahan	\$00.00
Rachel Landis	\$00.00	Jack Turner	\$200.00
Bob Lynch	\$2561.70	Guinn Unger	\$00.00
Doug Lyon	\$00.00	Tim Wheeler	\$00.00

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

VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION

REVIEW OF LPEA WHITEPAPER ON TRI-STATE POLICY 118 MEMBER SYSTEM PARTICIPATIVE GENERATION – There was consensus among the Board that no further review was necessary as this item was fully addressed during the October 15, Committee of the Whole meeting in agenda discussion item VIII.B., *Tri-State Policy 118 Concept Update*.

BOARD APPROVAL FOR POWER SUPPLY COMMITTEE BUDGET – Committee Chairman Bassett presented a travel budget for Committee site visits with key interests.

Motion: Director Skeeahan moved to approve the Power Supply Committee Budget for travel, as presented for \$22,600. Motion seconded and carried without dissent.

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 REPORT –Round Up grants were awarded to the Veterans Memorial Park of Archuleta County (\$4500) and Aid for Pets (\$500). Education grants were awarded to Fort Lewis REU (\$1978).

CREA REPORT – Director Turner reported that dues to CREA will not increase in 2019, but an increase in the future is to be expected.

NRECA REGIONAL MEETING REPORTS – President Lynch and Director Turner shared takeaways from director training courses, legislative highlights, breakout and general sessions.

CEO SEARCH COMMITTEE – President Lynch referred to the collaborative Google document that Directors are invited to share input about the desired characteristics and qualities of the leader they are looking for and advised that the Committee has received four proposals from search firms and will present a recommendation to the Board in November.

X. UPCOMING EXTERNAL MEETINGS

TRAVEL REQUESTS – President Lynch addressed the Upcoming External Meeting list. No requests were made, and no action was taken.

XI. REVIEW OF CEO ACTION LIST

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

XII. FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES

President Lynch addressed the future agenda item requests and confirmed that the Board will dismiss from the November 14 Board meeting from approximately 11:30 a.m. to 1:30 p.m. to attend a presentation by DMEA CEO, Jasen Bronec at the Green Business Roundtable. The Power Supply Committee meetings are open to the public and will next meet on October 18, at 1:00 p.m. and November 1, at 10:00 a.m.

XIII. EXECUTIVE SESSION

Motion: Director Wheeler moved to enter executive session to discuss the Contractor Issue and the Tri-State letter. Motion seconded and carried without dissent.

The Board of Directors remained in Executive Session from 4:38 p.m. to 5:01 p.m.

There being no further business, the LPEA Board of Directors meeting adjourned at 5:02 p.m.

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



Bob Lynch, President

Dan Huntington, Secretary