

LA PLATA ELECTRIC ASSOCIATION, INC.  
Board of Directors' Minutes of Meeting  
Wednesday, December 12, 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, December 12, 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, CFO  
Dan Harms, Manager of Energy Rates and Technology  
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:** Nadine Ontiveros, Manager of HR

**GUESTS** (from sign in sheet): The following guests were present: Betsy Romere, Larry Zauberis, Gail Harriss, Sarah Burris, Sue McWilliams, Slim McWilliams, Tom Higgins, Jackie Ellis, Laurie Dickson, Katie Pellicore, Sarah Ferrell, Robert Campbell, N. Stuckly, Pam Glasco, Dan Hunt

Director Turner 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 December 12, 2018 Board meeting agenda.

**Motion:** Director McInnis moved to approve the December 12, 2018 Board meeting agenda. Motion seconded and carried without dissent.

## **II. MEMBER COMMENTS AND CONCERNS**

A member addressed an article in the Durango Herald that mischaracterized the \$50,000 LPEA budget line item for 4CORE as a donation rather than a fee or subcontract for service, asked the Board to take steps that encourage rooftop solar and to include the indirect costs of carbon in solar calculations, and expressed concern about the high cost of power from Tri-State and dissatisfaction with the TOU rate increase.

CFO Svanes addressed a member question about how LPEA debt structure differed from the Tri-State debt structure and advised that most LPEA debt is in 30-year balloon payments, debt service recovery covenants are maintained, and rates are structured to adequately meet debt obligations. President Lynch advised that a few differences exist, most notable is that Tri-State received a lump sum buyout payment from KCEC and did not apply the funds to long term debt.

Attorney Denning addressed a member question about the process for member to request changes to the bylaws and advised that Article 15 *Amendments* offers two options. A member may submit a bylaw change request to the Board for consideration and action. If the member is not satisfied with the Board action or nonaction, they can force the issue with a written petition signed by 10% of the membership that is submitted 45 days before the annual member meeting.

A member discussed a petition signed by 481 members in opposition to the November 2018 TOU rate increase, claiming that it was prejudicial and discriminatory and demanding that the LPEA Board to remove donations to outside organizations and programs that impact rates (\$50,000 expense to 4CORE approved 11/2018 and \$22,500 set aside for local renewable projects approved 5/2017); to ensure that all members pay their fair share of expenses; and require that Directors who have financial investment in net metering or community solar gardens recuse themselves from discussion and voting on such issues. President Lynch advised that further discussion would take place during *Discussion of Petition on TOU Rate Change*.

## **III. CONSENT BOARD ITEMS.**

President Lynch addressed the Consent Board Items and asked for a motion to approve the consent items, including the capital credit payments to estates, monthly write-offs, new member list, and minutes for the November 12, 2018 Committee of the Whole and November 14, 2018 Board of Directors meeting. Several Directors noted changes to the minutes.

**Motion:** Director Alley moved to approve the capital credit payments to estates, monthly write-offs, new member list, and minutes for the November 12, 2018 Committee of the Whole and November 14, 2018 Board of Directors meeting minutes with approved modifications. Motion seconded and carried without dissent.

## **IV. CEO AND STAFF REPORTS**

Justin Talbot reported on recent personnel training, maintenance and construction status, gave highlights from the November safety meeting and took questions.

Jerry Wills gave updates on the Pagosa Springs broadband expansion, construction and maintenance and the holiday food drive which collected 2,225 lbs. of food and \$910 in donations for the Archuleta County food bank.

CEO Dreyspring gave an update on the Pagosa Springs fiber project and advised that he will present a revised cost proposal for interconnection at the January Board meeting. Dreyspring advised that he would discuss the QF Risk Mitigation in executive session later in the day.

CFO Svanes reported that LPEA will receive \$3 million in Capital Credits from Tri-State and advised that BKD Audit firm will be on-site to meet with the Board in February 2019. There was consensus among the Board to have an executive session conference call with the auditor in January as well.

Controller Rachel Gillman advised that 2018 IRS form 1099 Miscellaneous for Directors will include mileage reimbursement and prior year returns will not be affected. Gillman advised that the U.S. Supreme court case decision on sales tax collection on delivery points will significantly increase LPEA sales tax paid to the City, County and State. Director Turner noted that CREA may bring legislation to the State addressing the overreaching impact to business.

Dan Harms confirmed that Staff will present the Board Strategic Goal, *Distribution Utility of the Future*, for discussion in January. The February discussion on *Member Engagement*, will include the Strategic Plan for Policy 214 Rates and set up the framework for a *Power Supply* discussion in March. Harms reported that LPEA and partner cooperatives were not awarded a grant for the DC Fast Charging corridor along the western slope. The Power Outage Texting Service program was deployed in November, and a Tri-State-EPRI selected an LPEA employee to participate in the whole-home heat pump pilot program.

## **V. ITEMS REQUIRING BOARD ACTION**

**PUBLISHING TRI-STATE CONTRACT ON LPEA WEBSITE** – CEO Dreyspring advised that the intent for this action was to eliminate the need for members to access the LPEA-Tri-State Wholesale Electric Service Contract through Policy 117 Disclosure of Cooperative Information.

**Motion:** Director McInnis moved to publish the LPEA-Tri-State Wholesale Electric Service Contract on the LPEA website. Motion seconded.

**Motion To**

**Amend:** Director Wheeler moved to amend the motion to include, as long as doing so does not violate any NDA or incur any liability to LPEA. Motion seconded.

Discussion ensued on liability, confidentiality, precedent among other cooperatives, and the contract being available on the LPEA website. Motion to amend carried 11 to 1 with Director Unger opposed.

**Vote To**

**Approve:** Motion to publish the LPEA-Tri-State Wholesale Electric Service Contract on the LPEA website as long as doing so does not violate any NDA or incur any liability to LPEA. Motion carried without dissent.

**POLICY 107 CAMPAIGN FINANCE** – Attorney Denning discussed redlines from the first draft of Policy 107 Campaign Finance presented in September, and took questions. Attorney Denning will bring back a final draft of the policy for discussion at the January Board meeting.

**POLICY 127 DIRECTOR ELECTIONS AND ANNUAL MEETING VOTING PROCEDURES – ESC RECOMMENDED CHANGES, RENUMBERED AS POLICY 105**

–Attorney Denning discussed Election Supervisory Committee recommended changes to Policy 127 Director Elections and Annual Meeting Voting Procedures, renumbered as Policy 105, and took questions. Attorney Denning will bring back a final draft of the policy for discussion at the January Board meeting.

**REVIEW POLICY 117 DISCLOSURE OF COOPERATIVE INFORMATION, RENUMBERED AS POLICY 108**

– CFO Svanes and Attorney Denning addressed recommended changes to Exhibit 1 and 2 in Policy 117 renumbered as Policy 108 Disclosure of Cooperative Information and took questions. Attorney Denning will bring back a final draft of the policy for discussion at the January Board meeting.

**POLICY 364 REGULATIONS GOVERNING CHANGE OF TARIFFS, RULES, AND REGULATIONS**

– Attorney Denning addressed recommended changes to Policy 364 Regulations Governing Change of Tariffs, Rules, and Regulations, and took questions. Attorney Denning will bring back a final draft of the policy for discussion at the January Board meeting.

**DIRECTOR EXPENSE APPROVAL** – Director Wheeler reported the Director expense items to be reimbursed. There was consensus among the Board to reimburse mileage expenses to Directors participating on the CEO Search Committee, but not provide Directors with per diem.

LPEA Mileage Reimbursements

Mike Alley	\$130.80	Kohler McInnis	\$43.60
Britt Bassett	\$00.00	Davin Montoya	\$38.15
Dan Huntington	\$52.32	Kirsten Skeehan	\$53.32
Rachel Landis	\$3.71	Jack Turner	\$56.86
Bob Lynch	\$130.80	Guinn Unger	\$56.68
Doug Lyon	\$1.09	Tim Wheeler	\$00.00

LPEA Board Meetings

Mike Alley	\$1400.00	Kohler McInnis	\$1925.00
Britt Bassett	\$1925.00	Davin Montoya	\$1400.00
Dan Huntington	\$1400.00	Kirsten Skeehan	\$1400.00
Rachel Landis	\$1400.00	Jack Turner	\$1800.00
Bob Lynch	\$1400.00	Guinn Unger	\$1400.00
Doug Lyon	\$1200.00	Tim Wheeler	\$1925.00

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	\$614.72
Bob Lynch	\$00.00	Guinn Unger	\$2673.61
Doug Lyon	\$1221.17	Tim Wheeler	\$00.00

**Motion:** Director McInnis moved to approve Director expenses. Motion seconded and carried 11 to 1 with Director Montoya opposed.

**VI. ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION**

**DISCUSSION WITH PETER BOGIN, CONSULTANT FOR KORN-FERRY** – President Lynch introduced Korn Ferry consultant, Peter Bogin who was chosen to assist with the CEO search. Bogin discussed the plan to incorporate input from the Board and Staff into his candidate research and complete the selection process by the end of March.

**POLICY 303 LOCAL RENEWABLE GENERATION FUND GRANT REQUESTS** – Dan Harms gave an overview of LRGF grant requests that were accepted from Cross Bar X, Habitat for Humanity, KSUT, and TARA Community Center. Discussion ensued on the sizes of the proposed arrays, estimated energy production, price per watt, funds requested, and the number of individuals served annually.

**Motion:** Director Bassett moved to fund Cross Bar X, Habitat for Humanity, and TARA Community Center at 50% of their total estimated costs. Motion seconded.

There was consensus among the Board that there was not sufficient time and information to carefully consider the requests. Motion failed 9 to 3 with Directors Huntington, Alley, Montoya, Lyon, Wheeler, Landis, Lynch, Skeeahan, and Turner opposed.

**Motion:** Director Lyon moved to form a subcommittee to consider the LRGF grant requests in depth. Motion seconded

**Motion To**

**Amend:** Director Montoya moved to amend the motion to state that the LRGF requests would be considered in depth by the full Board. Motion seconded and failed 8 to 4 with Directors Lyon, McInnis, Wheeler, Lynch, Unger, Skeeahan, Turner, and Bassett opposed.

**Motion To**

**Amend:** Director Turner moved to amend the motion to state that a subcommittee would be formed to consider the LRGF requests in depth. Motion seconded and failed 6 to 6 with Directors Huntington, Alley, Montoya, Landis, Lynch, and Skeeahan, opposed.

**Vote To**

**Approve:** Motion to form a subcommittee to consider the LRGF requests in depth carried 8 to 2 with Directors Montoya and Alley opposed, and Directors Landis and Huntington abstaining.

The LRGF Committee will consist of Directors Lynch, Skeeahan, and Unger. The Committee will report award decisions to the Board in January.

**REVIEW OF PV INVERTER AND METERING REQUIREMENTS** – Ron Meier reported on a meeting with local PV vendors to discuss LPEA’s steps to mitigate interconnection challenges. Meier demonstrated an interactive map, discussed settings for interconnection inverters modelled after California Rule 21 and IEEE 1547, and proposed implementing production meters. The proposed changes would put technology in place to monitor power quality at the point of interconnection and allow more PV onto the grid. Meier will continue to update the Board and discuss plans for an inverter pilot program in January.

**DISCUSSION OF PETITION ON TOU RATE CHANGE** – President Lynch advised that a 30-day member comment period went into effect following the Board’s approval of the TOU rate change on November 14, 2018. The Board agreed to hear the petition comments by member, Heath Rowe with the understanding that the Board can decide what action, if any, they would like to take. If no action is taken by the Board, the TOU rate change will take effect as presented in the notice.

Member, Heath Rowe presented the petition signed by 481 members asking the LPEA Board to rescind Resolution 2018-11 2019 Tariff Modifications. Rowe summarized the complaint as discriminatory and harmful to low-income members. Rowe stated that there is a \$1,000,000 revenue shortfall from net metered accounts that is being shored up by the rate change and increases the standard and small commercial residential rates by 2.5%.

Discussion ensued on State Statute prohibiting a separate rate class for net metering, energy storage to capture net metered energy for use by all members, and the importance of financial viability in environmental strategy.

**Motion:** Director Montoya moved to rescind three items 1.) \$22,500 taken from budget and put into voluntary green fund; 2.) money taken from budget and put into 4CORE budget reserve; 3.) the rate increase in Resolution 2018-11 2019 Tariff Modifications, until such time that the Board deals with the \$1,000,000 subsidy to net metered accounts. Motion seconded.

Discussion ensued on fiduciary responsibility, proper notice for the discussion and action contemplated as a result of the petition, arguments for and against the 2.5% TOU rate increase, and that the motion is too broad to consider.

Director Montoya revised the motion to rescind 1.) \$22,500 taken from budget and put into voluntary green fund; 2.) money taken from budget and put into 4CORE budget reserve. Motion

failed 8 to 4 with directors Wheeler, Lyon, Bassett, Landis, Unger, Skeeahan, Turner, and Lynch opposed.

## **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**

Due to time constraints, no oral reports were given. Directors took brief questions on the written reports included in the Board packet.

**ROUND UP REPORT** – Round Up grants were awarded to Aspire Medical Services (\$3000), Veterans Outreach Center of La Plata County (\$4000), and Durango Nordic Center (\$1500). Education grants were awarded to Durango Independent Film Festival Education Program (\$500), Be FRANK Foundation (\$1500), Pagosa Springs High School Building Trades Program (\$3000) and SASO (\$2000).

## **X. UPCOMING EXTERNAL MEETINGS**

**TRAVEL REQUESTS** – President Lynch addressed the Upcoming External Meeting list. Directors McInnis, Montoya, Skeeahan, Turner, Huntington, Bassett, Lynch, and Wheeler requested to attend the CREA Annual Meeting in February. President Lynch requested to attend the Tri-State Annual Meeting in February. Directors McInnis and Turner requested to attend the NRECA Annual Meeting in March, and Director Turner requested to attend the DistribuTECH Conference.

**Motion:** Director Alley moved to approve all Director travel requests. Motion seconded and carried without dissent.

**Motion:** Director Turner moved to appoint Director McInnis as the Voting Delegate to the NRECA Annual Meeting, and Director Turner as the Voting Alternate. Motion seconded and carried without dissent.

## **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 reviewed and approved future agenda item requests.

## **XIII. EXECUTIVE SESSION**

**Motion:** Director Turner moved to enter into Board and Attorney only executive session to discuss a personnel matter, followed by discussion of a QF project, and the Tri-State “Shopping Letter.” Motion seconded and carried without dissent.

Director Skeehan was recused from the QF project discussion and Director Landis did not attend the executive session. The Board of Directors entered into executive session to discuss a QF project and the Tri-State “Shopping Letter.” The Board of Directors remained in Executive Session from 6:02 p.m. to 7:05 p.m.

**Motion:** Director Turner moved to authorize CEO Dreyspring to sign the Tri-State “Shopping Letter” as presented, provided that the side letter agreement is also executed with Tri-State. Motion seconded and carried 10 to 1 with Director Skeehan abstaining.

There being no further business, the LPEA Board of Directors meeting adjourned at 7:14 p.m.

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

  
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Bob Lynch, President

  
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Dan Huntington, Secretary