

LA PLATA ELECTRIC ASSOCIATION, INC.  
Board of Directors' Minutes of Meeting  
Wednesday, April 17, 2019  
Durango, Colorado

**CALL TO ORDER**

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, April 17, 2019 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  
Dominic May, Energy Management Supervisor  
Ron Meier, Manager of Energy Policy, Rates, and Technology  
Justin Talbot, Manager of Operations  
Jerry Wills, District Manager, Pagosa Springs  
Nadine Ontiveros, Manager of HR  
C. E. Charistopoulos, Executive Assistant  
Shay Denning, LPEA General Counsel

**EXCUSED ABSENCE:** Director Lyon was excused from the meeting at 1:44 p.m.

**GUESTS** (from sign in sheet): The following guests were present: Betsy Romere, Bill Mertz, Brad Zavorski, Mike Nettles, Bill Riley, Holly Metzler, Robert Campbell, Heath Rowe, Karen Pontius, Kirby MacLaurin, Laurie Dickson, Mark Pearson, Gail Harriss, Dave Peters, Rolfe Spiegel, Katie Pellicore, Cliff Hathaway, Mairi Maloney, Erika Brown, Larry Zauberis, Chris George, Cory Kerns, Dan Hunt, Sarah Ferrell

Director Mike Alley 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.

**APPROVAL OF AGENDA**

President Lynch addressed the April 17, 2019 Board meeting agenda and advised that item VI.A., Power Supply Committee Final Report on Consultant Work, would take place following the Consultant Presentations on Contract Valuation and Power Supply.

**Motion:** Director Turner moved to approve the April 17, 2019 Board meeting agenda as modified. Motion seconded and carried without dissent.

### **MEMBER COMMENTS AND CONCERNS**

Members expressed concerns about the report of a Congressional investigation into Tri-State's alleged 2018 lobbying expenditure of \$7.8 million against the Clean Air Act. LPEA Representative to the Tri-State Board, Kirsten Skeeihan responded that the Tri-State Board set the Strategic Planning direction for affordable electricity in June and July of 2018, with no environmental policies in play, and Tri-State staff moved to carry that out – as a result of not having an environmental policy, decision making is complex, and necessarily guided by assessing risks associated with costs and political action.

Members asked for specifics on LPEA's plans to achieve its strategic goal to *Reduce its carbon footprint by 50% from 2018 levels, by year 2030, while keeping its cost of electricity lower than 70 percent of its Colorado rural electric cooperative peers.* A Director spoke to concerns about division among members, by touching on a Board pledge to act and communicate with higher levels of integrity and decency towards one another that has resulted in better overall functioning of the Board, and encouraged members to do the same.

### **CONSENT BOARD ITEMS.**

President Lynch 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 March 15, Committee of the Whole meeting and March 17, Board of Directors meeting. Directors noted several corrections 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 March 18, Committee of the Whole meeting and March 20, Board of Directors meeting with approved modifications. Motion seconded and carried without dissent.

### **CONSULTANT PRESENTATIONS ON CONTRACT VALUATION AND POWER SUPPLY: PRESENTATION BY ENERGY STRATEGIES ON ALTERNATIVE POWER SUPPLY**

Caitlin Liotiris was retained by the LPEA Power Supply Committee to address issues associated with the wholesale power market, including assessing the costs and expected reliability associated with alternative power supply options. Liotiris presented findings on reliability and

ancillary services, transmission assessment, energy cost and power supply mix, and RTO and market development. Liotiris found that reliability under an alternative power supply is expected to be equivalent to reliability received under Tri-State; more transmission service will be required to support new generation services (LPEA becomes a network customer of Tri-State and WAPA); wholesale energy market prices are expected to remain flat over the next 5-10 years; alternative power supply portfolios with higher amounts of carbon-free generation at a lower cost than service from Tri-State are attainable; and organized wholesale energy market developments require consideration in alternative power supply contracting.

### **CONSULTANT PRESENTATIONS ON CONTRACT VALUATION AND POWER SUPPLY: PRESENTATION BY ENCHANTMENT-RIO ENERGY PARTNERS ON CONTRACT VALUATION**

Ed Reyes and Eddie Padilla discussed contract valuation methodologies derived from a.) a scaled comparison to the cost of exit for Kit Carson Electric Cooperative, b.) LPEA share of Tri-State debt, c.) the Shoshone Method, and d.) a Mark-to-Market valuation. LPEA load profile analysis, transmission service options, and Tri-State planning and financial report analysis were parsed for model development and rationalization of results for each of the four models that were discussed.

**POWER SUPPLY COMMITTEE FINAL REPORT ON CONSULTANT REPORT** – Committee Chairman, Britt Bassett gave an overview of the scope of work completed by the Power Supply Committee (PSC). Committee members shared positive aspects, as well as concerns about alternative wholesale power supply, transmission factors, and the contract valuation process before presenting three recommendations to the Board of Directors, which were unanimously approved by the PSC.

**Motion:** Director McInnis moved to direct LPEA Staff to obtain indicative pricing from wholesale suppliers with a fuel mix that is designed to meet LPEA’s 50-30-70 goal, and includes some level of local renewable generation. Motion seconded and carried 10 to 2, with Directors Lyon and Montoya opposed.

**Motion:** Director Turner moved to direct LPEA Staff to determine the costs and data needs of a transmission study to be completed by WAPA and Tri-State to determine how they can serve LPEA’s transmission needs if LPEA was to purchase power on the wholesale market. Motion seconded and carried 9 to 2, with Directors Alley and Montoya opposed. Director Lyon was absent.

**Motion:** Director Wheeler moved to direct LPEA Staff to host at least one public forum in each of the four Board Districts to update members by reviewing the consultants’ public reports and also discussing planned next steps. Motion seconded and carried 7 to 4, with Directors Unger, Alley, Huntington, and Montoya opposed. Director Lyon was absent.

**Motion:** Director Huntington moved to direct LPEA Staff to put together a pro forma spreadsheet with the data obtained from the Consultant reports, and identify how it affects rates to the members and LPEA cashflow. Motion seconded and carried 10 to 1, with Director Montoya opposed. Director Lyon was absent.

PSC Chairman Bassett requested approval of the March 28, 2019 Power Supply Committee minutes from Committee members CEO Dreyspring, Dan Harms, Kohler McInnis, and Tim Wheeler.

**Motion:** PSC Chairman Bassett moved to approve the March 28, 2019 Power Supply Committee Minutes. Motion seconded and carried without dissent.

### **CEO AND STAFF REPORTS**

In the interest of time, Staff referred to their written quarterly and monthly reports included in the Board packet and took questions.

Of note, CEO Dreyspring discussed the impact to LPEA of changes to Tri-State Policies 109 - Member Transmission Service, 115 - Member System Distributed Generation Policy, and Director Skeeahan reported on Tri-State Policy 118 - Member System Participative Generation currently under consideration at Tri-State. Regarding HB19-1261 Climate Action to Reduce Pollution, Dreyspring will contact Colorado State Representatives Coram and McLaughlin proposing that any cooperative that does not take action to meet or exceed state air quality standards would come under the jurisdiction of the Air Quality Control Commission; otherwise, the cooperative will be exempt as long as they meet or exceed state air quality standards.

Dan Harms discussed AMI data for Standard Residential and Time of Use load profiles as a prelude to a presentation by Energy Management Supervisor, Dominic May on the development of electric vehicle charging programs under the Strategic Initiative, Distribution Utility of the Future.

### **ITEMS REQUIRING BOARD ACTION**

**RESOLUTION 2019-05 ALLOCATION OF PREVIOUS YEAR MARGINS** – CFO Svanes requested Board authorization for allocation of the 2018 operating and non-operating margins to LPEA members.

**Motion:** Director Skeeahan moved to approve Resolution 2019-05 Allocation of Previous Year Margins. Motion seconded and carried without dissent, 11 to 0.

**POLICY 301 VEGETATION MANAGEMENT** – Attorney Denning advised of the need for an updated policy to assist with public guidance on vegetation removal to mitigate risks associated with vegetation in cooperative rights-of-way. Denning, CFO Svanes, and Justin Talbot took questions and direction for additional modifications to the policy.

**Motion:** Director Alley moved adopt Policy 301 Vegetation Management with approved modifications. Motion seconded and carried without dissent, 11 to 0.

**POLICY 368 ON BILL FINANCING FOR ENERGY EFFICIENCY, RENUMBERED TO 304** – CFO Svanes discussed updates to Policy 368 On Bill Financing for Energy Efficiency, renumbered to Policy 304, and took questions and direction for additional modifications to the policy.

**Motion:** Director Turner moved adopt Policy 304 On Bill Financing for Energy Efficiency. Motion seconded and carried without dissent, 11 to 0.

**DIRECTOR EXPENSE APPROVAL** – Director Wheeler reported the Director expense items to be reimbursed. There was consensus among the Board to forego per diems for those who participated in the CEO interview dinners.

LPEA Mileage Reimbursements

Mike Alley	\$139.20	Kohler McInnis	\$55.68
Britt Bassett	\$00.00	Davin Montoya	\$121.80
Dan Huntington	\$167.04	Kirsten Skeeahan	\$140.94
Rachel Landis	\$12.76	Jack Turner	\$46.98
Bob Lynch	\$278.40	Guinn Unger	\$120.64
Doug Lyon	\$3.48	Tim Wheeler	\$00.00

LPEA Board Meetings

Mike Alley	\$1400.00	Kohler McInnis	\$2200.00
Britt Bassett	\$2200.00	Davin Montoya	\$1800.00
Dan Huntington	\$1800.00	Kirsten Skeeahan	\$1600.00
Rachel Landis	\$1800.00	Jack Turner	\$1600.00
Bob Lynch	\$1800.00	Guinn Unger	\$1800.00
Doug Lyon	\$1325.00	Tim Wheeler	\$1800.00

Other External Meetings

Mike Alley	\$00.00	Kohler McInnis	\$200.00
Britt Bassett	\$00.00	Davin Montoya	\$00.00
Dan Huntington	\$00.00	Kirsten Skeeahan	\$00.00
Rachel Landis	\$1058.52	Jack Turner	\$764.35
Bob Lynch	\$1208.22	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, 11 to 0.

**ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION**

**CEO SEARCH** – President Lynch advised that an update would take place in executive session.

**ELECTION SUPERVISORY COMMITTEE UPDATE** – Attorney Denning received notification that the property rented by Director Turner was up for rent and that his lease on that property expires April 30. Denning advised that the question of whether Turner is qualified to run for re-election as a District 4 Director candidate based on the question of residency from May 1 to May 2, prior to the 6:30 p.m. LPEA 2019 Annual Meeting of the Members on May 2, will be reviewed and verified by the ESC when Director Turner provides a new lease agreement demonstrating continued residence in District 4. Denning reported that she anticipates this lease will be forthcoming and that the ESC will meet to review the document once Director Turner is able to receive a final lease agreement from his landlord.

**ANNUAL MEETING UPDATE** – Ron Meier reviewed the Annual Meeting timeline of events and deliverables, and took questions.

**NET METERING RATE TARIFF COMMENT PERIOD** – Dan Harms advised that no public comments have been received, the Net Metering Rate Tariff will go into effect May 1, and customer compensation will be realized in April 2020.

### **ATTORNEY REPORT**

Referring to the written report included in the Board packet, Attorney Denning highlighted work done for LPEA and took all questions.

### **DIRECTOR REPORTS AND OTHER BOARD ACTIONS**

Directors addressed the written reports in the Board packet and took questions. The April 15 Round Up Board meeting was postponed to April 22, and will be reported on at the May 15, LPEA Board meeting.

### **UPCOMING EXTERNAL MEETINGS**

**TRAVEL REQUESTS** – President Lynch addressed the Upcoming External Meeting list. No requests for travel were made.

### **REVIEW OF CEO ACTION LIST**

CEO Dreyspring reviewed follow up items from the meetings.

### **EXECUTIVE SESSION**

President Lynch advised that an executive session would take place to discuss a Land Lease Request, an Affiliate Update, and a CREA “ghost post.” A Board and Attorney only executive

session would take place to discuss the CEO Search. Director Bassett advised that he would recuse himself from discussion of the Land Lease Request.

**Motion:** Director Turner moved to enter into executive session to discuss a Land Lease Request, an Affiliate Update, and a CREA “ghost post;” as well as, Board-Attorney only executive session to discuss the CEO Search. Motion seconded and carried without dissent.

The Board remained in executive session from 5:06 p.m. to 6:13 p.m., and Board-Attorney only executive session from 6:14 p.m. to 6:37 p.m.

**Motion:** Director Landis moved to authorize Board President Lynch to execute a contract between LPEA and CEO candidate, as discussed in executive session; and to authorize Staff to first notify LPEA employees of the decision, and then the general public. Motion seconded and carried without dissent, 11 to 0.

There being no further business, the LPEA Board of Directors meeting adjourned at to 6:41 p.m.

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

  
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Bob Lynch, President

  
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Dan Huntington, Secretary