

LA PLATA ELECTRIC ASSOCIATION, INC.  
Finance and Audit Committee Minutes of Meeting  
Thursday, January 9, 2020  
Durango, Colorado

**CALL TO ORDER**

The Finance and Audit Committee Committee of the La Plata Electric Association Board of Directors was held Tuesday, January 9, 2020 at the headquarters building in Durango, Colorado. Committee Chairman Wheeler called the meeting to order at 2:16 p.m. The following Committee members were in attendance:

**COMMITTEE MEMBERS:**

Tim Wheeler, Committee Chairman  
Britt Bassett  
Guinn Unger  
Dan Huntington  
Jessica Matlock, CEO – Acting CFO  
Dan Harms, Manager of Rates, Technology, and Energy Policy

**LPEA STAFF**

Monica Rodriguez, Controller  
Charis Charistopoulos, EA

**EXCUSED ABSENCE:** None

**GUESTS:** Holly Metzler, Kohler McInnis, Dave Peters

**APPROVAL OF AGENDA**

Committee Chairman Wheeler addressed the January 9, 2020 Finance and Audit Committee meeting agenda.

**Motion:** Committee member Huntington moved to approve the January 9, 2020 Finance and Audit Committee meeting agenda as presented. Motion seconded and carried without dissent.

**APPROVAL OF DECEMBER 3, 2019 MEETING MINUTES**

Committee Chairman Wheeler addressed the December 3, 2019 Finance and Audit Committee meeting minutes.

**Motion:** Committee Member Huntington moved to approve the December 3, 2019 Finance and Audit Committee meeting minutes as presented. Motion seconded and carried without dissent.

### **COMMITTEE DISCUSSION AND POSSIBLE ACTION**

**RECAP OF POLICY 214 RATE POLICY** – Dan Harms reviewed the Policy 214 guidelines relating to the development and implementation of electric rates, and discussed the rate classes that LPEA uses to allocate costs for rate design.

**2020 RATE INCREASE OPTIONS THAT MEET OUR GOAL** –Harms presented three rate allocation options to achieve the additional \$3 million in revenue; based on actual cost of service for each class, a maximum allocation of 5% among the rate classes, and a flat allocation of 3.8% across the board for all rate classes.

Discussion ensued on the pros and cons of each option and the flexibility of adjusting percentages within the 5% maximum option that will allow more evenly distributed allocations and reflect cost of service while minimizing pressure on the residential rate class. There was consensus among the committee to recommend a 4.5% maximum allocation option to the full Board at the January 15 Board meeting.

The discussion moved onto the cost component adjustment and Harms explained the three different components (the base charge, the energy charge, and the demand charge) that could be adjusted to increase revenue. Harms went on to introduce a peak demand charge for General Services. He explained that this peak charge could provide member incentives to use less energy during peak periods.

There was consensus among the committee to recommend an introduction of a new peak power charge of \$1.50 for the General Services rate class, to avoid an increase to the base or energy charge and provide members with more control over the impact of the rate increase. The other rate classes were also discussed and increased by different components to meet the overall 4.5% maximum percentage increase agreed upon above. Harms will prepare a presentation and resolution for adoption of these rate changes, and Wheeler will distribute a memo, in advance of the board meeting, to directors explaining the rationale for the committee's recommendation to adopt the resolution at the January 15 Board meeting.

**Motion:** Committee member Bassett moved to adopt the rate class allocation and the 2020 rate adjustment for recommendation to the full board. Motion seconded and carried without dissent.

Discussion ensued on key points to communicate to members about the bottom line and a rate structure that reflects movement towards the strategic goal of becoming a utility of the future.

**FORECAST IMPACT (COMPASS MODEL)** – Monica Rodriguez presented the 2020 Forecast with the additional \$3 million revenue that will be collected April-December, and the impact of the 2020 rate increase through 2022.

**FUTURE AGENDA ITEMS: RESERVE FUNDS AND REVIEW FINANCIAL POLICIES and POLICY COMMITTEE RECOMMENDATIONS**

Due to time constraints, no discussion took place.

**LONG TERM CAPITAL PLAN, REVIEW FINANCIAL DASHBOARD, REPORTS, AND FORMATS**

Due to time constraints, no discussion took place.

**REVIEW FUTURE MEETING SCHEDULE**

The Finance and Audit Committee meeting will take place from 2:00 p.m. to 5:00 p.m., on the 2<sup>nd</sup> Thursday of every month beginning in February 2020 (Thursday, February 13, 2020), with the exception of the March meeting which will take place on Thursday the 5th.

There being no further business, the Finance and Audit Committee of the La Plata Electric Association, Board of Directors meeting adjourned at 5:02 p.m.

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

A handwritten signature in black ink, appearing to read 'Tim Wheeler', written over a horizontal line.

Tim Wheeler, Committee Chairman

