

RESOLUTION

2016-16

WHEREAS, La Plata Electric Association, Inc. board policy 214 states that rates will be developed to comply with strategic planning goals set from time to time by the Board; and

WHEREAS, the Rate Design Strategic Planning Goals sets forth long term rate design philosophy for La Plata Electric Association, Inc.; and

WHEREAS, the Board of Directors has reviewed the Rate Design Strategic Planning Goals; and

WHEREAS, the Rate Design Strategic Planning Goals are reflected in Exhibit A, attached hereto and incorporated herein.

NOW THEREFORE BE IT RESOLVED by the Board of Directors of La Plata Electric Association, Inc. that the attached Rate Design Strategic Planning Goals are hereby adopted.

I, Joe Wheeling, Secretary of La Plata Electric Association, Inc., do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Directors of La Plata Electric Association, Inc., at a regular meeting held in Durango, Colorado, on August 17, 2016, at which meeting a quorum of directors was present and voting.



Joe Wheeling, Secretary

Dated at Durango, Colorado this 17 day of August, 2016

Exhibit A

August 17, 2016

LPEA Rate Design Strategic Planning Goals

LPEA will strive to design rates that fairly collect revenue from its members as outlined in LPEA Policy 214. The following goals assume LPEA's expenses, especially wholesale expenses, remain similarly structured.

- 1) Enhance and promote cost based Time of Use rates.
- 2) Design Time of Use rates that are beneficial relative to its standard rate counterpart for most members prior to any deliberate load shifting.
- 3) For rates where an on-peak energy component exists, strive to collect Tri-State demand expenses through the on-peak energy charge.
- 4) For rates where a demand component exists, strive to collect LPEA demand expenses through the demand charge.
- 5) For rates where demand or on-peak energy components exist, strive to collect an amount equal to LPEA's customer expenses through the base charge.
- 6) For rates where only base and energy components exist, strive to collect 100% of LPEA's customer expenses plus up to 25% LPEA's demand expenses (2016 level was 14%) through the base charge which will encourage low usage members to favor Time of Use rates.
- 7) The standard general service single phase rate will consist of only a base charge and energy charge.
- 8) Once LPEA metering and billing technology allows for AMI Time of Use billing computation for all customer groups, LPEA will establish Time of Use rates as the default rate for new services and reconnects (likely January 2018).
- 9) Beginning January 2018, consider adding a demand charge component to LPEA's three phase small commercial rate while educating affected members about demand prior to implementation.
- 10) Beginning January 2020, consider eliminating rates that only contain a base charge and energy charge and standardize on Time of Use and demand structured rates.