

LA PLATA ELECTRIC ASSOCIATION, INC.
Long Range Strategic Issues Committee
Minutes of Meeting
Wednesday, March 14, 2018
Durango, Colorado

I. CALL TO ORDER AND APPROVAL OF AGENDA

The Long-Term Strategies Committee of the La Plata Electric Association Board of Directors was held Wednesday, March 14, 2018 at the headquarters building in Durango, Colorado. Committee Chairman, Director Huntington called the meeting to order at 9:00 a.m. and addressed the agenda. There was consensus among the Committee that the agenda would stand as presented. The following were in attendance:

DIRECTORS:

Dan Huntington, Committee Chairman
Britt Bassett
Bob Lynch
Guinn Unger

LPEA STAFF:

Dennis Svanes, CFO
Dan Harms, Manager of Rates, Technology and Energy Policy
Ron Meier, Manager of Engineering and Member Relations
C. E. Charistopoulos, Executive Assistant

GUESTS: The following guests were in attendance: Larry Zauberis, Emily Bowie, Tim Wheeler, Chris Colwell.

II. REVIEW EVACUATION PROTOCOL

Committee Chairman Huntington reviewed the evacuation protocol in the event of an emergency.

III. APPROVE MARCH 8, 2018 MINUTES OF MEETING

Committee Chairman Huntington addressed the March 8, 2018 Long Term Strategies Committee meeting minutes. It was noted to make an addition reflecting that Director Bassett would provide more wholesale price information on power supply.

Motion: Director Bassett moved to approve the March 8, 2018 Long Term Strategies Committee meeting minutes with approved modifications. Motion seconded and carried without dissent.

IV. COMMITTEE DISCUSSION

The Committee discussed Tri-State rate projections with CFO Svanes, and 15-year Load Forecast scenarios, and Tri-State's future generation mix projections with Dan Harms. Discussion ensued on the rapidly changing energy world and the need to base projections on current rather than past conditions. Dan Harms will provide a rough draft of the cost of power to LPEA over the next 10 years based on projections for Tri-State rate increases of 0% for years 1-4, and 1% for years 6-10.

V. DISCUSSION WITH BRYAN HANNEGAN

Holy Cross Energy CEO, Bryan Hannegan discussed the demands of a new membership base and the importance of agility and ability to move forward with significant change, and his approach to look for the *right now solution, the next solution, and then the what now solution, rather than the end solution.*

Hannegan shared challenges of addressing a \$6 million budget shortfall attributed to energy efficiencies, rooftop solar, and declining load through rate design, cost cutting, and downsizing of staff. Holy Cross Energy currently has a 2-part rate structure that is fundamentally flawed, and is doing a Cost of Service Study for a 3-part rate that will design revenue streams to capture costs appropriately and allow them to remain financially viable. Other challenges included handling the coal-fired assets they own in meeting carbon reduction goals, aligning the objectives of the Board and Staff, and the pressures on the CEO to implement quickly.

Hannegan addressed power supply flexibility and options moving into a future of rapidly changing technology, risks, and opportunities; and emphasized that things take time, R&D is not a luxury, and the willingness to put together a service that the entire membership is willing to pay for must be part of the process.

VI. ADJOURN.

There being no further business, the Long-Term Strategies Committee of the La Plata Electric Association, Board of Directors meeting adjourned at 11:26 a.m.

The next Long-Term Strategies Committee meeting will take place March 29, 2018, from 1:00 p.m. to 5:00 p.m. at the LPEA Headquarters in Durango, Colorado.

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


Dan Huntington, Committee Chairman


Britt Bassett, Committee Director


Bob Lynch, Committee Director


Guinn Unger, Committee Director

