

## Board of Directors Policy

Subject: <b>Rate Development</b>			Policy No: <b>214</b>
Original Issue: 2/15/12	Last Revised: 12/14/16	Last Reviewed: 12/14/16	Page 1 of 2

### I. OBJECTIVE

To set forth the policy relating to the development and implementation of electric rates that allow La Plata Electric Association, Inc. (Cooperative) to provide electricity that is safe, reliable, cost based, considerate of the environment, and maintains the financial strength of the Cooperative.

### II. POLICY

- A. The Board of Directors will approve all changes to Cooperative rates and rate structures.
- B. At least annually, the Chief Executive Officer (CEO) will prepare a forecast of revenue requirements and make a recommendation to the Board outlining any need for rate adjustments. A cost-of-service study, when deemed necessary by the CEO due to major changes in the cost to serve, will be performed to obtain information to develop rates as outlined below.
- C. Rates will be developed and implemented that strive to:
  - 1. Generate margins adequate to meet annual lender requirements and long-term financial objectives set and approved by the Board;
  - 2. Allocate costs across rate classes in an equitable, non-discriminatory, manner;
  - 3. Minimize subsidies between different rate classes;
  - 4. Minimize subsidies within rate classes;
  - 5. Ensure all rate classes contribute to the margins of the Cooperative;
  - 6. Balance the collection of fixed costs through fixed charges (e.g. base charge) and recover variable costs through appropriate variable charges (e.g. energy charges), with the desire to encourage conservation, energy efficiency, and renewable energy.
  - 7. Comply with strategic planning goals set from time to time by the Board.
- D. Rate classes will be developed in the Cooperative Business manner, in that similar members/customers will be in the same rate class.

LA PLATA ELECTRIC ASSOCIATION, INC.  
DURANGO, COLORADO

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- E. The Board will publish notice of meetings to review the rate process and to consider any proposed changes in rates. This notice will comply with or exceed applicable statutory requirements for notice to the public before the rate change can take effect.

III. RESPONSIBILITY

The President of the Board of Directors is responsible for the administration of this policy.

12/14/2016

Date

  
Secretary