

LA PLATA ELECTRIC ASSOCIATION, INC.
Finance and Audit Committee Meeting Minutes
Thursday, May 11, 2023
9:00 a.m. - 11:00 a.m.
<https://lpea.coop/board-directors-committees>

CALL TO ORDER

The Finance and Audit Committee of the La Plata Electric Association Board of Directors was held Thursday, May 11, 2023, via Zoom webinar. Committee Chair McWilliams called the meeting to order at 9:01 a.m. The following committee members were in attendance:

COMMITTEE MEMBERS

Director Sue McWilliams, Committee Chair
Director Tim Wheeler
Director Ted Compton
Karl Ramsey, VP of Finance
Jessica Matlock, CEO

LPEA STAFF

Dan Harms, EVP of Grid Solutions and Special Projects
Monica Rodriguez, Controller
Graham Smith, General Counsel

EXCUSED ABSENCE:

None

GUESTS:

David Luschen

APPROVAL OF AGENDA

Committee Chair McWilliams addressed the May 11, 2023 Finance and Audit Committee (FAC) meeting agenda.

Motion: Committee Member Wheeler moved to approve the May 11, 2023 FAC meeting agenda. Motion seconded and carried without dissent.

APPROVAL OF MEETING MINUTES

Committee Chair McWilliams addressed the April 14, 2023 FAC meeting minutes.

Motion: Committee Member Wheeler moved to approve the April 14, 2023 FAC meeting minutes. Motion seconded and carried without dissent.

UPDATE ON APRIL FINANCIALS

VP of Finance Ramsey addressed the April financials. The financials are following a pattern in 2023 of strong sales and savings from cost controls, generating margins that are significantly above budget. Our cash levels were below the board's target at the end of April due to our quarterly debt payment to CFC, but we were back within the target range at the time of the FAC meeting. All the board's other financial goals were met. VP Ramsey and VP Harms took questions and suggestions from committee members regarding financials.

CAPITAL CREDIT RETIREMENT

VP Ramsey addressed the proposal that was sent to the board in advance of the meeting. Staff are proposing a FIFO retirement of the 2001 and 2002 co-op allocations in the amount of \$3.077 million. This proposal allows the co-op to maintain a 20-year retirement cycle, which helps clear out older unretired allocations and mitigate the risk of litigation. The co-op retirement in 2023 is lower than it has been in the last two years due to a lower LPEA cash balance and policy dictating that funds should not be borrowed to finance capital credit retirements.

Motion: Committee Member Wheeler moved to recommend approving the 2023 Capital Credit proposal that will retire the 2001 and 2002 co-op balances on a FIFO basis, with communication to our current membership on the benefits of rate stability during this time of high inflation. Motion seconded and carried without dissent.

This recommendation will be presented to the board at the May 17th, 2023, Board of Directors' meeting.

NET METERING PROPOSAL OVERVIEW

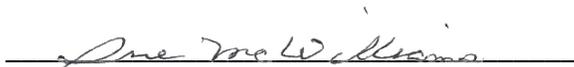
EVP Harms presented proposed changes to net metering policies and procedures. The objectives of the changes were to maintain LPEA's position as a leader in solar adoption, limit financial impacts, and provide an equal opportunity to all members who wish to participate in the energy transition. The first proposed change is to limit the Net Metering Tariff to systems under 25 kW and a new Qualifying Facilities Tariff will be developed for systems over 25 kW. The second proposed change is to implement an application fee to offset expenses LPEA is currently absorbing. The final proposed change is to allow aggregated net metering, which would allow members to combine electrical meters of the same owner on the same or contiguous property. VP Harms took questions from the committee and set out the timeline for the next steps.

FUTURE MEETING SCHEDULE

Committee Chair McWilliams addressed next month's meeting schedule. It was agreed that the next meeting would be held on June 7th at 9 a.m.

ADJOURN

There being no further business, this meeting of the Finance and Audit Committee of the La Plata Electric Association Board of Directors adjourned at 10:44 a.m. Recorded by Monica Rodriguez, and approved by:



Sue McWilliams, Committee Chair