

LA PLATA ELECTRIC ASSOCIATION, INC. (LPEA)
Finance and Audit Committee Meeting Minutes
Thursday, April 11, 2024
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 on Thursday, April 11, 2024, via Zoom webinar. Committee Chair Wheeler called the meeting to order at 9:02 a.m. The following committee members were in attendance:

COMMITTEE MEMBERS

Director Tim Wheeler, Board Treasurer & Committee Chair
Director Nicole Pitcher
Director David Luschen
Patrick Berry, VP of Finance
Graham Smith, Interim CEO and General Counsel

LPEA STAFF

Dan Harms, EVP of Grid Solutions and Special Projects
Emily Missildine, Energy Management Key Accounts Specialist
Janelle Thunstrom, Executive Assistant

EXCUSED ABSENCE:

None

GUESTS:

Directors Ted Compton, Dan Huntington, Kohler McInnis, and Holly Metzler

APPROVAL OF AGENDA

Committee Chair Wheeler addressed the April 11, 2024, Finance and Audit Committee (FAC) agenda.

Motion: Committee Member Luschen moved to approve the presented April 11, 2024, FAC meeting agenda. Motion was seconded and carried without dissent.

APPROVAL OF MEETING MINUTES

Committee Chair Wheeler addressed the March 7, 2024, FAC meeting minutes.

Motion: Committee Member Luschen moved to approve the March 7, 2024, FAC meeting minutes as presented. Motion seconded and carried without dissent.

FEBRUARY FINANCIALS REVIEW – ACTUALS

VP Berry provided an overview of February's financial performance, offering detailed insights and addressing operating variance inquiries from committee members and non-committee attendees. LPEA reported an operating margin of \$516,674 in February 2024, compared to the budgeted margin of \$810,134, creating a negative variance of \$293,461. Residential sales were 10% below budget, commercial sales were 2% under budget, and industrial sales were 2% below budget. Above-average temperatures impacted revenues as a whole, causing a drop of 6% or \$659,414, while the cost of power was 6% below budget or \$385k, resulting in gross margins (revenue less cost of power) being 7% or \$274,654 below budget. LPEA maintains a healthy balance sheet and cash position, with the board's key financial metrics met in February. VP Berry took all questions.

MARCH FINANCIALS REVIEW - PRELIMINARY

VP Berry provided a brief initial report on the March financials and fielded inquiries from the committee. As of the end of March, Tristate's proposed rate increase still had not been approved by the Federal Energy Regulatory Commission (FERC). Considering this, we continue to compare to the budget scenario without that rate increase and defer the 4% in additional revenue attributed to this pass-through rate increase. LPEA reported an operating margin of \$746,483 in March 2024, compared to the budgeted margin of \$501,378, creating a positive variance of \$245,105. In March our revenue was down, but we saw savings in cost of power and controllable expenses that resulted in a positive operating margin variance. LPEA maintains a healthy balance sheet and cash position, with the board's key financial metrics met in March. VP Berry took all questions.

FASTTRACK PROCEEDS DISCUSSION

Interim CEO Smith indicated that there are still pending post-closing matters; hence, there is no further update at this time. A conversation was initiated regarding Capital Credits, with plans for further deliberation in the future.

SUNNYSIDE COMMUNITY SOLAR PROGRAM RECOMMENDATION

Energy Management Key Accounts Specialist Missildine presented the Sunnyside Community Solar Program and suggested a course of action. The presentation covered various topics, including the objective, background, program considerations, research findings, best practices, availability framework, partnership framework with La Plata County, eligibility criteria, subscription terms, upcoming steps, enrollment procedures, income verification, outreach strategies, communication strategies, billing procedures, environmental attribute allocation, and a concluding summary page. During the presentation, a thorough discussion was held regarding the subscription terms, delving into specifics such as duration, terms of participation, potential benefits, and any associated obligations or considerations for members. Missildine and EVP Harms answered all the committee members' questions and will distribute changes and present it to the full board next week with subscriptions opening in September.

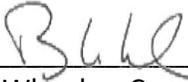
Motion: Committee Chair Wheeler moved to endorse the Sunnyside Community Solar Program with the proposed adjustments and present it to the full board in April. Motion was seconded and carried without dissent.

POTENTIAL EXECUTIVE SESSION

The topic was not discussed since there was no update to the January FERC (Federal Energy Regulatory Commission) filing.

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 11:09 a.m. Recorded by J. P. Thunstrom and approved by:



Tim Wheeler, Committee Chair