

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors Meeting Minutes
<https://lpea.coop/lpea-board-directors-resources>
Wednesday, October 16, 2024
Zoom Webinar
LPEA Headquarters | Durango, Colorado

CALL TO ORDER (9:01 a.m.)

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held via Zoom Webinar on Wednesday, October 16, 2024. President Compton called the meeting to order at 9:01 a.m. with the following directors present:

Ted Compton, President
Dan Huntington
Rachel Landis, Vice President
John Lee, Jr.

Joe Lewandowski
David Luschen
Kohler McInnis
Holly Metzler

Nicole Pitcher, Secretary
Kirsten Skeehan
Tim Wheeler, Treasurer
John Witchel

LPEA STAFF

Amanda Anderson, Strategic Communications Officer
Patrick Berry, VP of Finance
Dan Harms, Executive VP of Grid Solutions and Special Projects
Elizabeth Howe, VP of Business Services
Graham Smith, Interim CEO and General Counsel
Jerry Sutherlin, VP of Operations
Janelle Thunstrom, Executive Assistant
Drew Timmerman, VP of Information Technology

EXCUSED ABSENCE

None

WEBINAR ATTENDEES

Emelie Frojen and Bruce Murray

APPROVAL OF THE AGENDA (9:02 a.m.)

President Compton addressed the agenda for the LPEA board meeting on October 16, 2024.

Motion: Director Lee moved to approve the amended October 16, 2024, LPEA board meeting agenda as amended to add Section D. under the Election Section for a Tri-State monitoring position. Motion seconded and carried without dissent.

MEMBER COMMENTS AND CONCERNS (9:04 a.m.)

Interim CEO Smith gave an overview of the rules for public commentary. There was public comment.

CONSENT BOARD ITEMS (9:10 a.m.)

President Compton addressed the Consent Board Items.

Motion: Director McInnis moved to approve the following Consent Board Items: September Board of Directors minutes as presented, accepting new members, Capital Credits to estates, the retirement of monthly write-offs, director travel, and training requests. Motion was seconded and carried without dissent.

ELECTION (9:10 a.m.)

President Compton made a brief introduction regarding the election of officers and discussed a possible Tri-State monitoring position.

ELECTION OF OFFICERS (9:20 a.m.)

Attorney Smith accepted nominations for executive officers.

Directors discussed each position and nominee, and nominees spoke about their desire and qualifications to hold the position prior to voting.

Attorney Smith accepted secret ballots for President, Vice President, Secretary, and Treasurer per LPEA's bylaw.

If no candidate receives a majority of the votes in a field of three or more candidates, the candidate with the fewest votes will be eliminated from the running.

Executive Officer Nominees

President: Director Compton

Vice President: Director Landis

Secretary: Director Pitcher, Director Lee

Treasurer: Director Wheeler

Director Compton was elected by a majority vote (11 in favor – 1 abstention) to the office of Board President; Director Landis was elected by a majority vote (10 in favor – 2 abstentions) to the office of Board Vice President; Director Pitcher was elected by a majority vote (7 – 5) to the office of Board Secretary; Director Wheeler was elected by majority vote (10 in favor – 2 abstentions) to the office of Board Treasurer.

ELECTION DIRECTORS FROM LPEA BOARD TO ROUND UP BOARD (10:01 a.m.)

Attorney Smith accepted oral nominations for the LPEA Director representatives to the Round Up Board.

Director Luschen self-nominated.

Director Pitcher nominated Director Skeehan, and Director Skeehan accepted the nomination.

Motion: Director Huntington moved to elect Director Luschen and Director Skeehan as the LPEA Director representatives to the Round Up Board of Directors and close voting. Motion seconded and carried without dissent.

ELECTION OF LPEA REPRESENTATIVES TO CREA AND WESTERN UNITED (10:27 a.m.)

President Compton accepted oral nominations for the Colorado Rural Electric Association (CREA) representative.

Director Luschen nominated Director Metzler as the CREA Director representative. Director Metzler accepted her nomination.

Acclamation

Vote: Attorney Smith requested an acclamation vote to accept Director Metzler as the CREA representative. Vote carried with all in favor.

President Compton accepted oral nominations for the Western United Director representative.

Director McInnis nominated Director Lee as the Western United Director representative. Director Lee declined the nomination.

Director Pitcher nominated Director Luschen as the Western United Director representative. Director Luschen accepted his nomination.

Acclamation

Vote: President Compton requested an acclamation vote to accept Director Luschen as Western United's Director representative. Vote carried with all in favor.

ELECTION OF LPEA REPRESENTATIVE TO TRI-STATE MONITORING POSITION (10:09 a.m.)

President Compton accepted oral nominations for the Tri-State paid monitoring position and gave more details regarding the position.

Motion: Director Witchel moved to consider this position. Motion seconded.

**Motion to
Postpone**

Definitely: Director Skeehan moved to table the motion for next month's meeting in November. Motion seconded and carried 9 -1 with Directors Compton, Huntington, Landis, Lewandowski, Luschen, McInnis, Pitcher, Skeehan, Wheeler, and Witchel in favor and Director Metzler opposed. Director Lee did not vote.

CEO AND STAFF REPORTS

DIVISION DASHBOARDS (10:19 a.m.)

Interim CEO Smith reported on the monthly board dashboard, which was made public prior to the board meeting. The dashboard reports progress in meeting the targets listed in the 2024 Operational Plan.

VP Berry delivered an analysis of September's financial performance. LPEA continues to maintain a healthy balance sheet and cash position, with all the Board's key financial metrics met in September.

LPEA reported a negative operating margin of \$197,407 in September 2024, compared to a budgeted negative margin of \$173,497, resulting in a net negative budget variance of \$23,910. In September, our gross margins were below budget, and controllable expenses were also worse than budget, resulting in a negative budget-to-actual variance in operating margins. Revenue was \$460,640 or 5% under budget, and cost of power was 7% or \$414,164 under budget, resulting in gross margins of \$3,154,626, which was 1% or \$46,476 under budget. Temperatures in September had a major effect on revenues for the month; it wasn't cold enough for heat, but it was not hot enough for A/C. Residential sales were 4% below budget, commercial sales were 5% below budget, and industrial sales were 10% below budget. Both kwh sales and kwh purchased for September were 7% under budget. Controllable costs were 2% or \$40,000 higher than budgeted levels for the month but remained 4% or \$739,000 under budget for the year.

Interim CEO Smith and other staff members answered questions about the topics discussed in the dashboard and appendix reports.

ATTORNEY UPDATE ON FERC ACTIONS (11:03 a.m.)

Matthew Larson, Outside Counsel for LPEA, advised on the status of the cases related to Tri-State's wholesale electric rates and exit fee at the Federal Energy Regulatory Commission (FERC) and related matters.

There were two brief updates on the FERC matters. In the sleeving fee case, a settlement conference was held, and the process will continue with another cycle of offers and counteroffers involving Tri-State, trial staff, and other entities at FERC participating in the case. The next settlement conference is scheduled for January 23rd, and additional rounds of discovery, technical conferences, and negotiations are expected.

On the rate case side, a preliminary settlement conference was held, which was largely procedural. The next settlement conference for the rate case is set for February, indicating both cases are likely to be extended for some time based on the schedules set by the judges. All discussions remain protected under settlement privilege.

EXECUTIVE SESSION (11:05 a.m.)

President Compton requested a motion to move into an executive session to discuss an update on FERC and related actions, LPEA's lawsuit filed in La Plata County Courts, a power supply progress, an update from the CEO Selection Committee, and a budget update on the 2025 Capital Projects budget and preliminary revenue requirements.

Motion: Director Wheeler moved to enter an executive session to discuss an update on FERC and related actions, LPEA's lawsuit filed in La Plata County Courts, a power supply progress, an update from the CEO Selection Committee, and a budget update on the 2025 Capital Projects budget and preliminary revenue requirements. Motion seconded and carried without dissent.

The board remained in executive session from 11:06 a.m. to 2:10 p.m.

BOARD ACTIONS RESULTING FROM EXECUTIVE SESSION (2:10 p.m.)

None

BOARD ACTION AGENDA (2:10 p.m.)

FINANCE AND AUDIT COMMITTEE UPDATE (2:10 p.m.)

Committee Chair Wheeler addressed his written Finance and Audit Committee (FAC) report.

Motion: Director Wheeler, as chair of the FAC, recommends that the Board approve a 2024 Capital Credit Retirement between \$1.5 and \$3 million pending additional information on the impact on certain members by the VP of Finance. The FAC further recommends that retirement be 75% First-In First-Out (FIFO) and 25% Last-In First-Out (LIFO).

Motion:
Amended: Director McInnis proposed a change from the 25% LIFO to 100 % FIFO per the 2003 schedule. Motion seconded and failed 3-8 with Directors Lee, Lewandowski, and McInnis in favor and Directors Compton, Huntington, Landis, Luschen, Metzler, Pitcher, Skeehan, and Wheeler opposed. Director Witchel did not vote.

**Main
Motion**

Resumed: Director Wheeler, as chair of the FAC, recommends that the Board approve a 2024 Capital Credit Retirement of \$1.5, and FAC further recommends that retirement be 75% FIFO and 25% LIFO. Motion seconded and carried 10 – 2 with Directors Compton, Huntington, Landis, Lewandowski, Luschen, Metzler, Pitcher, Skeehan, Wheeler, and Witchel in favor and Directors Lee and McInnis opposed.

COMMITTEE ON POLICES UPDATE (2:38 p.m.)

Committee Chair Lee provided an update on the ongoing amendments to Policy 103, noting that it will be reviewed at the October meeting alongside Policy 110. Additionally, a new Energy Risk Committee is in the process of being established.

2025 BOARD MEETING SCHEDULE AND BOARD ELECTION TIMELINE (2:40 p.m.)

Interim CEO Smith addressed the board election timeline and the 2025 board meeting schedule.

Motion: Director Wheeler moved to approve Resolution 2024-11; 2025 LPEA Board of Directors Meeting Dates as amended to have the November in-person for a budget discussion, require one in-person meeting in Pagosa Springs and hold the Annual Meeting in May. Motion seconded and carried without dissent.

Motion: Director Lewandowski moved to set the 2025 Annual Meeting for May 21, 2025, and approve the election timeline. Motion seconded and carried without dissent.

THIRD-PARTY APPROVAL FOR ELECTION SUPPORT (2:59 p.m.)

Interim CEO Smith addressed the Third-Party Resolution to appoint Survey & Ballot Systems as the independent third party to supervise the balloting process for LPEA's 2025 election of directors.

Motion: Director McInnis moved to approve Resolution 2024-12, Independent Third-Party Appointment, with addition after the membership sentence to add "at the May 21, 2025, annual meeting". Motion seconded and carried without dissent.

REPORTS

ATTORNEY REPORT (3:04 p.m.)

Referring to the written report in the board packet, Attorney Smith highlighted the work done for LPEA staff and board members since the September meeting and took all questions.

DIRECTOR REPORTS (3:04 p.m.)

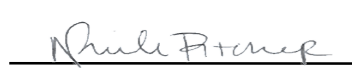
Directors referred to written and verbal reports in the board packet and took questions from board members and staff.

ADJOURN (3:21 p.m.)

There being no further business, the LPEA Board of Directors' meeting adjourned at 3:21 p.m. Recorded by J.P. Thunstrom and approved by:



Ted Compton, President



Nicole Pitcher, Secretary