

LA PLATA ELECTRIC ASSOCIATION, INC.  
Finance and Audit Committee Meeting Minutes  
Thursday, July 10, 2025  
9:00 a.m. - 12:00 p.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, July 10, 2025, 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 David Luschen  
Director Dusty Mars  
Director Kohler McInnis  
Chris Hansen, Chief Executive Officer  
Patrick Berry, Chief Financial Officer

**LPEA STAFF**

Dan Harms, Chief Strategy Officer  
Graham Smith, General Counsel  
Janelle Thunstrom, Executive Office & Board Governance Manager

**EXCUSED ABSENCE:**

None

**GUESTS:**

Director Brad Blake, Director Nicole Pitcher, and Director Kirsten Skeehan

**APPROVAL OF AGENDA**

Committee Chair Wheeler addressed the agenda for the July 10, 2025, Finance and Audit Committee (FAC) meeting.

**Motion:** Committee Member Luschen moved to approve the July 10, 2025, FAC meeting agenda.

**Motion**

**Amended:** Committee Member Berry moved to amend the motion to move the Risk Policy Process Update to the Executive Session. Motion was seconded and carried without dissent.

**APPROVAL OF MEETING MINUTES**

Committee Chair Wheeler addressed the June 12, 2025, FAC meeting minutes.

**Motion:** Committee Member Luschen moved to approve the June 12, 2025, FAC meeting minutes as presented. Motion seconded and carried without dissent.

### **MAY FINANCIALS REVIEW – ACTUALS**

CFO Patrick Berry provided an update regarding LPEA's May 2025 financials, noting a correction to revenue reporting. A revenue allocation error was discovered during the June financial close process, resulting in \$218,000 of large industrial revenue being properly reallocated to May. This adjustment improved May's financials from a negative to a positive operating margin, with a favorable variance to budget of \$132,436. The year-to-date operating margin increased to 5.8% of revenue.

Committee members asked clarifying questions regarding the nature of the error, implications for future budgeting, and the observed variance in the ratio of power cost to revenue. CFO Berry explained the error was clerical in nature and related to a temporary staffing displacement during the reporting period. He and CSO Harms also addressed questions on revenue stability related to recent rate design changes.

Director Skeehan inquired whether the revised May financials would be reposted. CFO Berry confirmed that the updated year-to-date results would be reflected in the June financial report, and the Board would be informed accordingly. He also agreed to provide an analysis of monthly cost-of-power-to-revenue ratios, as requested.

### **JUNE FINANCIALS REVIEW - PRELIMINARY**

CFO Berry presented the preliminary June 2025 financial results, reporting a positive operating margin of \$590,977, exceeding the budgeted amount of \$466,203 and resulting in a favorable variance of \$124,774. Gross margins were essentially on target with budget. Controllable expenses were \$156,152 under budget, primarily due to favorable payroll variances across multiple divisions and reduced reliance on outside contracting. Other expenses exceeded budget by \$24,013.

Revenue trends were reviewed by customer class:

- Residential revenue exceeded budget by 1% despite a 2% decrease in kilowatt-hour sales.
- Small commercial revenue was 1% above budget.
- Large industrial revenue was 1% below budget.

Discussion included line loss variances, demand billing impacts on irrigation rates, and non-operating margin fluctuations related to the FastTrack transaction. CFO Berry and CSO Harms addressed all questions from committee members, including requests for further data review on the Irrigation revenue segment.

### **RISK POLICY PROCESS UPDATE**

The Committee voted to move the Risk Policy Process Update to Executive Session due to the potential strategic exposure associated with public discussion. The motion to amend the agenda was made by CFO

Berry, with the justification that elements of the risk policy could offer insight to counterparties if discussed in an open session.

### **EXECUTIVE SESSION**

Committee Chair Wheeler requested a motion to enter executive session to discuss the CTP (Contract Termination Payment) financing update, the post-sale update on FastTrack Communications, the 2024 Tri-State formulaic performance update, and a Risk Policy Process Update.

**Motion:** Committee Member McInnis moved to enter an executive session to discuss the CTP (Contract Termination Payment) financing update, the post-sale update on FastTrack Communications, the 2024 Tri-State formulaic performance update, and a Risk Policy Process Update. Motion seconded and carried without dissent.

The committee remained in the executive session from 9:30 a.m. to 11:13 a.m.

No action was taken following the executive session.

### **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 11:13 a.m. Recorded by J. P. Thunstrom and approved by:

  
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Tim Wheeler, Committee Chair