

LA PLATA ELECTRIC ASSOCIATION, INC.
Finance and Audit Committee Meeting Minutes
Thursday, May 14, 2026
9:00 a.m. - 12:00 p.m.
<https://lpea.coop/board-directors-committees>

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

The Finance and Audit Committee of the La Plata Electric Association Board of Directors was held on Thursday, May 14, 2026, via Zoom webinar. Committee Chair Wheeler called the meeting to order at 9:01 a.m. The following committee members were in attendance:

COMMITTEE MEMBERS

Director Tim Wheeler, Board Treasurer & Committee Chair
Director David Luschen
Director Dusty Mars (arrived at 9:40 a.m.)
Chris Hansen, Chief Executive Officer
Director Kohler McInnis
Monica Rodriguez, Controller/Interim Chief Financial Officer

LPEA STAFF

Jessica Dunbar, Administrative Assistant
Dan Harms, Chief Operating Officer
Janelle Thunstrom, Executive Office & Board Governance Manager

EXCUSED ABSENCE:

Graham Smith, General Counsel

GUESTS:

LPEA Board Member John Witchel
Greg Barber and John Purser
Woody Trimble, Jackson Thornton & Co.

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

Committee Chair Wheeler addressed the agenda for the May 14, 2026, Finance and Audit Committee (FAC) meeting.

Motion: Committee member McInnis moved to approve the May 14, 2026, Finance and Audit Committee (FAC) meeting agenda. Interim CFO Rodriguez requested to move the audit

presentation before the March financial discussion. Motion seconded and carried without dissent.

APPROVAL OF MEETING MINUTES (9:03 a.m.)

Committee Chair Wheeler addressed the April 9, 2026, FAC meeting minutes.

Motion: Committee Member McInnis moved to approve the April 9, 2026, FAC meeting minutes as presented. Motion seconded and carried without dissent.

AUDIT PRESENTATION- RESOLUTION 2026-08; ALLOCATION OF PATRONAGE CAPITAL (9:03 a.m.)

Woody Trimble of Jackson Thornton and Co. answered questions from committee members.

Motion: Committee Member McInnis moved to recommend the full board accept the 2025 audit results as presented. Motion seconded and carried without dissent.

Motion: Committee Member McInnis moved to recommend the full board adopt Resolution 2026-08; Allocation of Patronage Capital. Motion seconded and carried without dissent.

MARCH FINANCIALS REVIEW – ACTUALS (9:27 a.m.)

Controller/Interim CFO Rodriguez stated there were no changes to the March financials.

APRIL FINANCIALS REVIEW – PRELIMINARY (9:28 a.m.)

Controller/Interim CFO Rodriguez presented the April 2026 preliminary financial results and explained that the transition has introduced new reporting and information-gathering processes, as energy purchases and related expenses must now be compiled from eleven separate sources rather than a single provider. As a result, monthly financial results will remain preliminary until settlement data is finalized, with adjustments potentially occurring up to 120 days after the reporting period.

LPEA reported a negative operating margin of \$100,000 in April, compared to a negative budgeted margin of \$915,000, resulting in a positive budget variance of \$815,000. Our gross margins were 2% or \$111,000 over budget, controllable expenses were 17% or \$547,000 under budget and other expenses were 6% or \$157,000 under budget. Revenue continued to trend slightly below budget, although the variance improved compared to previous months. Residential revenue was 2% under budget, industrial revenue was 12% under budget, and commercial revenue was 4% above budget.

Power supply costs were reported as preliminary estimates and were currently 8% below budget. Line losses were lower than expected at 1.7%, which may indicate that there will be future adjustments as settlements are completed. Significant savings were realized across Operations and Maintenance expenses, particularly in transmission costs. Because SPP April transmission bill was not yet available, expenses were estimated using LPEA's gross peak load. The estimate is currently below budget and is further offset by the transmission credit and the interest earnings associated with the transmission credit received through the contract termination process. Additional savings were achieved through lower payroll, legal, and consulting expenses.

Under other expenses, management noted that amortization of the new regulatory asset was budgeted higher than actual, creating projected savings for the remainder of the year. These savings are expected to be largely offset by higher-than-anticipated interest expense on long-term debt. In addition, a planned asset sale included in the non-operating margin budget has been postponed to a future period.

Controller/Interim CFO Rodriguez also reviewed balance sheet highlights. While operating liquidity remained slightly below the Board's target, cash balances increased significantly compared to the same period last year despite the impact of a scheduled quarterly debt payment. During April, LPEA recorded assets acquired from Tri-State, recognized the Contract Termination Payment asset as a regulatory asset to be amortized over 30 years, recorded the transmission credit as a deferred debit to be amortized over 40 years, and retired Tri-State patronage capital. Overall, management reported a stronger-than-budgeted financial performance for April while emphasizing that several power supply and transmission-related costs remain preliminary pending future settlement activity.

REVIEW 2025 FORM 7 (10:02 a.m.)

Controller/Interim CFO Rodriguez reviewed the 2025 CFC Form-7 and questions from board members were answered.

EXECUTIVE SESSION (10:26 a.m.)

Committee Chair Wheeler requested a motion to enter an executive session for a Transmission Asset discussion, an update on Power Supply and a review of a confidential spreadsheet from Monica Rodriguez.

Motion: Committee Chair Wheeler moved to enter an executive session to review Transmission Asset discussion/update, Power Supply update and a review of a confidential spreadsheet from Monica Rodriguez. Motion seconded and carried without dissent.

The committee remained in the Executive Session from 10:27 a.m. to 11:10 a.m.

ADJOURN (11:10 a.m.)

There being no further business, this meeting of the Finance and Audit Committee of the La Plata Electric Association Board of Directors adjourned at 11:10 a.m. Recorded by J. Dunbar and approved by:



Tim Wheeler, Committee Chair