

LA PLATA ELECTRIC ASSOCIATION, INC.
Finance and Audit Committee Meeting Minutes
Thursday, May 13, 2021
<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 13, 2021 via Zoom Webinar. Committee Chair Wheeler called the meeting to order at 2:02 p.m. The following committee members were in attendance:

COMMITTEE MEMBERS

Director Tim Wheeler, Committee Chair
Director Britt Bassett
Director Bob Lynch
Director Kirsten Skeeahan
Jessica Matlock, CEO
Karl Ramsey, VP of Finance

LPEA STAFF

Dan Harms, VP of Grid Solutions
Hillary Knox, VP of Member Services
Monica Rodriguez, Controller
Graham Smith, Staff & Board Attorney
Janelle Thunstrom, Executive Assistant

EXCUSED ABSENCE

None

GUESTS

Joe Lewandowski, Kohler McInnis, Holly Metzler, and Jenny Taylor

APPROVAL OF AGENDA

Committee Chair Wheeler addressed the May 13, 2021 Finance and Audit Committee (FAC) meeting agenda.

Motion: Committee Member Bassett moved to approve the May 13, 2021 FAC meeting agenda with moving up the YTD financial review before the executive session. Motion seconded and carried without dissent.

APPROVAL OF MEETING MINUTES

Committee Chair Wheeler addressed the February 11, 2021 and April 15, 2021 FAC meeting minutes.

Motion: Committee Member Skeeahan moved to approve the February 11, 2021 and April 15, 2021 FAC meeting minutes. Motion seconded and carried without dissent.

YTD FINANCIAL REVIEW

VP of Finance Ramsey gave an overview of the YTD financials. Operating margins for April were \$300k over budget, with gross margins being the primary driver. Operating expenses were within 1% of budgeted levels, and Ramsey indicated that he anticipated expenses being close to budget for the rest of 2021. LPEA met all the board's financial goals except for cash, which is due to the timing of the quarterly debt payment. The other metrics were within the financial goals that the board has set. VP Ramsey and VP Harms took questions and suggestions from committee members regarding financials.

COMMITTEE DISCUSSION AND POSSIBLE ACTION

EXECUTIVE SESSION - TRISTATE RATE REDUCTION & RESOLUTION 2019-10 OPTIONS

Committee Chair Wheeler requested a motion to enter executive session to review rate information provided by other co-ops and to discuss Resolution 2019-10 options.

Motion: Committee Member Bassett moved to enter executive session to review some of the rate information provided by other co-ops. Motion seconded and carried without dissent.

The committee remained in executive session from 2:21 p.m. to 3:33 p.m.

FUTURE AGENDA ITEMS

Committee Chair Wheeler addressed the Tri-State rate reduction settlement.

Motion: Committee Member Bassett asks that should FERC (Federal Energy Regulatory Commission) approve the Tri-State rate reduction, the committee recommends that the full board asks staff to as quickly as possible, provide a capital credits refund using the LIFO (Last-In, First-Out) disbursement method we mentioned of \$1.5 million. Motion seconded and carried without dissent.

This recommendation will be presented to the board at the May 19th, 2021 Board of Directors' meeting along with the resolution.

AGGREGATE NET METERING

VP Harms discussed the impacts that aggregated net metering would have on LPEA and on our policies. Harms recommends that we do not make changes to the current policy until after the cost-of-service study is completed. The FAC makes no recommendation currently on this topic. VP Harms took questions and suggestions from committee members.

COST OF SERVICE STUDY

VP Ramsey reported on the cost-of-service study on rates and other data such as net metering. We have received 3 bids for the cost-of-service study. EES Consulting was chosen to perform the study as their bid was within budget and they were also the only bidder able to meet LPEA's required timetable. Most of the work will be done remotely and should take 6-8 weeks (about 2 months). The kickoff meeting will take place on May 26th. VP Ramsey and VP Harms took questions from committee members.

2021 ANNUAL FINANCIAL REPORT REVIEW

Committee Chair Wheeler addressed the annual financial charts prepared by Director Bassett. VP Ramsey confirmed these charts will be utilized in a bi-yearly financial review with the first review occurring after Q2.

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 4:15 p.m.

Recorded by J.P. Thunstrom, and approved by:



Tim Wheeler, Committee Chair