

LA PLATA ELECTRIC ASSOCIATION, INC.
Durango, Colorado

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, December 17, 2014, in the headquarters building in Durango, Colorado. President Rendon called the meeting to order at 9:02 A.M., with the following directors present:

Heather Erb	Joe Wheeling	Michael Rendon
Jeffrey Berman	Davin Montoya	Bob Lynch
Britt Bassett	Jack Turner	J. Robert Formwalt
Mark Garcia	Tom Compton	Jerry McCaw

Excused Absence:

Also present were:

Mike Dreyspring, Chief Executive Officer
Steve Gregg, Manager of Special Projects
Dennis Svanes, Chief Financial Officer
Barry Spear, Attorney
Justin Talbot, Manager of Operations
Ron Meier, Manager of Engineering
Indiana Reed, Marketing & Communications Consultant
Laura Rome, Executive Assistant

Director Turner led the board in the Pledge of Allegiance.

AGENDA

President Rendon addressed the December 2014 agenda.

Motion: Director Formwalt moved to approve the December agenda with the ability to move around;

Director Bassett moved to add old business to the agenda. Discussion ensued.

Director Formalt's motion to approve the agenda with the ability to move around; motion seconded and passed without dissent.

MEMBER COMMENTS AND CONCERNS

John Shaw thanked the board for their work and moving forward with the community solar garden program.

GUESTS (from sign in sheet)

The following guests were present; Herb Brodsky, Betsy Romere, Sally Bellerue, and John Shaw.

CONSENT BOARD ITEMS

The consent board items were presented and reviewed. There was discussion on resolutions passed, and whether or not it was necessary to have a resolution for preliminary approval and a resolution in a subsequent month with final approval. It was determined that resolutions only required board approval once.

Motion: Director Compton moved to approve the November 19, 2014 minutes; the capital credit payments to estates, November write offs and accepting new members; motion seconded and carried without dissent.

ITEMS REQUIRING BOARD ACTIONS

REVIEW/APPROVE MISCELLANOUS FEE TARIFF, RESOLUTION 2014-40

Manager of Engineering, Ron Meier reviewed Resolution 2014-40, the history of the miscellaneous fee tariff, communications from members and requested final approval. He took questions on his report. It was determined for staff to report on the amount of members opting out and the cost of the meter reading to LPEA at a later date.

Motion: Director Erb moved to adopt Resolution 2014-40, Miscellaneous Fee Tariff as presented; motion seconded and passed without dissent.

REVIEW AND PRELIMINARY APPROVE 2015 RATE TARIFF, RESOLUTION 2014-34

Manager of Engineering, Ron Meier updated the board on the requested changes and were submitted for approval. He took questions on resolution 2014-34, 2015 Rate Tariffs. Discussion ensued.

Motion: Director Berman moved to preliminary adopt Resolution 2014-34 for 2015 Rate Tariff's; motion seconded and passed with Director Bassett dissenting.

Motion: Director Bassett moved change the general service fee from seven cents per Kilowatt to six cents per kilowatt. The motion expired from lack of a second.

Director reimbursements were presented and reviewed.

Committee of the Whole 12/15/14

Davin Montoya	\$219.43	Mark Garcia	\$263.28
Jeffrey Berman	\$200.00	Bob Lynch	\$266.60
Joe Wheeling	\$212.21	Britt Bassett	\$200.00
Robert Formwalt	\$266.60	Michael Rendon	\$200.00
Jack Turner	\$216.95	Jerry McCaw	\$216.65
Heather Erb	\$212.21		

LPEA Board meeting 12/17/14

Davin Montoya	\$219.43	Mark Garcia	\$263.28
Jeffrey Berman	\$200.00	Bob Lynch	\$266.60
Joe Wheeling	\$212.21	Britt Bassett	\$200.00
Robert Formwalt	\$266.60	Michael Rendon	\$200.00
Jack Turner	\$216.95	Tom Compton	\$219.43
Heather Erb	\$212.21	Jerry McCaw	\$216.65
Bob Formwalt	Western United		\$200.00
Jeff Berman	CREA		\$600.00
Rendon	Tri-State		\$931.02

Motion: Director Turner moved to approve the director reimbursements as presented; motion seconded and passed without dissent.

REVIEW/APPROVE ELECTRIC SERVICE REGULATIONS, RESOLUTION 2014-38

Approved in November

FINANCIAL ANALYSIS OF TRI-STATE RATE IMPACT

Dan Harms reviewed the financial analysis of the Tri-State rate impact. Items he detailed included: the billing mechanics of community solar gardens; solar economics; solar garden statistics; including the completed, near completion, and in construction community solar gardens with a total of four. He highlighted the community solar gardens total kW analysis of generation annually, resulting load data with financial impact with and without solar gardens. Additionally he discussed: load and generation profiles; net metering statistics; total installed capacity; annual energy production; capacity; energy production added in 2014; without net metering, with net metering and the net metering financial impact. He took questions on his report. Discussion ensued on cost to members; subsidization; annual estimated financial impact of community solar gardens of \$318,000 to LPEA; net metering with looking at the big picture and how this will affect LPEA and its members.

REVIEW/APPROVE POLICY 102, FUNCTIONS OF THE BOARD

CEO Dreyspring noted it was approved in November.

REVIEW/APPROVE BOARD POLICY 127, DIRECTOR ELECTIONS AND ANNUAL MEETING VOTING PROCEDURES

President Rendon requested discussion and noted his concern over the certified public accounting firm that acted as the independent third party in counting ballots in the 2014 elections and voting procedures. Discussion ensued on the following items: other coops election procedures; potential third party firms; county clerks offices; bidding process; state laws; election process; non local independent third party firms; bidding process for hiring a third party; and timelines. It was determined that Policy 127, Director Elections and Annual Meeting Voting Procedures was to stand as presented with the date updated. CEO Dreyspring was directed to obtain options, bids, and to coordinate with Attorney Spear, including a review of applicable Colorado Statutes, coop bylaws and policies.

REVIEW/APPROVE BOARD POLICY 129, CODE OF ETHICS

President Rendon requested discussion. Attorney Spear reviewed how the policy tracked with the Colorado State Statutes regarding conflict of interest situations and how the board should handle conflicted-interest transactions. Director Montoya requested the full disclosure document that the board could sign each year where they could disclose a potential conflict of interest. Discussion ensued on the potential for board members developing language for the document. It was determined for Attorney Spear to create a document for board review and potential approval at the January board meeting.

APPOINTMENT OF ROUND UP DIRECTORS

President Rendon requested discussion.

Motion: Director Berman moved to appoint to the Round Up board Doug Bowen for district one, Cheryl Ayers to District two and Werner Heiber to District three; motion seconded and passed without dissent.

REVIEW/APPROVE 2015 BUDGET FOCUS CEO Dreyspring reviewed the specific goals and objectives for LPEA. They included: operating LPEA and deliver improved reliability metrics, while working to increase productivity, and control or lower costs. Additionally he

pointed out: working with Tri-State and various distributed generation project developers; completing the AMI deployment; completing the strategic plan and beginning execution of it; complete the 115 transmission line transfer to Tri-State; work with LPEA's subsidiary FastTrack; review management directives; work cooperatively with CREA; and highlighted communications. Director Garcia requested to have a progress update with the board and put on a future agenda.

Motion: Director Garcia moved to approve the 2015 Budget Focus as presented with adding strategic planning: motion seconded and passed without dissent.

APPOINT DELEGATE AND ALTERNATE TO NRECA, NISC, NRTC, CFC, AND FEDERATED 2015 ANNUAL AND OTHER MEETINGS

President Rendon requested discussion. CEO Dreyspring noted the meeting schedule conflicts. Both Director Berman and Director Garcia indicated they could potentially be available to attend.

Motion: Director Turner moved to appoint Director Berman as delegate and Director Garcia as alternate with CEO Dreyspring as the second alternate to attend the NRECA, NISC, NRTC, CFC and Federated annual meetings; motion seconded and passed without dissent.

REVIEW AND POSSIBLE ACTION ON CREA BUDGET

President Rendon requested discussion. Director Berman reviewed the CREA annual dues and requested the current budget and costs for all LPEA memberships to affiliates. Discussion ensued with CEO Dreyspring indicating he would provide the information to the board.

The regular board meeting recessed for lunch at 11:55 A.M., and President Rendon called the meeting back to order at 1:06 P.M.

Director McCaw left the meeting at 1:15 P.M.

REVIEW/APPROVE CFC DEBT FOR RUS REFINANCE, RESOLUTION 2014-39

President Rendon requested discussion. CFO Svanes reviewed resolution 2014-39, CFC Debt for RUS refinance. He took questions.

Motion: Director Formwalt moved to adopt Resolution 2014-39, CFC Debt refinance as presented; motion seconded and passed without dissent.

REVIEW/APPROVE BOARD POLICY 362, SOLAR DOMESTIC HOT WATER REBATE

President Rendon requested discussion. CEO Dreyspring requested to move to a later date.

SUAE PROJECT UPDATE/HOLLAND AND HART ATTORNEY UPDATE

CEO Dreyspring noted the attorneys from Holland and Hart were available via phone conference to discuss the Southern Ute Alternative Energy proposal.

EXECUTIVE SESSION

Motion: Director Turner moved to go into executive session at 1:20 P.M. to discuss SUAE with attorneys Holland and Hart; motion seconded and passed with Director Montoya dissenting.

The board went into executive session at 1:20 p.m. Attorney Spear left the conference room as his firm represents the Southern Ute Indian Tribe which presented a conflict of interest and was the reason Holland and Hart was providing legal advice to LPEA on the matter.

The board came out of executive session at 2:16 P.M. Attorney Spear returned to the conference room.

President Rendon left the meeting at 2:20 P.M.

Vice President Erb reconvened the regular LPEA board meeting at 2:25 P.M.

REVIEW/APPROVE BOARD POLICY 366, COMMUNITY SOLAR GARDEN

Vice President Erb requested discussion. Manager of Engineering, Ron Meier reviewed Policy 366 and Program, Community Solar Gardens proposed edits to both the policy and program that the board and staff recommended. Discussion ensued.

Motion: Director Bassett moved to adopt Board Policy 366, Community Solar Garden as amended; motion seconded and passed with Director Montoya dissenting.

REVIEW AND POSSIBLE RECOMMENDATION FOR AMENDMENT TO TRI-STATE BYLAWS

Vice President Erb requested discussion and CEO Dreyspring noted if there were any changes to be submitted to Director Wheeling as the Tri-State representative. Director Wheeling noted that the bylaw changes and capital credits would be addressed.

Director Lynch left the meeting at 3:09 P.M.

DISCUSS TRI-STATE RATES AND MEMBER ISSUES

Vice President Erb requested discussion. Discussion ensued on the news release regarding the Tri-State settlement. It was determined that a news release would be created for the public.

ATTORNEY REPORT

Attorney Spear summarized his written report which was included in the December board packet. It included: Tri-State rate discussion, preliminary settlement; transfer of 115 assets to Tri-State; wholesale power agreement review; RUS loan documents; Policy 366 revisions; LPEA easement and a bank foreclosure; miscellaneous fees tariff; Pagosa Biomass power purchase agreement; and a franchise agreement for the town of Pagosa Springs. He took questions on his report.

CEO AND STAFF REPORTS

CEO Dreyspring highlighted the following items from his written report: He gave an update on the Southern Ute Alternative Energy project; meeting with the city manager of Durango, and a

labor relations meeting he attended with Steve Gregg, Manager of Special Projects. He took questions on his report.

CFO Svanes highlighted the Internal Revenue Service allowance for business mileage was increasing by one point five cents. He took questions on his report.

Manager of Operations, Justin Talbot reported that there were two accidents with no injuries. He took questions on his report.

Manager of Engineering, Ron Meier, highlighted the Radio Frequency (RF) measurements and displayed graphs with the results. Discussion ensued on potentially displaying the information collected on the LPEA website. Ron reviewed the AMI meter information on the website. He took questions on his report.

CONTENT FOR ANNUAL REPORT

Indiana Reed, Marketing & Communications Consultant highlighted the theme for the LPEA 2015 annual report of "Power of People". She reviewed in detail the annual report content. She took questions and suggestions for the annual report. Suggestions included: noting the challenges that LPEA has been facing; adding graphs/charts to illustrate trends and statistics; WESODI and FastTrack narrative; rate message; update on impact of PUC complaint on time-of-use members; and the growth of the Photo Voltaic systems.

FINANCIAL REPORT

CFO Svanes highlighted the process for credit card fraud; statement of operations; and credit on interest charged construction. He took questions on his report.

4CORE representative discussion ensued and Director Erb volunteered to be the LPEA Board representative and Director Turner volunteered to be the alternate.

LA PLATA ELECTRIC ROUND UP FOUNDATION REPORT

Director Turner noted they were down by twenty members that were rounding up. There were three Round Up requests and two educational grants that were considered and all were funded. Round Up requests and awards included the following: Trails \$2,000; Pagosa Multi-purpose Pavilion \$1,100; Durango Nature Studies \$2,000; and 4CORE was awarded \$2,500. Educational Grants requests and awards included the following: Bayfield Early Education Program for \$2,000 and Durango High School, Basecamp School of Expedition Learning was awarded \$2,388. Director Turner highlighted the Basecamp program and how it teaches the students how energy was produced in the area and one of their books of required reading was the "Emerald Mile".

FASTTRACK COMMUNICATIONS REPORT

Director Wheeling highlighted the upcoming strategic planning meeting on January 16, 2015.

TRI-STATE REPORT

Director Wheeling reviewed items from the board meeting which included: regional transmission; future costs for transmission lines and the board approved the capital credit refund. He took questions on his report. Director Compton noted the status of discussions in the rate committee meetings and the cost of service study. He detailed the specific times and day rates with discussion allocating excess margins differently to coops not getting their share. He took questions on his report. Director Wheeling highlighted the contract committee meeting and the review of determining the value of a contract and what it buys a specific member. Additional items discussed were the transmission rate and the 5% allowed self-generation amount. He

noted that Tri-State did some polling and he highlighted the results. He took questions on his report.

Director McCaw returned to the board meeting at 4:11 P.M.

CREA Report

Director Berman highlighted meeting notes included in the board packet and highlighted various items the CREA Board voted upon and how he voted. Additional items discussed included: CEO Dreyspring to send out the CREA resolutions to the board that were voted upon. Director Berman requested who would be attending the CREA annual meeting in February and suggested developing a tour to Front Range cooperatives, Tri-State, and others for Board members around the time of the CREA annual meeting. CEO Dreyspring noted he would contact Myles Jensen from Tri-State to review potential facilities for tours. Director Berman noted the CREA new board member training January 29th and 30th, 2015 and a letter from the Southwest Energy Efficiency Project (SWEEP) in the board packet. Director Berman recommended that LPEA take advantage of SWEEP's offer for energy efficiency program development assistance. He took questions on his report. Discussion ensued with the determination for CEO Dreyspring or staff to look into and contact Mr. Geller with SWEEP.

REBATE PROGRAM REPORT

Moved to a later date not yet decided.

CREA FALL MEETING REPORTS

None given

BASIN ELECTRIC ANNUAL MEETING REPORT

Director Wheeling reported on the Basin Electric Annual meeting. He highlighted: southwest power pool; load growth; clean power plan; employee shift; changes in gasification; department reports; evaluating a seventy five year all requirements contract and presentation. CFO Svanes, highlighted the new plant online, combined gas plant, how it would affect rates and transmission. They both took questions on their reports.

Director Garcia left the meeting at 4:44 P.M.

WESTERN UNITED REPORT

Director Formwalt highlighted the following items from the written report. They included: stock sale; board actions; purchase of land; change of locations in New Mexico; and noted an increased activity in each coop. He took questions on his report.

FUTURE COMMITTEE OF THE WHOLE MEETINGS AND FUTURE AGENDA ITEMS

CEO Dreyspring identified the following for future agenda items and noted that they were also listed in the December board packet; Review/approve LPEA Membership and Districts; Appoint Delegate/Alternate to CREA & Western United Annual Meetings; Review LPEA board bylaws, fiduciary duties & appointment of directors; Review/approve Board Policy 108, Insurance for Directors; Review/approve board Policy 109, Compensation of Directors; Review/approve Board Policy 126, Professional Conduct During Board of Director Meetings; Review/approve Board Policy 362, Solar Domestic Hot Water heaters; Review/Approve Construction Bids; Review/Determine Hot Water Rebate; Review of Affiliate organization dues/fees; Tri-State Membership and Rate Issues; Financial Report Plus; Quarterly Director Reimbursement Report; Safety Report; Outage

Report; Capital Items Report; Consultant and Contractor Report; Construction & Maintenance Reports. Discussion ensued on if the item of old business was ever on the agenda with Director Montoya reviewing the history and why it was removed. Director Bassett requested having two presenters provide information on tiered rate structures and it was determined to put on the February agenda.

UPCOMING EXTERNAL MEETINGS

President Rendon noted the upcoming external meetings list included in the November board packet. CREA Annual Meeting – February 7-10, 2015, Denver, CO; NRECA Annual Meeting, Feb 19-27, 2015 in Orlando, FL; Tri-State Annual Meeting & Membership meetings, April 8, 2015, Denver, CO; NRECA Legislative Conference May 3-5, 2015, Washington DC; CFC Forum, June 8-10 2015, Chicago, IL. Both Director Turner and Director Formwalt requested permission to attend the CREA annual meeting. It was granted.

TRI-STATE RATE AND MEMBER ISSUES

None addressed.

EXECUTIVE SESSION

Motion: Director Berman moved to go into executive session at 4:58 P.M. to discuss an operations matter and staff meeting with a city manager; motion seconded and passed with Director Montoya dissenting.

The board went into executive session at 4:58 p.m.

The board came out of executive session at 5:06 P.M.

Vice President Erb reconvened the regular LPEA board meeting at 5:06 P.M.

OTHER BUSINESS

None

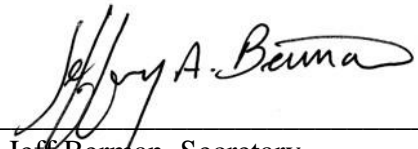
With no further business, the regular board meeting adjourned at 5:07 P.M.

Recorded by: Laura Rome

Approved by:



Michael Rendon, President



Jeff Berman, Secretary