

LA PLATA ELECTRIC ASSOCIATION, INC.  
Board of Directors Minutes of Meeting  
October 21, 2015  
Durango, Colorado

**CALL TO ORDER**

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, October 21, 2015, in the headquarters building in Durango, Colorado. President Compton called the meeting to order at 9:01 A.M., with the following directors present:

Joe Wheeling	Kohler McInnis	Karen Barger
Davin Montoya	Bob Lynch	Jeffrey Berman
Britt Bassett	Jack Turner	J. Robert Formwalt
Mark Garcia	Tom Compton	

**Excused Absence:**

Michael Rendon

**Also present were:**

Mike Dreyspring, Chief Executive Officer  
Steve Gregg, Chief Operations Officer  
Dennis Svanes, Chief Financial Officer  
Barry Spear, Attorney  
Ron Meier, Manager of Engineering  
Justin Talbot, Manager of Operations  
Indiana Reed, Marketing & Communications Consultant  
Linda Looman, Director, Human Resources  
Jeannie Bennett, Public Relations Coordinator

**GUESTS (from sign in sheet):** The following guests were present: Tony Hudspeth and Trevor Hewitt of BP America, Betsy Romere, Lisa Costello, Lissa Ray, and H.L. Reigle.

Member Betsy Romere led the Board in the Pledge of Allegiance.

**AGENDA**

Vice President Tom Compton addressed the October 2015 agenda. Director Jack Turner proposed to move agenda item VII, CEO and Staff Reports, to occur following agenda item III, Consent Board Items.

**Motion:** Director Montoya moved to approve the October agenda with the ability to move discussion items; motion seconded and carried unanimously.

## **MEMBER COMMENTS AND CONCERNS**

No comments were offered. Mike Dreyspring introduced and welcomed Trevor Hewitt and Tony Hudspeth of BP America.

## **CONSENT BOARD ITEMS**

Vice President Compton stated that he would give the Director Reimbursements to Treasurer Karen Barger for review. Mike Dreyspring added that with regard to the changes in Policy 109, one month would be taken to vet the Director reimbursement process and receive input from the Treasurer before reporting back to the Board at the November meeting and present the revised Policy 109 Compensation of Directors.

The consent board items were presented.

**Motion:** Director Wheeling moved to approve consent items that includes: capital credit payments to estates, October write offs, accepting new members and the minutes of the September 16, 2015 regular board meeting with the following changes:

Page 7: Under Colorado Country Life: correct misspelling of the word “which,” and clarify confusing language.

Page 2: Under Member Comments and Concerns: second sentence needs revision for clarity.

Regarding the discussion of the Bodo Canyon Tailings PV Project, Director Bassett stated it was his recollection that CEO Dreyspring had been instructed to write a letter in support of the project. CEO Dreyspring reported that the Board’s intent regarding the letter was not clear at the time and the letter was neither drafted nor mailed, and will be rectified as early as tomorrow. Director Basset will provide the DOE contact information.

Discussion ensued regarding developing a list of action items for CEO Dreyspring to address and complete following monthly Board meetings. The action item list will be compiled during the meeting and reviewed by the Board and CEO prior to the end of each meeting. Attorney Spear opined that CEO action item list is to provide direction and is distinct from a Board Action requiring a 10-day notice and given for a specific action which does necessitate Board vote and documentation in official minutes.

NRECA Resolutions: Director Berman- Discovery was made during presentation at NRECA Annual Meeting that language changes and edits to Resolution 2015-11 were discussed and adopted in the August LPEA Board meeting, and not recorded properly which resulted in an inaccurate version of the document being approved and signed in the September Board meeting. Discussion ensued regarding review of the document for accuracy. CEO Dreyspring will investigate, make corrections and bring back to the Board in November for final approval.

Motion seconded, carried unanimously.

## **CEO AND STAFF REPORTS**

**Discuss Written Reports:** Written reports by CEO Dreyspring and Staff were included in the October Board packet. Verbal reporting of those reports were presented to the Board:

### **CEO Report:**

CEO Dreyspring reported that the Southwest Colorado Managers Group will meet with Luis Reyes, CEO of Kit Carson on November 3rd to discuss FERC's ruling in the Kit Carson lawsuit. An invitation has been extended to the CEO of Grand Valley Rural Electric to join the Southwest Colorado Coop Manager's Group. Dreyspring reported that during executive session he would like to discuss organizational changes resulting from Manager of Member Relations and Communications restructuring; as well as recent Joint Labor Relations talks with IBEW.

### **Financial Plus Report:**

CFO Dennis Svanes reported that progress continues regarding arrangements with First Southwest Bank relating to On Bill Financing. Svanes reported that his goal is to provide the Board with an On Bill Financing policy proposal in November for implementation in 2016.

Director Berman raised concerns with On Bill Financing through a third party lender. He spoke to conversations he has had with representatives from other cooperatives (Holy Cross in Colorado and Roanoke in North Carolina) that have had experience with this type of program and the challenges they faced with the amortization period, collateralization, and credit ratings of members when dealing with a third party lender. Director Berman suggested staff should contact Curtis Winn at Roanoke Electric and others to learn the details of their On-Bill Financing programs.

Attorney Spear opined that LPEA cannot act as a bank, and the promissory note has to be with the bank only.

CFO Svanes will continue discussion with Attorney Spear about legalities and contact CEO of Roanoke Electric for conversation about On Bill Financing experiences. Director Barger asked for clarification on collections. Svanes reported that the bank would assume the role of debt collection after being notified by LPEA of delinquency. Director Formwalt expressed he was adamantly opposed to lending of any sort, even by means of a Voluntary Rate Tariff, stating his experience with banks and knowledge of the dangers of inadequate collateral to support loans being given.

### **Quarterly Safety Report:**

Third Quarter Outage Report: Justin Talbot reported on major outages (250+ without service) by cause: 59 animal related, 628 planned due to contract work, 11 vehicle related, 34 equipment failure, and 58 lightning related. An incident occurred in Durango when a driver hit a Three Phase J-Box during rain fall, and escaped unharmed.

Reporting on 3<sup>rd</sup> Quarter Safety, Talbot reported 2 reportable accidents with no lost time and a single day of restricted duty for a torn ligament; no vehicle accidents; and 864 days with no lost time due to accidents as of September 30, 2015.

Reporting on 3<sup>rd</sup> Quarter Training, topics included Federal Motor Carrier Safety Training for drivers, Pole Top/Bucket Rescue, a Rigging Class, and Use and Care of Chainsaws. Upcoming training will include Spill Prevention Control and Countermeasures, Lock-Out/Tag Out, Defensive Driving, and Avalanche Training and Winter Weather Preparation.

Issue was raised regarding a member's loss of refrigerated food during an outage. Attorney Spears clarified that usually in providing electricity to customers, LPEA will be held to industry standards which means exercising best efforts to deliver given the totality of the circumstances. "Industry standards" regarding liability for loss falls under "best efforts." If loss is not due to negligence on the part of LPEA, member is responsible for loss; if loss is due to negligence on the part of LPEA, exposure to liability exists which is what insurance from Federated should cover.

**Financial Plus Report:**

CFO Svanes reported that kilowatt hours purchased year to date are slightly above budget, and below purchase level of previous year. Revenue is below forecast; revised forecast and expenses for remainder of year are also lower allowing margins to look better. Margins are up from last year, at \$4.3 million due to decreased Cost of Power expense from a better blend of power being purchased on a load factor basis. The A/R Delinquencies Report showed a spike in accounts over 90 days delinquent-a level last seen in March of 2014. When asked about the large negative in Distribution Expense-Maintenance, on The Statement of Operations Report, Svanes reported that improper coding was the cause and corrections have been made to the process of interpreting invoices. Subsequent reports will see a decrease in this category and commensurate increases in other categories.

**Communications Plan Update:**

PIO Indiana Reed provided a written update that was included the October board packet. No comments or questions were received.

**CEO Organization Update:**

CEO Dreysspring reported that discussion around this matter will take place in Executive Session.

**ITEMS REQUIRING BOARD ACTION**

**2015 Capital Credit Retirement, Resolution 2015-14:** CEO Svanes recommended retiring \$1 million in Capital Credits on basis that this year \$1 million in retirements have been received from Tri-State. LPEA bylaws state that G&T patronage cannot be retired until it has been received from the G&T. Tri-State retires on a First-In-First-Out (FIFO) basis, therefore LPEA's retirements occur on the same FIFO basis.

Also recommended was a slight increase in the amount of general retirement due to growth in equity relative to higher margins, from an historical rate of \$2.5 million to a new rate of \$2.85 million.

**Motion:** Director Formwalt made a motion to approve Resolution 2015-14. Motion seconded. Director Montoya opposed. Motion carried 10 to 1.

Discussion ensued regarding the growth in the amount of unretired Capital Credits, and how that might be changed. A request was made of Svanes to provide charts and graphs of the chronological evolution of the credits. Svanes will provide a report for the November board meeting.

Svanes reported that member patronage retirement amounting to less than \$100 will receive a bill credit unless a check is requested. Former members unable to receive bill credits will receive checks; uncashed checks become Unclaimed Capital Credits. November 10, 2015 is the date when checks will be cut, bill credits will appear on November bills.

**Policy 359- Renewable Generation and Environmental Attributes:** COO Steve Gregg- presented historical background and proposed changes to Policy 359. The Renewable Energy Credit (REC) program began in 2007 for residential and commercial members who install a solar, wind or hydropower generating facility. The cost of installation has drastically decreased with the availability of subsidies, grants, and tax credits making installations more feasible. LPEA receives a 10% reimbursement for credits on a 10 year basis from Tri-State, refunding at 6 month intervals. LPEA passes the entire 10 year credit up-front to the member in an amount equal to the cost of money spread over the 10 years.

COO Gregg made a recommendation to change Exhibit A of Policy 359 to reflect that beginning January 1, 2016 REC payments will change to a 1X multiplier that is in line with changes in Tri-State policy 117 that took effect in July 2015. One-time upfront REC payments for PV systems smaller than 10kW are mathematically calculated, and larger systems are calculated based on a dollar amount of \$8.50 per MWh. These amounts match what Tri-State will reimburse LPEA over the 10 year period. Applications made before 2016 will be honored at the 3X multiplier rate as budgeted to honor installation budgeting, generating a loss of approximately \$120,000 for an anticipated 80 applications. Tri-State would reimburse LPEA at the 1X multiplier of \$48,000 towards that amount, resulting in \$96,000 for REC payments through December 31, 2015.

COO Gregg will provide data on the PV generation load on the system and what the purchase amount from Tri-State becomes per request.

**Motion:** Director Bassett made the motion to accept redline changes to Exhibit A as proposed. Motion seconded. All in favor, Director Garcia abstained because he made his own application for REC payments. Motion carried 10 to with one abstention.

**Tri-State Information Request relating to the Clean Power Plan:** Director Berman presented a letter in draft form to Tri-State requesting information about their concerns with the Clean Power Plan (CPP). Discussion ensued, CEO Dreyspring added that should the letter be approved, it should be directed to The Tri-State Member Relations Manager assigned to LPEA.

Director Montoya expressed disagreement over unspecified points in the letter and does not support sending the letter. Director Formwalt expressed that the letter is antagonistic, especially following LPEA's PUC suit against Tri-State, and does not support sending the letter. Director Wheeling expressed that answers received may not yield desired outcomes. Director Berman defended the draft as respectful and indicative of desire for open communication between a member-owner and power supplier, and LPEA's right to obtain information that can be legally provided.

Discussion ensued regarding verbiage and tone of letter, and instead using it as a guide for CEO to draft in his own words. Director Turner supports letter in either form as useful to engage dialogue with Tri-State. CEO Dreyspring will draft letter containing the questions, with a request that Tri-State prepare to dialogue with the Directors during the Director Orientation on site next Wednesday the 28<sup>th</sup> of October.

**Motion:** Director Turner made a motion that directs CEO to draft letter to Tri-State using questions and content in Director Berman’s draft letter as a guideline with the intent to have Tri-State address questions at upcoming Board orientation in Denver. Motion seconded. All in favor, motion carried.

Further discussion ensued about crafting of the letter, and trusting the judgement of the CEO in its composition. It was clarified that the Board will be copied on the letter but not consulted prior to sending.

**Attorney Spear review of Tri-State Policy 115:** Attorney Spear reported that discussion around this matter will take place in Executive Session.

**SUAE Resolution 2015-11 Discussion with Nancy Agro:** Vice President Compton reported that discussion around this matter will take place in Executive Session.

**Director Reimbursements:** Treasurer Barger reported that totals were correct and that no questions were necessary. Director reimbursements were presented and reviewed:

LPEA Mileage Reimbursements

Bob Lynch	\$69.00	Jeff Berman	\$69.00
Joe Wheeling	\$29.90	Britt Bassett	\$00.00
Robert Formwalt	\$138.00	Mark Garcia	\$69.00
Jack Turner	\$23.00	Tom Compton	\$89.13
Karen Barger	\$29.90	Kohler McInnis	\$18.40
Davin Montoya	\$20.13	Michael Rendon	\$00.00

LPEA Committee of the Whole Meeting 10/19/15

Bob Lynch	\$200.00	Jeff Berman	\$200.00
Joe Wheeling	\$200.00	Britt Bassett	\$200.00
Robert Formwalt	\$200.00	Mark Garcia	\$200.00
Jack Turner	\$200.00	Tom Compton	\$200.00
Karen Barger	\$200.00	Kohler McInnis	\$200.00

LPEA Board Meeting 10/21/15

Bob Lynch	\$1200.00	Jeff Berman	\$1200.00
Joe Wheeling	\$1200.00	Britt Bassett	\$1200.00
Robert Formwalt	\$1200.00	Mark Garcia	\$1200.00
Jack Turner	\$1200.00	Tom Compton	\$1289.13
Karen Barger	\$1229.90	Michael Rendon	\$1000.00
Davin Montoya	\$1200.00	Kohler McInnis	\$1200.00

Kohler McInnis	LPEA Strategic Planning Meeting	\$134.20
Jack Turner	4CORE/NRECA Regional Meeting and	\$978.82
Jack Turner	4CORE/LPEA Strategic Planning Meeting	\$1,100.00
Jeff Berman	NRECA Region 7	\$592.45
Jeff Berman	CREA Budget Meeting	\$725.00
Mark Garcia	LPEA Strategic Planning Meeting	\$194.00

**Motion:** Director Berman moved to approve the director reimbursements as presented; motion seconded and carried unanimously.

Request by Director Montoya that all Directors be advised of meetings held by Board subcommittees in order that Directors may attend if so inclined. CEO Dreyspring concurred, stating that communications regarding subcommittee meetings will be sent to all Directors going forward.

### **ITEMS FOR BOARD REVIEW AND POSSIBLE ACTION**

**Review of FLC Request and Round-Up Special Project Grant Requests:** CFO Svanes addressed the \$300,000 request from Fort Lewis College for the Geoscience, Physics and Engineering Building, unclaimed capital credits (UCC), and LPEA grant process. There are ten additional requests to FLC, and an amount of \$29,026 is currently available through the end of 2015 from Unclaimed Capital Credits. Svanes explained that \$48,000 of the UCC is designated to the Round-Up Board for small educational grant requests, and \$50,000 in emergency reserves.

Conservative estimates of UCC grant funds available in years 2016-2018 would allow for a multi-year disbursement to FLC. Discussion ensued regarding percentage of requested amount to be dedicated to FLC and timeframe of disbursement; as well as Board authority over Round Up funds, UCC funds, and the general fund.

**Motion:** Director Berman moved to approve FLC grant request in the amounts of \$40,000 in 2016, \$40,000 in 2017, and \$80,000 in 2018. Motion seconded.

**Motion:** Director Montoya moved to amend the motion to \$50,000 in 2016, \$50,000 in 2017, and \$100,000 in 2018. Motion to amend seconded. All in favor, motion carried.

The original motion as amended was then called for question by Vice President Compton. All in favor, motion carried.

Discussion ensued regarding delegation to Round Up Board of recommendations for grant requests by Board of Directors. CEO Dreyspring recommended updating the grant worksheet to reflect Board authorized disbursements and share that with Round-Up Board before 2016 grant applications are solicited.

**Energy Efficiency Update:** COO Gregg reported changes made to LED lighting fixtures in LPEA facilities in Durango and Pagosa Springs. Year to date, Ray Pierotti has worked with 99 commercial members to decrease load by 476 kW, rebates received by 478 members for switching 9, 600 standard

bulbs to LED lighting within homes dropped the kw load by 481, and 552 Energy Star appliances have been switched out through Tri-State.

Energy Assessments were performed for 73 members who had questions about energy usage reported on bills, allowing them to make informed decisions about how and when they use energy in the home.

Director Berman addressed the Review of Energy Efficiency Programs and Rebates called for in The Strategic Plan. COO Gregg stated a report would be given and that recommendations would be presented by the group, adding that the decrease in member energy demand allows for a decrease in LPEA expense from Tri-State as well.

### **EXECUTIVE SESSION**

**Motion:** Motion by Director McInnis to go into Executive Session at 1:04 PM to discuss Resolution 2015-11, Power Purchase Agreement for solar energy with the Southern Ute Alternative Energy. Motion seconded. One dissenting vote by Director Montoya. Motion carried 10 to 1.

Executive session ended at 1:28 PM.

**Motion:** Director Berman made a motion to approve Resolution 2015-11, authorization to enter into interconnection agreements with the Southern Ute Indian Tribe for the Tribe's photovoltaic project. Motion seconded. All in favor, motion carried.

### **MEMBER COMMENTS**

Lissa Ray addressed the Board to make a request for audio recording or live streaming of LPEA regular open Board meetings, citing access to full dialogue is not possible through recorded minutes, and remote participation for members who are unable to physically attend. Vice President Compton thanked Ms. Ray and stated that the matter would be taken under advisement and addressed as a future Board agenda item.

### **ATTORNEY REPORT**

Attorney Spear reported on the FERC Ruling on the DMEA Petition that FERC denied the Kit Carson motion for a rehearing, and at this time the FERC ruling stands which states that a Qualified Facility (QF) is not subject to the wholesale contract that DMEA has with Tri-State. A co-op would have to receive power generated by that facility and the two entities could negotiate the price of purchased power-outside of a wholesale contract. The final ruling can be appealed by any of the parties within 60 days of the October 15, 2015 decision to the 10<sup>th</sup> Circuit Court of Appeals or the District Court of the District of Columbia.

Regarding the Tri-State Rate PUC Action, Attorney Spear reported that Tri-State and the co-ops have expressed a desire to settle completely, and a final settlement agreement is being drafted. If successful



the case could be settled by the end of the year. Terms of the settlement will be discussed in executive session.

In other matters, the Town of Pagosa Springs is still reviewing the Franchise Agreement and will have comments ready soon; there is nothing reportable at this time regarding Durango Solar Projects. The Jackson Foreclosure is still in bankruptcy and the Davis foreclosure was withdrawn. A new Line Extension Refund action was filed by Patrick MacGyver Management Services and Attorney Nicholas Palmer, LPEA has 21 days to respond and the report will be available at the next Board meeting.

Attorney Spear attended a bi-annual CREA legal seminar for attorneys representing co-ops. A report is included in the Board Report. Of note, The Town of Delta attempted to negotiate with a Maverick Service Station to become a customer while the station was under construction and being provided temporary service from DMEA. Upon notification by Delta that Maverick would become a Delta customer, DMEA attempted to invoke the Just Compensation Statute requiring payment by municipalities that take over properties served by co-ops. The action was dismissed by the local court on the basis that Maverick was not an asset of DMEA and that the decision about which entity would serve the customer belonged to the customer.

Director Berman added that DMEA approached CREA for assistance in their suit against the Town of Delta and that this is a significant demonstration of “locational differentiation of cost causation,” and the relevance of having a certificated service territory, . CREA voted to support DMEA’s case with a rate tariff listing the contribution from each co-op based on Board authority to levy “special fees,” making LPEA part of the case, but not a party in the suit. Attorney Spear mentioned that DMEA also received funds from the CFC Integrity Fund for the matter.

Also of note, White River gave a presentation on its solar program in which members receive \$20 a year for one panel/one meter for participating. Barbara Waltz from Tri-State spoke about the Clean Power Plan in which 25 states are gearing up for litigation (incorrectly stated as legislation in the Attorney Report) against the EPA. Other presentations included handling railroad grants from the Federal government, an Ethics Update, and a PUC update.

General discussion followed on various topics including forest fire litigation in New Mexico, Mountain Parks case involving ETS heaters, San Louis Valley-solar suit, and FERC ruling and QFs.

## **DIRECTOR REPORTS AND OTHER BOARD ACTIONS**

### **Committee of the Whole Meeting, October 19, 2015, Pagosa Springs, CO:**

The LPEA Committee of the Whole meeting was called to order at 9:02 am by Vice-President Compton.

**NewGen Strategies and Solutions Presentation:** Jessica Terry and Tony Georgis of the Denver based firm NewGen Strategies & Solutions gave a presentation on the cost of service study work. This was based upon several months of working with LPEA staff to gather information and make assessments based on rate design objectives.

Recommendations in The Cost of Service Results and Rate Discussion were presented on a system-wide and customer class basis. The study parameters took into consideration the LPEA Rate process, Operations, Service Territories, Market Trends and Member Concerns.

This information is brought together with the Cost of Service and Financial Forecast and used to develop the rate design.

A review of the data and outcomes was given, followed by discussion of generation and distribution, rate making and policy considerations. Time of Use and Energy Demand were discussed within philosophies of rate design. Key consideration was given to consolidating some customer classes, and the time-of-use classes, and making adjustments within revenue requirements to align with Tri-State's upcoming rate changes.

Discussion ensued on a range of topics including a gradualized increase in base charges, tiered rates, a 10 year phase-in period for rate changes, block rates and urban versus rural cost-causation and rate equity. Also discussed were Tri-State and LPEA peak/off-peak hours, ETS heaters, incentivizing load control.

NewGen and Dan Harms discussed at length the impact of the Tri-State rate change, to become effective January 1, 2016. In particular, it was discussed that Tri-State's return to a demand-energy split, and away from an all-energy rate would create changes in cost-of-service allocations for some of LPEA's rate classes.

Tony Georgis stated that low income consumers have higher than average class usage. Director Berman challenged the consultant's conclusion, pointing to the one quantified study showing otherwise. Performing more research to determine LPEA's income demographics and relative usage was also discussed.

Modifications to Time-of-Use rates were discussed and how to take advantage of Tri-State's peak period in its new rates.

Presentation provided guidance on how to proceed with rate design. NewGen will settle adjustments and allocations between classes, and report will be available for November Board meeting.

Regarding the discussion about demand cost allocation, LPEA staff requested board direction. Acting Chairman Compton called for each director to provide their opinion on whether they were comfortable with a small increase in the base charge.

Small increase in the monthly base charge at this time: Directors Compton, Wheeling, Lynch, Formwalt, and Karen Barger.

No increase in the monthly base charge at this time: Directors Turner, Garcia, Bassett, and Berman.

Director McInnis abstained on providing an opinion.

During the discussion with the NewGen rate consultants, the LPEA board provided the following additional guidance:

- Rate design should not be moved radically. Gradual changes in rates should be adopted so as not to shock LPEA members with significant rate changes.
- If base monthly charges are modified, it should be done gradually.
- TOU rates, wherever possible, should be combined.
- As opposed to dramatically increasing the base monthly charge for net metering, LPEA will consider future changes possibly requiring net metering customers to be on a TOU rate.
- AMI data is essential to getting more granular rate structure in the future.
- Regarding net metering, LPEA should consider capping refunds at 120% of installed PV capacity.
- During 2016, prior to the next rate adjustment cycle, LPEA staff will evaluate and present to the Board on the following:
  - Add a demand charge on the general service rate class
  - Require all net metered services subscribe to Time of Use (only if demand charge is not implemented)
  - Change buy back rate for excess generation from blended purchased power rate to avoided cost
  - Reduce on-peak TOU hours by eliminating the morning on-peak hours once the AMI technology is available
  - Implement a policy to limit excess generation buy-back to 120%

Meeting adjourned 2:44 PM

**LPEA Strategic Planning Committee Report:** Chairman, Bob Lynch reported that the purpose of the committee meeting was to improve the format and structure of the plan independent of the content, to identify gaps and address opportunities in the plan, to research other plans for format, content and ideas, and develop a process to engage, review and improve the plan on an ongoing basis if approval to move forward is granted.

The group reviewed the current plan with an exercise guided by Director McInnis and felt successful in tightening up the flow and logic of the plan. CEO Dreyspring was tasked with inserting elements of the current plan into the new format for review at a subsequent meeting in which an assessment of the overall comfort with the new format will be made before converting the entire plan over.

A determination was made that “meat was missing from the plan,” and a list was created to address issues and topics that seemed to be lacking. Directors Turner and Garcia will look at other plans from which to mine further inspiration. Subject to Board approval, the committee intends to finalize a plan at a November 23<sup>rd</sup> meeting to bring back to the Board, and present for discussion and structured engagement at the December Board meeting.

The Board agreed to grant an additional half-day meeting on November 23<sup>rd</sup> to finalize the new Strategic Plan format for presentation in December. Directors will be notified of all upcoming LPEA Board Committee meetings.

**LPEA Round Up Foundation Report:** Director McInnis reported on last month's requests: the Blue Star Moms was deferred to 2016; The Blue Prints for Hope received \$3,525.00; The Mounted Rangers received \$1,637.00. Educational grants were given to the Pine Tree Youth Circle for \$1,000.00, and Be Frank received \$3,000.00. Requests for the current month: The Seeds of Learning received \$3,000; Bear Smart received \$2,400.00; The Escalante Parent Teacher Organization received \$750.00. Round Up Board Members from Districts 1, 3, and 4 will reach the end of their terms in 2015.

**FastTrack Communications Report:** Director Wheeler reported that the FastTrack is in the process of developing their own Strategic Plan which will not be ready until the first of the New Year. The FastTrack Board approved a resolution, contingent on the approval of the Shareholders, to move their Annual Shareholder Meeting from November 2015 to the first quarter of the New Year on the basis that financials will be finalized and provide for a more accurate and complete yearend review.

Attorney Spear opined that the FastTrack Board can amend their bylaws with a 10-day notice to the shareholders. FastTrack is asking for a delay in the November Annual Meeting, and on the December agenda, in order to honor the 10-day rule, the shareholders will take action on a decision to approve a permanent date change for the Annual Shareholder Meeting to take place in the first quarter.

Director Wheeling added that moving the Annual Meeting to the first quarter would allow for completion of term and smooth transition for LPEA Board Directors who are also FastTrack Directors.

Financially FastTrack sales are good. Discussion ensued regarding partnerships with other fiber companies, upcoming opt-out legislation related to the municipalization of telecom and grants being given for Broadband expansion projects. FastTrack can provide services to communities that have dark fiber infrastructure.

**Tri-State Report:** Director Wheeling reported that the 25 MW Alta Luna Solar Project was announced near Deming, NM. The 2017 Tri-State wholesale rate increase is currently estimated to be 6.17%. Additional capacity needs will primarily be served through renewables. Discussion ensued around Holcomb Coal Plant facility lawsuits and potential write-off.

**CREA Report:** Director Berman's written report was included in the September Board Packet addressing a recent CREA Budget meeting, as well as activities at the NRECA Region 7 meeting in Salt Lake City, and CREA Board meeting. Director Berman will be attending the Energy and Innovations Summit on October 26<sup>th</sup>. The Board President of San Miguel Power has invited the LPEA Board to tour the Nucla Power Plant on Thursday, October 29<sup>th</sup>.

**Western United Report:** Director Formwalt was not present for this portion of the meeting, therefore no report was given.

**4CORE REPORT:** Director Turner reported that until an Executive Director is put in place, a Program Manager has been hired to manage 4CORE projects such as the low-income solar project funded through UCC. Solarize Archuleta is experiencing great success, and grants are being pursued for educational outreach.

Director Turner met with CEO Dreyspring to clarify expectations and address the budgeting process with the City of Durango and La Plata County in providing funds for 4 CORE Energy Efficiency Assessments.

## **FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES**

Vice President Compton reviewed future agenda items that are to be included in the October board packet.

## **UPCOMING EXTERNAL MEETINGS**

Director Berman requested approval to attend the Rocky Mountain Electrical League, Electrical and Environmental Conference, of which LPEA is a member, November 4-5 in Denver. Director Berman also requested to attend the Air Quality Control Commission Clean Power Plan Hearing, November 9<sup>th</sup> in Durango, and will forward the information to the Board for their own consideration. Directors Garcia and Bassett requested to be included in the upcoming CREA Energy and Innovations Summit, October 27<sup>th</sup> in Denver. Director Turner requested to attend the Rural Smart Grid Summit Conference, November 1-4<sup>th</sup> in Palm Springs adding that most of the expenses were already covered. All requests met with Board approval. CEO Dreyspring reviewed a list of Action Items developed from the meeting.

## **2016 CAPITAL EXPENDITURE BUDGET**

Manager of Engineering, Ron Meier presented an overview of the planning process. A Long Range Planning Process (10 years) is used to develop a (2-4 year) Work Plan that begins the RUS process for financing of capital projects and includes input from Operations. The 2016 Capital Project Budget is \$10 million. Multi-year projects (example: SUIT and BLM) involve a year or more of permitting and design before financing can be put into place.

A Capital Projects overview consisted of the following: Transmission maintenance projects, Distribution management, systems improvements, new service, and service improvements. A change in the 2016 Capital Expenditure Budget includes moving headquarters projects to the Capital Items Budget. New Capital Projects in the queue are: Missionary Ridge tie-line, CR 218 tie-line, Sunny Side re-conductor (also the site of a proposed solar garden), Purgatory 111 get-away replacement, Purgatory 131 cable replacement, Ignacio 141 get-away replacement, CR 134 single-phase re-conductor. Discussion ensued on aspects of the capital budget.

Vice President Compton closed the public meeting to move into Executive Session to discuss labor relations, organizational changes, Tri-State Policy 115, the FERC ruling, and PUC action relating to KCEC. Director Wheeling requested to discuss KCEC- Tri-State issues before recusing himself for remainder of Executive Session.

## **EXECUTIVE SESSION**

**Motion:** Director Barger motioned to move into Executive Session to discuss labor relations, organizational changes, Tri-State Policy 115, the FERC ruling, and PUC action relating to KCEC. Motion seconded. All in favor, motion carried.

The board went into executive session at 3:37 PM. Director Wheeling was excused at 4:30 PM for the portion of the executive session that concerned Tri-State as a conflict of interest exists because Director Wheeling sits on the Tri-State Executive Committee and LPEA had formerly adopted a resolution recognizing Director Wheeling's fiduciary duty to Tri-State.

The board came out of executive session at 5:10 PM. The regular board meeting adjourned at 5:45 PM.

Recorded by: Charis Charistopoulos

A handwritten signature in black ink, appearing to read "Michael Rendon". The signature is fluid and cursive, with a long horizontal stroke at the end.

Approved by: \_\_\_\_\_  
Michael Rendon, President

A handwritten signature in black ink, appearing to read "Jeff A. Berman". The signature is cursive and includes the first and last names.

\_\_\_\_\_  
Jeff Berman, Secretary