

LA PLATA ELECTRIC ASSOCIATION, INC.  
Board of Directors Minutes of Meeting  
September 21, 2016  
Durango, Colorado

**I. CALL TO ORDER**

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, September 21, 2016 at the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 9:02 A.M., with the following Directors present:

Karen Barger, Treasurer	Bob Formwalt	Kohler McInnis, Vice President
Britt Bassett	Dan Huntington	Davin Montoya, President
Jeff Berman	Bob Lynch	Jack Turner
	Doug Lyon	Joe Wheeling, Secretary

**EXCUSED ABSENCE:**

Mike Alley, Director  
Ron Meier, Manager of Engineering, Member Relations and Marketing

**LPEA STAFF:**

Mike Dreyspring, Chief Executive Officer  
Dennis Svanes, Chief Financial Officer  
Dan Harms, Manager of Rates, Technology, and Energy Policy  
Justin Talbot, Manager of Operations  
Indiana Reed, Marketing & Communications Consultant  
Linda Looman, Manager of HR and Customer Service  
C. E. Charistopoulos, Executive Assistant  
Bret Cochrane, Regulatory Compliance and Safety Superintendent  
Nancy Andrews, Energy Management Advisor  
Shay Denning, Attorney

**GUESTS** (from sign in sheet): The following guests were present: Ron Bishop, Michael Bell, Trevor Hewitt, Tony Hudspeth, Ben Gibson, Michele Harris, Theresa Campbell.

Member, Michael Bell, led the Board, Staff, and guests in reciting the Pledge of Allegiance.

**I. APPROVAL OF AGENDA**

President Montoya addressed the September 21, 2016 agenda.

**Motion:** Director Turner moved approve the September 21, 2016 agenda. Motion seconded and carried without dissent.

## **II. MEMBER COMMENTS AND CONCERNS –**

Member Ron Bishop shared a concern that a September 4, 2016 Durango Herald article stated that the Durango company, Calcom Solar is owned by Director Britt Bassett, which may put him in conflict with the LPEA Bylaws (Article 3, Section 2c) which state, “In order to be eligible to become or remain a director of the cooperative a person shall...not be in any way employed by a business selling electric energy or a major supplier of the cooperative.” Bishop also shared a concern that the article spoke unfavorably about Tri-State which is LPEA’s primary power supplier, and asked the Board to address these issues. President Montoya and Attorney Denning clarified that neither Director Bassett, nor Calcom Solar did any business with LPEA.

Ben Gibson, asked the Board to consider giving his household a choice to decline the AMI meter change out that is required in order to qualify for the Time of Use Rate (TOU), rather than lose the TOU rate because of their preference for the non-AMI meter. CEO Dreyspring thanked Gibson for bringing his concerns to the Board. Dreyspring and Dan Harms explained that the technology of the AMI meter is the most cost-effective route to streamline billing, assimilate usage data, and control the switching times once TOU hours change on January 1, 2017. Dreyspring provided contact information to Gibson and offered to provide RF testing for equipment in the household to see how it compares with the output of the AMI meter.

## **III. CONSENT BOARD ITEMS**

Director Montoya addressed the Consent Board Items. A request was made to clarify language on page 2 of the Committee of the Whole minutes, Rate Topic: 120% Excess Generation Limit, and add “on payments,” after “...placing a limit of 120% ...”

**Motion:** Director McInnis moved to approve the consent items: accepting new members, capital credit payments to estates, monthly write-offs, minutes for the August 2016 Board meeting as presented, and the Committee of the Whole meeting with approved corrections: Motion seconded, and carried without dissent.

**IV. CEO AND STAFF REPORTS** – Written reports by CEO Dreyspring and Staff were included in the September Board packet. Dreyspring highlighted meetings attended and a presentation given to Durango City Council on September 6. Staff gave highlights and took all questions. Justin Talbot gave an update on the September 12 event that impacted LPEA, and asked the Board for approval to pursue RESAP accreditation. Dan Harms advised that the Renewable Generation Fund (Policy 361) has a balance of \$34,541 for the Green Blocks Program, that Time of Use hours will change in 2017, and that AMI technology will decrease demand by staggering the timing of ETS heater engagement.

## **V. ITEMS REQUIRING BOARD ACTION**

**CAPITAL ITEMS BUDGET**—CFO Svanes presented the 2017 Capital Items Budget for Board review. Discussion ensued about the budget process, numbers, item requests, options,

suppliers, and adjustments. The entire budget will be presented in October in a format that takes into account goals within the Strategic Plan

**Motion:** Director McInnis moved to approve the preliminary Capital Items Budget. Motion seconded and carried without dissent.

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

**AWARDING OF UCC SPECIAL PROJECT GRANT REQUESTS, ROUND UP FOUNDATION PRESIDENT, MICHELE HARRIS**—Harris presented the Round Up Board recommendations for grant awards to the LPEA Board of Directors. Eleven requests totaling \$109,063 were received against \$29,369 in available funds. The Round Up Board recommended awarding six grants totaling \$29,369.

**Motion:** Director Wheeling moved to approve the recommended grant awards of \$2,720 for Big Brothers Big Sisters of Archuleta County, \$6,500 for the Breen Community center, \$5,000 for SMART Collaboration Program, \$4,300 for the Durango Educations Center, \$2,829 for Manna Soup Kitchen, \$2,500 for Alternative Horizons, and \$5,520 for TARA historical Society. Motion seconded. Director Turner recused himself. Motion carried.

**VII. ATTORNEY REPORT** – Referring to the written report included in the Board packet, Attorney Denning highlighted work done for LPEA and addressed the August Board question about latitude to modify disposition of Capital Credits. Citing statute, Denning advised that the Board has adequate authority to modify the way it disposes of Capital Credits, should it so desire. Denning took all questions.

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

**REQUEST PROCESS FOR UPCOMING AND FUTURE AGENDA ITEMS**—President Montoya defined the question of how Directors make a request to the Board President to add items to the agenda prior to the 10-day notice, and in emergency circumstances within the 10-day notice. Attorney Denning cited Policy 102 Functions of the Board of Directors, which states that the agenda shall be set by the CEO and Board President and posted 10 days prior to the meeting. There was consensus among the Board that requests would be made during the Future Agenda Items discussion at the end of each meeting, and that emailed requests made to the Board President prior to the 10-day notice will be cc'd to the entire Board. It is the prerogative of the Board President to allow, deny, or post-poner the request.

Director Turner left the meeting at 12:00 p.m.

**DIRECTOR REIMBURSEMENTS** -- Treasurer Barger reported the Director expense items.

**LPEA Mileage Reimbursements**

Mike Alley	\$ 00.00	Bob Lynch	\$ 64.80
Karen Barger	\$ 14.04	Doug Lyon	\$ 0.00
Britt Bassett	\$ 00.00	Kohler McInnis	\$ 8.64
Jeff Berman	\$ 00.00	Davin Montoya	\$ 18.90
Robert Formwalt	\$ 64.80	Jack Turner	\$ 14.04
Dan Huntington	\$ 25.92	Joe Wheeling	\$ 14.04

**LPEA Board Meetings**

Mike Alley	\$1000.00	Bob Lynch	\$1200.00
Karen Barger	\$1200.00	Doug Lyon	\$1200.00
Britt Bassett	\$1200.00	Kohler McInnis	\$1200.00
Jeff Berman	\$1200.00	Davin Montoya	\$1200.00
Robert Formwalt	\$1200.00	Jack Turner	\$1125.00
Dan Huntington	\$1200.00	Joe Wheeling	\$1200.00

**Other External Meetings**

Mike Alley	\$455.40	Bob Lynch	\$1397.79
Karen Barger	\$1529.00	Doug Lyon	\$00.00
Britt Bassett	\$593.60	Kohler McInnis	\$2303.67
Jeff Berman	\$1370.96	Davin Montoya	\$00.00
Robert Formwalt	\$1455.97	Jack Turner	\$1484.65
Dan Huntington	\$00.00	Joe Wheeling	\$00.00

**Motion:** Director Lynch moved to approve Director expenses as presented. Motion was seconded and carried without dissent.

**LPEA POLICY UPDATE REVIEW** -- CFO Svanes reviewed the 3-year policy review schedule and addressed recommended redline changes to the currently scheduled policies. Policies may be approved by the Board at the time of review, but are anticipated to be approved at the following month's Board meeting, unless the will of the Board determines otherwise.

CEO Dreyspring addressed redline changes to Policy 109 Compensation of Directors and rescission of the following policies incorporated into Policy 109: Policy 108 Insurance for Directors, and Policy 121 Director Education. Dreyspring was directed to correct typos, remove the non-IRS-compliant language from the meal per diem section, eliminate the restriction on limiting Director travel to one out-of-state and one in-state trip per year, and directed that the policy be written to allow Directors to travel up to ten per diem qualified days per year, not including Board directed or requested travel.

**Motion:** Director Lyon moved to adopt revised Policy 109 Compensation of Directors with revisions. Motion seconded. Directors Berman and Bassett opposed, Directors Turner and Alley absent. Motion carried 8/2.

**Motion:** Director McInnis moved to rescind Policy 108 Insurance for Directors. Motion seconded and carried without dissent.

**Motion:** Director Formwalt moved to rescind Policy 121 Director Education. Motion seconded and carried without dissent.

CFO Svanes addressed redline changes to Policy 110 Committees of the Board of Directors, and rescission of the following policies incorporated into Policy 110: Policy 111 Committee of the Whole, Policy 112 Statement of Function of Finance and Audit Committee, Policy 113 Statement of Functions of the Executive Committee, and Policy 123 Open Committee Meetings. Svanes took all questions. Svanes was directed to make minor punctuation changes to Policy 110.

**Motion:** Director Huntington moved to adopt revised Policy 110 Committees of the Board of Directors with changes to punctuation as directed. Motion seconded and carried without dissent.

**Motion:** Director McInnis moved to rescind Policy 111 Committee of the Whole, Policy 112 Statement of Function of Finance and Audit Committee, Policy 113 Statement of Functions of the Executive Committee, and Policy 123 Open Committee Meetings. Motion seconded and carried without dissent.

CFO Svanes addressed redline changes to Policy 205 Allocation and Retirement of Patronage Capital and took all questions.

**Motion:** Director Wheeling moved to adopt revised Policy 205 Allocation and Retirement of Patronage Capital. Motion seconded and carried without dissent.

CFO Svanes addressed redline changes to Policy 207 Investment of General Funds and took all questions.

**Motion:** Director Lyon moved to adopt revised Policy 207 Investment of General Funds. Motion seconded and carried without dissent.

CFO Svanes addressed redline changes to Policy 106 Political Activity of Directors and Employees of the Cooperative, and rescission of Policy 354 Political Endorsements which was incorporated into Policy 106. Svanes took all questions. Svanes was directed to update language of “Rural Electrification program,” to “Electric Cooperatives.”

**Motion:** Director Huntington moved to adopt revised Policy 106 Political Activity of Directors and Employees of the Cooperative with the revised language as directed. Motion seconded and carried without dissent.

**Motion:** Director McInnis moved to rescind Policy 354 Political Endorsements. Motion seconded and carried without dissent.

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

**RATE TOPIC: REVIEW IMPACT OF TRI-STATE 2017 RATE**—Dan Harms discussed the impact of Tri-State’s 4.23% rate increase on the LPEA All Power Requirements contract. Harms’ report showed a 3.7% increase in the 2017 forecast for purchased power, which is 70% of the expenses. A sensitivity forecast which attempts to mitigate the impact of the rate increase will be presented in October.

**ANALYSIS OF NET METERING ANNUAL TRUE-UP**—Dan Harms analyzed the process for annual true-ups on net metered accounts beginning in January vs. April in response to comments received during the August Board meeting. Results indicated that members receive the greatest retail benefit with an April True-up which allows greater opportunity for banked kWhs to be exhausted; as compared to a January true-up in which banked kWhs are not able to be fully utilized, and a bill credit is issued.

**ROUND-UP FOUNDATION REPORT**— Director McInnis addressed the written report included in the Board packet and took all questions. Of note, Round-Up participation saw an increase of 137 members.

**FASTTRACK COMMUNICATIONS REPORT**— FastTrack Board President, Director Wheeling reported that financials continue to be strong. The October FastTrack Board meeting will take place on the 27<sup>th</sup> to allow Randy Trost of GVNW to present the Business Plan, following his keynote presentation at the LPC Economic Development Alliance Annual Summit on the 26<sup>th</sup>. Staff is working through issues on the fiber-to-the-home project, and the Board hopes to take action in October. A presentation of the Business Plan to LPEA is anticipated for November.

**TRI-STATE REPORT**— Director Wheeling reported that deferred revenue was used to keep the 2017 rate increase low at 4.23%, and that 2018 may see a corresponding rate increase. The Contract Committee discussed the 5% allowance, and there was no prevailing points view on the issued discussed. Energy efficiency rebates will remain the same, with the exception of a decrease for LED from \$10 to \$8.

**CREA REPORT**— Director McInnis addressed the written report included in the Board packet and took all questions. Directors Barger, Berman, Lynch, Bassett, and Formwalt attended the Energy Innovations Summit and shared key takeaways.

**WESTERN UNITED REPORT**— Director Formwalt addressed the written Sales Report included in the Board packet, noting that the new executive committee has been elected.

**4CORE REPORT**— Nancy Andrews gave the 4CORE report in place of Robin Duffy-Wirth who resigned as the appointed representative to the LPEA Board. Andrews gave an update on the SW Horizons Solar Barn Raising project, and reported that a program to capture rain water, HomeH2O is being proposed, and a new energy audit program is being explored with Energy Outreach Colorado. Staff is working on a Refuel Colorado grant and installing a charging station at DMR. The Solar Home Tour takes place October 10.

**IX. UPCOMING EXTERNAL MEETINGS** – The Upcoming External Meeting schedule included in the Board packet was reviewed and the Board requested that annual meeting dates for Tri-State and NRECA be added.

**X. REVIEW OF CEO ACTION LIST**—CEO Dreyspring reviewed the list of action items taken from the Board meeting, and answered all questions.

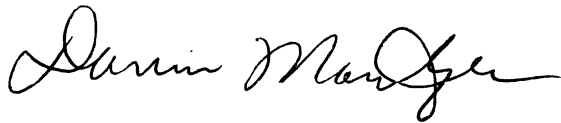
**XI. EXECUTIVE SESSION**—No executive session was required.

**XII. FUTURE AGENDA ITEMS AND COMMITTEE SCHEDULES**—The Board reviewed Future Agenda Items.

There being no further business, the LPEA Board of Directors meeting adjourned at 3:04 p.m.

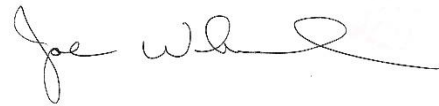
Recorded by: C.E. Charistopoulos

Approved by:



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Davin Montoya, President



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Joe Wheeling, Secretary