

LA PLATA ELECTRIC ASSOCIATION, INC.  
Committee of the Whole Minutes of Meeting  
Monday, September 18, 2017  
Durango, Colorado

**I. CALL TO ORDER**

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Monday, September 18, 2017 at the headquarters building in Durango, Colorado. President Montoya called the meeting to order at 8:31 a.m., with the following Directors present:

Mike Alley	Dan Huntington	Kohler McInnis
Karen Barger, Secretary	Rachel Landis	Davin Montoya, President
Britt Bassett	Bob Lynch, Vice President	Jack Turner
Bob Formwalt	Guinn Unger	

**LPEA STAFF:**

Mike Dreyspring, Chief Executive Officer  
Dennis Svanes, Chief Financial Officer  
Dan Harms, Manager of Rates, Technology and Energy Policy  
Ron Meier, Manager of Engineering, Member Relations and Marketing  
Linda Looman, Manager of HR and Customer Service  
C. E. Charistopoulos, Executive Assistant  
Shay Denning, LPEA General Counsel

**EXCUSED ABSENCE:** Doug Lyon, Treasurer, Justin Talbot, Manager of Operations.

**GUESTS** (from sign in sheet): The following guests were present: Shauna Unger, Kirby MacLaurin, Karen Pontius, Betsy Romere, Monique DiGiorgio, Emily Bowie, Harry Riegle, Dereck Wadsworth, Tim Wheeler, Rebecca Kauffman, Susan Atkinson, Jeff Berman, Nancy Fisher.

**NET METERING ECONOMICS WITH TIME OF USE** – Dan Harms presented some data behind the Board approved rate strategy policy (rather than tariff) that would transition all members, including net metered rooftop solar customers, to a mandatory TOU rate over a five-year period beginning sometime in 2018; and discussed the ongoing member and community communication strategy that would be necessary during the transition. Harms stressed that any decision to implement a transition would still require formal Board approval so this is still just a strategy that LPEA is considering.

Harms reviewed the 2016 Residential Rate Structure Analysis which presented expenses allocated to each rate component for each rate option for over 29,000 accounts and compared the impacts of applying demand rates and TOU rates to the residential rate class, as well as specific load profiles. The analysis concluded that the Standard Base/Energy Rate, though best for simple, predictable bills and providing incentive for energy efficiency (EE), provided poor revenue predictability and the EE incentives exceeded the savings. The cost based Demand Rate showed great revenue predictability, but

resulted in high bill volatility (as much as 300% for the same usage), and is difficult for members to understand and respond to. The TOU Rate provides bill predictability with straightforward pricing, promotes EE during on-peak periods and asset utilization during off-peak periods which sends the right pricing signal.

Harms also addressed incentives for rooftop solar under the Standard Residential Rate in which a rooftop solar energy producing member is paid 12.5 cents per kWh for the energy produced (.08 cents above what LPEA saves), and the \$800,000 annual revenue loss is carried by non-rooftop solar members; and under the TOU Rate, in which a rooftop solar energy producing member is paid 7.8 cents per kWh for energy they produced (only 3.4 cents above what LPEA saves), and the annual revenue loss carried by non-rooftop solar members decreases to \$340,000.

Overall, the TOU Rate aligns LPEA's expenses with a method of revenue recovery that provides greater revenue stability and provides the pricing signal necessary for LPEA members to manage the purchased power portion of their bill. TOU does lack in the recovery of expenses related to LPEA facilities, but a Demand charge that would recoup this expense is unpredictable and can cause high volatility in member bills, and this is an undesirable outcome for all.

**REVIEW OF LPEA GREEN FUNDS** – Dan Harms reviewed the benefits and distinctions of the Local Green Power Fund and the Tri-State Green Power Purchase Program as a follow up to an August proposal by Director Bassett that LPEA migrate Tri-State Green Power Purchase Program subscribers over to the Local Green Power Fund, and requiring them to opt out of the Local Green Power Fund if they wish to subscribe to the Tri-State Green Power Purchase Program. Harms presented statistics and discussed the intended goals of members who participate in one or both programs. Harms proposed communicating with members before migrating them away from the Green Power Purchase Program, and advised that members who wish to be 100% Green Energy will lose that designation.

Ron Meier stated that the purpose of the Local Green Power Fund is to provide discretionary funds to the Board for projects that prepare for the future, and asked the Board to consider communicating with members and to move marketing efforts in the direction of public education about both programs. There was consensus among the Board to move marketing efforts towards education about the programs, rather than migrating subscribers into the Local Green Power Fund and requiring them to opt out if they wish to subscribe to the Green Power Purchase Program.

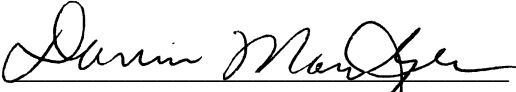
**LONG TERM STRATEGIES PRESENTED BY DIRECTOR GUINN UNGER** – Director Unger gave a presentation about his view of the future of the electric power industry, and led discussion on issues related to economics (the rise of natural gas over coal), competitive rate considerations relative to solar energy, self-generation and the potential for central generation obsolescence, the Tri-State buyout scenario, and mitigating the effects of climate change. Unger made an appeal for a long-range strategy that reaches through 2040-2050, and proposed appointing a Board Committee to address a long-term strategy and the study of power supply.

Director Landis noted that an energy disruption is taking place and advised giving consideration to taking steps to bring the system online and prepare for the transition to solar, and to focus on defining key questions, such as the cost of solar versus the LPEA energy rate for members. There was member support for appointing a Board Committee to study the economics and analysis of the issues, questions

about Guzman Energy financing of the Kit Carson buyout and the future of coal, and comment that a range of reliable energy sources is in the best interests of all. Staff will look into a member request to explain the reason for the gap in wholesale energy rates between Tri-State and the Southwest Power Pool that seems to put LPEA at a competitive disadvantage, and report findings at the October Board meeting. CEO Dreyspring advised that he will present his vision for cooperative to the Board for discussion in October.

There being no further business, the LPEA Committee of the Whole meeting adjourned at 12:20 p.m.

**Recorded by C.E. Charistopoulos, and approved by:**

  
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Davin Montoya, President

  
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Karen Barger, Secretary