

LA PLATA ELECTRIC ASSOCIATION, INC.
Committee of the Whole Minutes of Meeting
Monday, December 10, 2018
Durango, Colorado

I. CALL TO ORDER

The Committee of the Whole meeting of La Plata Electric Association, Inc. was held Monday, December 10, 2018 at the headquarters building in Durango, Colorado. President Lynch called the meeting to order at 9:02 a.m., with the following Directors present:

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| Mike Alley | Bob Lynch, President | Kirsten Skeeahan |
| Britt Bassett, Vice President | | Jack Turner |
| Dan Huntington, Secretary | Kohler McInnis | Guinn Unger |
| Rachel Landis | Davin Montoya | Tim Wheeler |

LPEA STAFF:

Mike Dreyspring, Chief Executive Officer
Dan Harms, Manager of Energy Rates and Technology
Ron Meier, Manager of Engineering and Member Relations
Jerry Wills, District Manager, Pagosa Springs
C. E. Charistopoulos, Executive Assistant
Shay Denning, LPEA General Counsel

EXCUSED ABSENCE: Dennis Svanes, Chief Financial Officer, Nadine Ontiveros, Manager of HR, Justin Talbot, Manager of Operations, Doug Lyon

GUESTS (from sign in sheet): The following guests were present: Betsy Romere, Heath Rowe, Sarah Ferrell, Jeff Bork, Sue McWilliams, Karen Pontius, Kirby MacLaurin, Mark Pearson, Richard Grossman, Pat Cummins, Dan Hunt, Jeff Berman, Katie Pellicore.

TRI-STATE PRESENTATION/DISCUSSION ON TRI-STATE RFP LETTERS, TRI-STATE DEBT, AND OTHER ISSUES – President Lynch introduced Tri-State Executives, CEO, Mike McInnes; CFO, Pat Bridges; Brad Nebergall, Sr. Vice President of Energy Management; and Vice President and General Counsel, Ken Reif who came to follow up with the LPEA Board of Directors regarding the items discussed during the November 1, 2018 conference call with the LPEA Power Supply Committee, including questions regarding Tri-State’s debt repayment structure and the letter LPEA received from Tri-State regarding exploration of alternative power supply providers, as authorized by the terms of the 2014 Colorado Public Utilities Commission (PUC) settlement.

Discussion ensued on LPEA’s concerns about upward rate pressure for Tri-State resulting from bulleted debt and aging assets; governance issues and constraints; and the December 31, 2019 expiration date on the “Shopping Letter” that LPEA is attempting to negotiate with Tri-State.

Attorney Denning discussed a side letter of agreement drafted with Tri-State General Counsel, Ken Reif stating that the issuance of the current “Shopping Letter” by Tri-State and its acceptance by LPEA is not a waiver of either party’s rights or ability to argue any position with respect to the Preliminary Agreement executed in the PUC case. Reif stated, *Generally speaking, the mere fact that a third-party supplier talks to you is not a breach of contract, nor is it a tortious interference of contract. But third-party suppliers necessarily learn from experience and they want to be as careful as they can. They want to know that Tri-State is aware that you are talking to third parties, and that is the purpose of the letter. It’ doesn’t change anybody’s contractual rights or obligations.*

Following substantial discussion, the LPEA Board agreed that further discussion would take place under the Executive Session discussion items.

IX. DIRECTOR REPORTS

TRI-STATE REPORT – Brad Nebergal discussed the intent of Tri-State Policy 118 Member System Participative Generation Policy as a means for members to do Distributed Generation (DG) projects that are managed & negotiated through Tri-State, and to go above the 5% cap on DG without violating Tri-State Policy 115 Member System Distributed Generation Policy.

Harms stated that the concept is framed around member specified generation that is owned by Tri-State, passed through to LPEA under the APR (avoiding the 5% cap), and does not require a modification to Policy 118. Nebergal stated that such projects broach a partial power agreement, would impact other members, and would need to be run through the Contract Committee. Discussion ensued regarding Tri-State Policy 118 and its applicability to future DG projects.

EXECUTIVE SESSION

Motion: Director Skeeahan moved to enter into executive session to discuss Tri-State debt and the Tri-State “Shopping Letter.” Motion seconded and carried without dissent.

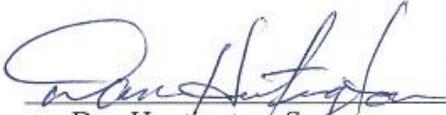
The Committee of the Whole remained in executive session from 1:14 p.m. to 2:03 p.m.

There being no further business, the LPEA Committee of the Whole meeting adjourned at 2:04 p.m.

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



Bob Lynch, President



Dan Huntington, Secretary