

LA PLATA ELECTRIC ASSOCIATION, INC.
Finance and Audit Committee Minutes of Meeting
Thursday, February, 13 2020
Durango, Colorado

CALL TO ORDER

The Finance and Audit Committee Committee of the La Plata Electric Association Board of Directors was held Thursday, February 13, 2020 at the headquarters building in Durango, Colorado. Committee Chairman Wheeler called the meeting to order at 2:05 p.m. The following committee members were in attendance:

COMMITTEE MEMBERS:

Tim Wheeler, Committee Chairman
Britt Bassett
Guinn Unger
Dan Huntington
Jessica Matlock, CEO
Karl Ramsey, CFO

LPEA STAFF

Dan Harms, Vice President of Grid Solutions
Monica Rodriguez, Controller
Charis Charistopoulos, EA

EXCUSED ABSENCE: None

GUESTS: Holly Metzler, Kohler McInnis, Dave Peters, Kirsten Skeeahan

APPROVAL OF AGENDA

Committee Chairman Wheeler addressed the February 13, 2020 Finance and Audit Committee meeting agenda. Wheeler advised that an executive session will take place at 4:00 PM to discuss the proposal by the Tri-State Contract Committee.

Motion: Committee member Unger moved to approve the February 13, 2020 Finance and Audit Committee meeting agenda as presented. Motion seconded and carried without dissent.

APPROVAL OF MEETING MINUTES

Committee Chairman Wheeler addressed the January 9, 2020 Finance and Audit Committee meeting minutes.

Motion: Committee Member Huntington moved to approve the January 9, 2020 Finance and Audit Committee meeting minutes as presented. Motion seconded and carried without dissent.

COMMITTEE DISCUSSION AND POSSIBLE ACTION

REVIEW OF NEW DC FAST CHARGING EV RATE TARIFF – Dan Harms presented a discussion of electric vehicle (EV) rate options. ChargePoint was awarded a State grant to implement Level 3 DC Fast Charging corridors across the entire state of Colorado by July 2020 which will include a station in Pagosa Springs and in Durango.

ChargePoint is advocating that host sites charge a flat rate of \$0.25/kWh for consistency across the state; however, the host site is the ultimate authority for setting rates on the chargers they own. Harms compared low and high use charging site statistics, demonstrated the infeasibility of a Large Commercial default rate for owners of Level 3 Fast Charging stations, and discussed objectives for establishing a rate that enables viable commercial deployment of DC Fast Chargers that will in turn, promote EV adoption and reduce carbon through beneficial electrification while covering LPEA's expenses.

Harms proposed a new Level 3 EV Rate Tariff with a monthly base charge of \$100, an off-peak Energy Charge of \$0.062/kWh (daily 9:00 p.m. to 4:00 p.m.), and an on-peak Energy Charge of \$0.26/kWh (daily 4:00 p.m. to 9:00 p.m.). Harms explained that site owners can program the chargers to throttle the maximum capacity delivery down during peak hours so that the customer cost to charge does not exceed \$0.25/kWh; however, the time it takes to charge the vehicle will take longer.

There was consensus among the committee to approve the new Level 3 EV Rate Tariff as presented and to make a recommendation for approval by the Board of Directors. Harms will draft a resolution to present at the February 19 board meeting. The new rate will be effective April 1, 2020.

Motion: Committee Member Unger moved that the committee recommend the proposed Level 3 EV Rate Tariff as presented for approval by the board. Motion seconded and carried without dissent.

REVIEW OF FEE FOR LPEA PROVIDED CHARGING STATIONS – Harms presented a discussion of proposed EV charging fees on LPEA owned Level 2 public EV charging sites that can be implemented under LPEA's miscellaneous fee schedule in the Rates and Regulations.

Harms discussed fee structures based on kWh usage, fixed charges, time increments, idle time, and time of day with consideration given to simplicity of understanding, covering LPEA expenses, providing free charging for the first year, a 10% transaction fee to ChargePoint, and encouraging off-peak charging.

Harms recommended a fee structure that follows the proposed Level 3 EV Rate with an off-peak Energy Charge of \$0.062/kWh (daily 9:00 p.m. to 4:00 p.m.), and an on-peak Energy Charge of \$0.26/kWh (daily 4:00 p.m. to 9:00 p.m.) that would go into effect April 1, 2020.

Discussion ensued on fees for idle time to discourage customers from parking in the charging spaces. There was consensus among the committee to implement an idle time fee of \$5.00 per hour.

Motion: Committee Member Unger moved to recommend the proposed Level 3 EV Rate with an off-peak Energy Charge of \$0.062/kWh (daily 9:00 p.m. to 4:00 p.m.), and an on-peak Energy Charge of \$0.26/kWh (daily 4:00 p.m. to 9:00 p.m.); and an idle time fee of \$5.00 per hour after the first hour, instead of \$1.00 per hour, for approval by the board.

REVIEW OF NEW OPT-OUT RATE TARIFF – Committee Member Unger advised that there was consensus among the Policy Committee to recommend a revision to Policy 215 AMI Opt-out Program that recovers the total cost to the cooperative to service and administer the AMI Opt-out Program accounts. The policy allows members to choose not to have an AMI meter installed at their service location “when possible;” however, due to the recent change to the General Service rate tariff it is not possible to bill the Peak Power element without the use of an AMI meter.

Discussion ensued on contract labor fees of \$27.86 per meter read, LPEA administrative expenses of \$710 per month incurred by the 195 AMI Opt-out Program accounts, and the need for a rate tariff that doesn’t require the use of AMI or an overly expensive meter. To recover the total cost of service, Harms proposed including the full meter reading expense of \$9.29 and a 2020 rate increase of \$5.35 to the standard monthly base rate of \$21.50 to establish a new AMI Opt-out base rate of \$36.14, while maintaining an Energy rate of \$0.1256. There was consensus among the committee to include a nominal fee of \$0.86 to the new Opt-out base rate that will cover a portion of LPEA’s internal accounting expenses. The new AMI Opt-out rate will take effect April 1, 2020.

Motion: Committee Member Unger moved to recommend to increase the AMI Opt-out base rate to \$37.00 while simultaneously recovering the monthly meter reading fee, and while the Energy rate remains at \$0.1256, for approval by the board. Motion seconded and carried without dissent.

RATE INCREASE STATUS –Harms advised that public notice for the 2020 rate increase was submitted on January 23, tools for customer assistance are ready, the March Colorado Country Life article is on the way, the 30-day public comment period ends February 23, and everything is in place for implementation on April 1. CEO Matlock and Harms noted discussions with members who are working with LPEA to save on energy costs, convert propane heat service to electric heat service, and making use of tax incentives and rebates for heat pump water heaters. Staff is actively looking for hardware solutions to help members and will make those available in the future. Discussion ensued on response protocols to member input and placing a rate increase FAQ on the LPEA website.

AUDIT PROGRESS – CFO Ramsey advised that the audit team had completed their on-site review on January 31, questions by the auditors were resolved, the audit was performed in greater detail due to staff turnover in the Finance department, and the audit is being finalized for presentation at the March 25 board meeting.

BOARD EXPENSES – The committee discussed revisions to the Director Expense Report that provided greater clarity towards individual training, required meetings, and conferences and what individual budgets are. Ramsey and Rodriguez will present a revised Director expense report that aligns with the departmental budgeting and reporting formats for consideration at the next committee meeting.

AGENDA DISCUSSION – No discussion took place.

EXECUTIVE SESSION

Motion: Committee Member Unger moved to enter into executive session to discuss the Tri-State Contract Committee proposal. Motion seconded and carried without dissent.

Director Skeeahan will remain for the portion of the discussion that does not include legal strategy and will be recused from such discussion. The Finance and Audit Committee remained in executive session from 4:03 p.m. to 5:35 p.m.

There being no further business, the Finance and Audit Committee of the La Plata Electric Association, Board of Directors meeting adjourned at 5:35 p.m.

The Finance and Audit Committee meeting will take place from 2:00 p.m. to 5:00 p.m., on the 2nd Thursday of every month beginning in February 2020 (Thursday, February 13, 2020), with the exception of the March meeting which will take place on Thursday the 5th.

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



Tim Wheeler, Committee Chairman