

LA PLATA ELECTRIC ASSOCIATION, INC.

Board of Directors' Minutes of Meeting

Wednesday, August 19, 2020

Webinar <https://www.lpea.coop/board-directors>

**CALL TO ORDER**

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. was held Wednesday, August 19, 2020 via webinar. President Bassett called the meeting to order at 9:01 a.m., with the following directors present:

Britt Bassett, President

Joe Lewandowski

Holly Metzler

Dan Huntington, Secretary

Bob Lynch, Vice President

Kirsten Skeeahan

Rachel Landis

Kohler McInnis

Jack Turner

John Lee

Sue McWilliams

Tim Wheeler, Treasurer

**LPEA STAFF**

Jessica Matlock, Chief Executive Officer

Karl Ramsey, Vice President of Finance

Dan Harms, Vice President of Grid Solutions

Garrett Hammer, Pagosa Springs District Manager

Jerry Sutherlin, Vice President of Operations

Drew Timmerman, Vice President of IT

Nadine Ontiveros, Vice President of People and Culture

C. E. Charistopoulos, Executive Assistant

Don Short, GIS Services Specialist

Ryne Waggoner, Compliance and Systems Engineering Manager

**BOARD ATTORNEY**

Shay Denning, LPEA General Counsel

**EXCUSED ABSENCE**

Hillary Knox, Vice President of Communications

**GUESTS** - Webinar attendees included Jim Tencza, Betsy Romere, Guinn Unger, Katie Pellicore, Patrick Armijo, Jen Colomb, Jenny Taylor, John Purser, Lori Schell, Mark Pearson, Wanita Cooper, Karen Pontius, Ali Baird, Brad Fuqua, Edwin Reyes, Gail Harriss, Ingrid Alt, Kirby MacLaurin, Lori Costello, Susan Hinkle.

**APPROVAL OF AGENDA**

President Bassett addressed the August 19, 2020 Board Meeting agenda. Director Wheeler requested to rename agenda item V.C., Broadband Committee Report, as the Staff Broadband Presentation; the request was accepted.

**Motion:** Director Landis moved to approve the August 19, 2020 board meeting agenda with the approved change. Motion seconded and carried without dissent.

### **MEMBER COMMENTS**

Members expressed appreciation for the August 17, 2020 Committee of the Whole look back and discussion of work done by the 2018-2019 LPEA Power Supply Committee; as well as, the hard work of directors and employees for keeping the lights on, pursuing alternative power supply, and demonstrating support for local generation. A member expressed understanding for LPEA's decision to raise rates, as a *hard, but right choice*; and another member thanked the board for implementing a public board packet and encouraged more information and screen sharing for the public during presentations.

A member raised concern regarding director conduct that may have interfered with a La Plata County election and asked the full board to investigate the issue, and other members expressed appreciation for the board's policy on standards of conduct. President Bassett advised that the board would discuss the issue in executive session as they address Policy 129 Code of Ethics and Conduct.

Members encouraged the board to pursue a full, rather than partial, buyout from Tri-State on the basis that there is no significant cost difference, doing so will eliminate reliance on coal, and that less expensive renewable energy is better for the members.

### **CONSENT BOARD ITEMS.**

President Bassett addressed the July 15, 2020 LPEA Board of Directors Meeting minutes. Directors noted corrections to the minutes.

**Motion:** Director Wheeler moved to approve the minutes for the July 15, 2020 LPEA Board of Directors Meeting with approved corrections. Motion seconded.

#### **Motion**

**To Amend:** Director Lewandowski moved amend the motion to include direction to clearly show to members how all directors have voted. All future minutes will include the names of directors voting in favor of, as well as the names of directors voting against, and abstaining. Names do not need to be recorded for unanimous decisions. Motion seconded and carried 9 to 2 with Directors Lynch, Wheeler, Metzler, Landis, Lewandowski, Skeehan, McWilliams, Lee, and Bassett in favor; Directors Huntington and McInnis opposed, and Director Turner abstaining.

#### **Motion As**

**Amended:** The motion as amended carried without dissent.

President Bassett addressed the remaining Consent Board Items.

**Motion:** Director McInnis moved to approve the remaining Consent Board Items: capital credit payments to estates, and monthly write-offs. Motion seconded, and carried without dissent.

In response to questions on the monthly write offs, VP, Finance, Ramsey will conduct a review of members' use of capital credits to pay bad debt and report his findings at the September 10, 2020 Finance and Audit Committee meeting.

## **CEO REPORT**

CEO Matlock recognized LPEA Community Outreach Specialist, Jeannie Bennett for organizing, and LPEA employees for personally delivering, breakfast and lunch to law enforcement personnel throughout all areas of the service territory as a token of appreciation for their dedication, courage, and hard work during the pandemic.

**DIVISION DASHBOARDS** – CEO Matlock addressed the Dashboard Report, highlighted key items, took questions on energy markets, member engagement and key accounts, and discussed looking at the non-financial aspects and soft benefits of the three pronged approach to a buyout from Tri-State as laid out in Resolution 2019-10 LPEA Power Supply Strategy. VPs took questions on SAIDI and SAIFI goals, options for EV fast-charging stations, and the newly implemented employee work schedules.

VP, Finance, Ramsey gave highlights from the Financial Report, took questions on Key Performance Indicators; and advised that disconnects for nonpayment (DNP) have been delayed until September, the number of members in arrears is the lowest in recent history, and that as long as members make payments and honor the six-month payment plans, DNPs are a last resort.

**MEMBER DISTRICT BOUNDARIES DISCUSSION** – GIS Services Specialist Don Short presented an informative discussion on the current board district boundaries and addressed concerns that unclear boundary definitions between Districts 2 and 4 (not based on a physical feature or survey lines) and cumbersome descriptions make it difficult for members to know which district they are part of. Short proposed a north-south boundary defined by Highway 550 and Hermosa Creek and an east-west boundary defined by US Highway 160. No changes to Districts 1 and 3 were proposed and district member counts remain equitable. The board will take this information into consideration for action at the September 16, 2020 Board Meeting.

## **BOARD AGENDA AND POSSIBLE ACTION**

**FINANCE AND AUDIT COMMITTEE RECOMMENDATIONS** - Committee Chairman Wheeler discussed a recommendation for a 2021 director budget of \$280,000 which is slightly lower than the 2020 budget of \$283,400. Individual discretionary director budgets for conferences and training were eliminated in favor of a shared budget, Committee of the Whole meetings were limited to six, and no changes were made to standard and customary stipends and

per diems for mandatory board, committee, and external meetings. Discussion ensued and Committee Chairman Wheeler took questions.

**Motion:** Director Skeehan moved to accept the Finance and Audit Committee recommended 2021 director budget. Motion seconded and carried without dissent.

VP, Finance, Ramsey discussed a recommendation to retire \$3.5 million in capital credits from the cooperative portion of allocated patronage, with the majority being retired on a first-in first-out (FIFO) basis; to reserve any 2020 retirements potentially received from Tri-State in the Rate Stabilization Fund (RSF); and to increase the RSF, which currently stands at \$2 million, by an additional \$2 million in order to achieve the RSF financial goal of \$4 million. Ramsey will present the committee's more detailed, formal recommendation for approval at the September 16, 2020 Board Meeting.

**POLICY COMMITTEE: POLICY 120 FILLING BOARD VACANCIES** – Attorney Denning discussed bylaw requirements for director vacancies, addressed proposed revisions to Policy 120 Filling Board Vacancies, and took input for further revisions.

**Motion:** Director Lee moved to table the discussion and move to the Policy Committee for further consideration and revision. Motion seconded and failed 6 to 6 with Directors Huntington, Lee, Skeehan, McInnis, Landis, and McWilliams in favor, and Directors Lynch, Bassett, Metzler, Turner, Lewandowski, and Wheeler opposed.

**Motion:** Director Wheeler moved to approve Policy 120 Filling Board Vacancies as presented. Motion seconded.

**Motion**

**To Amend:** Director Skeehan moved to eliminate section G of Policy 120 Filling Board Vacancies. Motion seconded, and failed 9 to 1 with Directors Huntington, Metzler, Turner, Lewandowski, Lee, Landis, Wheeler, McInnis, and McWilliams opposed, Director Skeehan in favor, and Directors Bassett and Lynch abstaining

**Motion**

**Resumed:** The original motion to approve Policy 120 Filling Board Vacancies as presented carried 9 to 3 with Directors Bassett, Lynch, Metzler, Turner, Lewandowski, Skeehan, McWilliams, Wheeler, and Landis in favor, and Directors Huntington, Lee, and McInnis opposed.

**STAFF BROADBAND PRESENTATION** – CEO Matlock confirmed that the all-volunteer Broadband Committee (BBC) has not met since the onset of the Covid-19 restrictions on public meetings in March 2020; and that the demands placed on BBC staff in response to the Covid-19 restrictions have severely restricted their time and ability to participate. Compliance and Systems Engineering Manager Ryne Waggoner gave a presentation on the previous activity of the committee and proposed a September meeting.

CEO Matlock discussed objectives for reconvening the BBC in September, which include thinking through next steps for developing a strategy going forward and appointing a committee chair in order to begin the planning process. Due to time constraints, CEO Matlock requested that a discussion on strategy be postponed to a later date. President Bassett advised that funding for the BBC would need to be re-instated, a chair and an additional member would need to be appointed, and that the term for the BBC would be extended through April 2021.

**Motion:** Director Landis moved to extend the term for the Broadband Committee to April 2021 and to provide funds for per diems. Motion seconded and carried without dissent.

**APPOINT DELEGATES TO NRECA VIRTUAL REGION 7 MEETING** – This discussion was postponed to the September 16, 2020 Board Meeting.

**BOARD VACANCY** – President Bassett addressed a District 4 director vacancy due to the resignation of Director Turner. Director Turner advised that his effective date of resignation will occur upon the conclusion of the September 16, 2020 LPEA Board Meeting. The board will interview candidates at the September 14, 2020 Committee of the Whole meeting and take action on the appointment at the September 16, 2020 Board Meeting

**Motion:** Director Wheeler moved to direct staff to start the process of advertising the District 4 board vacancy and putting the applications together. Motion seconded and carried without dissent.

**DIRECTOR TRAVEL REQUESTS** – President Bassett addressed requests to attend virtual meetings and online training. Director McWilliams requested to attend CREA online director training courses in September, and pre-approval for NRECA classes through December 2020 to maintain Director Gold status.

**Motion:** Director Lewandowski moved to approve the director training request. Motion seconded and carried without dissent.

**DIRECTOR EXPENSE APPROVAL** – Director Wheeler reported on the July 2020 director expenses.

LPEA Mileage Reimbursements

Britt Bassett	\$00.00	Kohler McInnis	\$00.00
Dan Huntington	\$00.00	Sue McWilliams	\$00.00
Rachel Landis	\$00.00	Holly Metzler	\$00.00
John Lee	\$26.45	Kirsten Skeehan	\$00.00
Joe Lewandowski	\$00.00	Jack Turner	\$00.00
Bob Lynch	\$00.00	Tim Wheeler	\$00.00

LPEA Board and Committee Meetings

Britt Bassett	\$1450.00	Kohler McInnis	\$1325.00
Dan Huntington	\$1325.00	Sue McWilliams	\$1325.00

Rachel Landis	\$1325.00	Holly Metzler	\$1325.00
John Lee	\$1325.00	Kirsten Skeehan	\$1450.00
Joe Lewandowski	\$1450.00	Jack Turner	\$1450.00
Bob Lynch	\$1325.00	Tim Wheeler	\$1450.00

Other External Meetings

Britt Bassett	\$00.00	Kohler McInnis	\$00.00
Dan Huntington	\$00.00	Sue McWilliams	\$00.00
Rachel Landis	\$00.00	Holly Metzler	\$00.00
John Lee	\$00.00	Kirsten Skeehan	\$00.00
Joe Lewandowski	\$00.00	Jack Turner	\$00.00
Bob Lynch	\$00.00	Tim Wheeler	\$00.00

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

**FERC AND COPUC UPDATE**

**3:00 PM PUBLIC UPDATE FROM ATTORNEY** – Matthew Larson, outside counsel for LPEA, advising on matters related to the Tri-State cases at the Federal Energy Regulatory Commission (FERC) and the Colorado Public Utilities Commission (CoPUC), gave a public legal update on the July 27 decision by the CoPUC to stay the proceedings and extend the statutory deadline to November 5, 2020 to consider exceptions and render a final decision. Tri-State, LPEA, and United Power filed exceptions on July 30, 2020, and then filed responses to respective exceptions on August 6, 2020. The CoPUC will schedule a deliberations meeting to give a full consideration and analysis of all the filings and determine if they want to modify the recommended decision of Administrative Law Judge (ALJ) Robert Garvey.

The key issues are that Tri-State’s exceptions challenged every aspect of the ALJ recommended decision; LPEA and United Power both challenged the propriety of the non-utility member addition (by Tri-State) under Colorado corporate law; and LPEA raised a question about the buyout methodology inputs by the ALJ in order to gain clarification on how the pro rata share of Tri-State debt will be allocated across its members.

Tri-State filed their partial buyout methodology at FERC and that case is moving forward. The next settlement meeting with the FERC Contract Termination Payment case is November 7, 2020. FERC has stated that they have concurrent jurisdiction with the CoPUC on both exit charges until there is an exit methodology that is approved by FERC.

**EXECUTIVE SESSION**

President Bassett requested a motion to move into executive session to discuss FERC-CoPUC Strategy, Policy 129 Code of Ethics Issue, and CEO Evaluation. Director McInnis (Tri-State

representative) and Attorney Denning were recused from the FERC-CoPUC Strategy discussion, and Attorney Denning and non-essential staff were recused from the CEO Evaluation.

**Motion:** Director Wheeler moved to enter into executive session to discuss FERC-CoPUC Strategy with Director McInnis and Attorney Denning recused; Policy 129 Code of Ethics Issue, and CEO Evaluation. Motion seconded and carried without dissent.

The board remained in executive session from 3:25 p.m. to 6:27 p.m.

### **BOARD ACTIONS RESULTING FROM EXECUTIVE SESSION**

President Bassett advised that no action will be taken on FERC and/or CoPUC Strategy, and the Policy Committee is directed by the board to revise Policy 129 Code of Ethics and Conduct as discussed, and present to the board for consideration.

**Motion:** Director Wheeler moved to approve the compensation change for CEO Matlock. Motion seconded and carried 11 to 1, with Directors Bassett, Huntington, Landis, Lee, Lewandowski, Lynch, McInnis, Metzler, Skeehan, Turner, and Wheeler in favor; and Director McWilliams opposed.

### **REPORTS**

**ATTORNEY REPORT** – Referring to the written report included in the board packet, Attorney Denning highlighted work done for LPEA, and took all questions.

**DIRECTOR REPORTS** – Directors referred to written reports in the board packet and took questions.

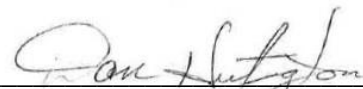
**ROUND UP FOUNDATION REPORT** – July 2020 Round Up grants were awarded in the amounts of \$2,000 to Thingamajig Theater Company in Pagosa Springs, \$3,310 to Women’s Resource Center of Durango, and \$500 to Lutheran Mercy Care. No education grants were awarded.

### **ADJOURN**

There being no further business, the LPEA Board of Directors meeting adjourned at 6:48 p.m. Recorded by C.E. Charistopoulos, and approved by:



Britt Bassett, President



Dan Huntington, Secretary