

LA PLATA ELECTRIC ASSOCIATION, INC.  
Finance and Audit Committee Minutes of Meeting  
Thursday, October 15, 2020  
Livestream at <https://www.lpea.coop/finance-and-audit-committee>

**CALL TO ORDER**

The Finance and Audit Committee of the La Plata Electric Association Board of Directors was held Thursday, October 15, 2020 via webinar. Committee Chairman Wheeler called the meeting to order at 1:00 p.m. The following committee members were in attendance:

**COMMITTEE MEMBERS:**

Tim Wheeler, Committee Chairman  
Britt Bassett  
Kirsten Skeehan  
Bob Lynch  
Jessica Matlock, CEO  
Karl Ramsey, Vice President of Finance

**LPEA STAFF:**

Monica Rodriguez, Controller  
Drew Timmerman, Vice President of IT  
Dan Harms, Vice President of Grid Solutions  
C.E. Charistopoulos, Executive Assistant

**EXCUSED ABSENCE:** None

**GUESTS:** Sue McWilliams, John Witchel, Kohler McInnis, Graham Smith, Jenny Taylor, Holly Metzler

**APPROVAL OF AGENDA**

Committee Chairman Wheeler addressed the October 15, 2020 Finance and Audit Committee (FAC) meeting agenda.

**Motion:** Committee member Lynch moved to approve the October 15, 2020 FAC meeting agenda as presented. Motion seconded and carried without dissent.

**APPROVAL OF MEETING MINUTES**

Committee Chairman Wheeler addressed the September 10, 2020 FAC meeting minutes.

**Motion:** Committee member Lynch moved to approve the September 10, 2020 FAC meeting minutes as presented. Motion seconded and carried without dissent.

## **COMMITTEE DISCUSSION AND POSSIBLE ACTION**

**FINANCIAL REVIEW** – VP of Finance Karl Ramsey gave an overview of the draft financials for September, noting various impacts related to Covid-19. Due to robust residential sales and revenue from the July 1<sup>st</sup> rate increase and controllable expenses coming in below budget, operating margins are above forecast. LPEA maintains a healthy balance sheet and cash position.

**2021 PROPOSED OPERATING BUDGET REVIEW** – VP of Finance Karl Ramsey discussed a proposed budget of \$1,470,543 million in Operating Margins for 2021, the forecasted 2021 revenue from a full year of the rate increase and anticipated load growth, as well as budgeted expenses for 2021 which include \$500,000 for FERC legal expenses, \$300,000 for fire mitigation, and savings related to Covid-19 avoided operational costs.

VP of Finance Karl Ramsey discussed and took questions on key areas of expenditures in the 2021 Strategic Operational Budget which provides detailed insight into the correlation between operational expenses by department and LPEA's Strategic Goal and Initiatives. Discussion ensued on load projection, revenue offsets from beneficial electrification, distribution expenses, and capitalized expenses.

**Motion:** Committee member Bassett moved that the committee recommend that the full board adopt the 2021 Operational Margin projection of \$1.47 million. Motion seconded, and carried without dissent.

**2021 PROPOSED CAPITAL BUDGET REVIEW** – VP of Finance Karl Ramsey discussed and took questions on a proposed budget of \$1,354,291 for the 2021 Capital Items Budget, gave a detailed description of capital item requests by department, and provided background summaries for perspective and justification for the proposed expenditures.

**Motion:** Committee member Bassett moved that the committee recommend that the full board adopt the 2021 Capital Items Budget of \$1.35 million. Motion seconded, and carried without dissent.

VP of Grid Solutions Dan Harms reviewed and took questions on a proposed budget of \$16,597,801 for the 2021 Capital Projects Budget. Harms presented a concise summary of projects for transmission and distribution additions, system improvements, substation relay upgrades, operational communications for critical infrastructure, and new services.

**Motion:** Committee member Bassett moved that the committee recommend that the full board adopt the 2021 Capital Projects Budget of \$16.6 million. Motion seconded, and carried without dissent.

**BOARD FINANCIAL REPORTS REVIEW** – There was consensus among the committee to revise the chart of monthly Operating Margins to capture a five to ten year outlook.

**AGENDA DISCUSSION** – VP of Finance Karl Ramsey recapped the committee’s plans for an overview of the budgets to be reviewed and approved by the board as part of the process leading up to an informed approval of the full 2021 Budget and Forecast, targeted for November 18, 2020.

**FUTURE AGENDA ITEMS**

Due to time constraints a discussion of this item did not take place.

**EXECUTIVE SESSION: RESOLUTION 2019-10 LPEA POWER SUPPLY STRATEGY OPTIONS REVIEW**

There was consensus among the committee that due to time constraints, discussion of the financial aspects of a partial or full buyout from LPEA’s wholesale electric services contract with Tri-State, as approved in Resolution 2019-10 LPEA Power Supply Strategy, would be proposed for an upcoming Committee of the Whole meeting.

**ADJOURN**

There being no further business, this meeting of the Finance and Audit Committee of the La Plata Electric Association, Board of Directors adjourned at 4:07 p.m.

The Finance and Audit Committee meetings are scheduled to take place from 2:00 p.m. to 5:00 p.m., on the 2<sup>nd</sup> Thursday of every month.

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

  
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Tim Wheeler, Committee Chairman