

**MINUTES OF THE SPECIAL MEETING OF
THE BOARD OF DIRECTORS
OF MOUNTAIN VIEW ELECTRIC ASSOCIATION, INC.,
HELD NOVEMBER 28, 2011**

A Special Meeting of the Board of Directors of Mountain View Electric Association, Inc. was held November 28, 2011 at the Association's Falcon Operations Center, 11140 East Woodmen Road, Falcon, Colorado 80831, commencing at approximately 9:00 a.m.

CALL TO ORDER

The meeting was called to order by President Joseph D. Martin, who presided. Secretary-Treasurer Milton L. Mathis acted as Secretary of the meeting.

Those directors present at the beginning of the meeting were:

Mrs. Donna Andersen-VanNess
Mr. Ricky L. Gordon
Mr. Allen E. Gresham
Mr. Joseph D. Martin
Mr. Milton L. Mathis
Mr. B. D. Paddock
Mr. Barry Springer

constituting a quorum. There were also present at the meeting Mr. Jim C. Herron, CEO, Mrs. Ellen Copley, Administrative Services Manager, Mr. Darryl Edwards, Member Services Manager, Mr. Claud Hugley, Operations Manager, Mr. David Waldner, Engineering Manager, Mr. Kevin Holbrook, Key Accounts Representative, and Mr. Jack P. Wolfe, Attorney for the Association who recorded and transcribed these minutes at the request of the Secretary.

INVOCATION

President Martin delivered the invocation to start the meeting.

APPROVAL OF AGENDA

The agenda which previously had been distributed to the Board was approved as distributed, with the understanding that certain items may be taken out of order.

DISCUSSION OF 2012 RATES

CEO Herron distributed and presented his analysis for needed rate adjustments for 2012 due to the Tri-State wholesale rate increase. He began by reviewing the Cost of Service Study that outlined two options for determining revenue requirements: a cal-

culated target rate of return or mortgage requirements of TIER. In addition, CEO Herron referred to Association Policy A-002 "Financial and Asset Management" that outlines the financial objective of a minimum operating margin of at least two percent (2%) of revenue. He stated that his analysis used the 2% operating margin as the revenue requirement objective. He presented the 2011 estimated revenue and purchased power costs based on actual numbers from January through October, 2011, plus estimated numbers for November and December. In addition, he presented 2012 revenue and purchased power costs based on the existing rate tariffs that included estimated growth in sales by rate class. The 2012 purchased power costs were based on the Tri-State rate increase that will be effective January 1, 2011. With the revenue requirements addressed, he presented a schedule of the proposed rate changes. He noted that his projections were based on 12 months of projected revenue, but that since the rate increase would not go into effect until consumer bills issued after February 1st, increased revenue for January would be lost, and it might be necessary to adjust the final proposal to account for this.

CEO Herron reminded the Board that once the revenue requirement was determined, and the cost of service study allocated that revenue requirement among the various rate classes, it was up to the Board to set the actual rates for each rate class.

Mrs. Copley then reviewed the preliminary estimated budget for 2012, the resulting TIER and DSC ratios with no rate increase, and the resulting ratios with operating margins equal to 2% of revenue. Discussion followed.

CEO Herron then reviewed the impact on the various rate classes of the July 1, 2011 increase, and set forth three proposals for adjustment of the residential rates.

At this point, Association Member Services Specialist Sarah Schaefer joined the meeting.

Discussion followed concerning the impact of the various proposals on members with different monthly usages. Following discussion, CEO Herron recommended that the entire needed residential revenue increase be recovered by an increase in the "grid access" component of the residential rate.

Following further discussion, a motion was made and seconded to increase the "grid access" component of Residential Rate Class 01 by \$3.11. The vote on the motion was three votes in favor and three opposed, and the motion was defeated.

Following further discussion, and upon motion duly made, seconded and carried by a vote of four votes in favor, two (including Director Springer) opposed, it was

RESOLVED, that both energy components of Residential Rate 01 be increased by \$0.00351

RECESS

The Meeting recessed for lunch at 11:45 a.m., and reconvened at 12:26 p.m. During the recess, Ms. Schaefer left the meeting.

DISCUSSION OF 2012 RATES CONT'D

CEO Herron then called the Board's attention to the proposed rates for the other rate classes that were included in his analysis, that was distributed at the beginning of the meeting, and recommended that no increase be made in the Small Commercial Rates. Discussion followed. He then reported that if the rates as proposed are all adopted, they would generate sufficient revenue to meet mortgage TIER and DSC requirements even though January revenue would not be affected by the increase, and he therefore recommended that no adjustment be made for the loss of increased revenue for January. Following further discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Association rate tariffs be increased as presented and discussed at this meeting, that public notice of the increased rates be provided in accordance with law, and that a copy of the proposed rate changes be attached to the minutes this meeting.

Mr. Holbrook then left the meeting.

RENEWABLE RESOURCE PROGRAM RATE

Mr. Edwards distributed a memorandum from Tri-State G&T announcing a reduction in the rate that it would charge for blocks of renewable energy credits ("REC"s) made available for purchase by the Association's members, together with a proposed revision to Association Rate Tariff 20.59 "Renewable Resource Rate." Following discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the monthly premium charged by the Association for 100 kWh blocks of renewable energy under Rate Tariff 20.59 be reduced to \$0.10 per 100 kWh block, that public notice of the adjusted rate be provided in accordance with law, and that a copy of revised Rate Tariff 20.59 be attached to the minutes of this meeting.

RISK ASSESSMENT

President Martin reported that a conference telephone call with himself, CEO Herron, and Scott Luecal was scheduled for December 2, 2011, and that discussion of the Association's risk assessment analysis be delayed until the regular December 20, 2011 meeting of the Board. Following discussion, the Board agreed with President Martin's recommendation.

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ADJOURN

There being no further business to come before the Board, upon motion duly made, seconded and unanimously carried, the meeting adjourned at approximately 1:16 p.m.

Milton L. Mathis, Secretary-Treasurer

APPROVED:

DONNA ANDERSEN-VAN NESS

RICKY L. GORDON

ALLEN E. GRESHAM

JOSEPH D. MARTIN

MILTON L. MATHIS

B. D. PADDOCK

BARRY SPRINGER