

## MESSAGE FROM THE BOARD PRESIDENT + CEO



**Jessica Matlock | LPEA CEO**

**John Witchele | LPEA Board President**

2021 was a pivotal year for LPEA as we made excellent progress in our mission to deliver you affordable, reliable, safe, and low-carbon power.

Much of our focus in 2021 was centered on the future of LPEA's power supply. Thanks to the efforts of staff and positive negotiations with our current power provider Tri-State, we made steady progress on the partial contract option. This progress should lead to the finalization of new power supply contracts in 2022, which could save LPEA and our members an average of \$7 million per year and reduce our carbon footprint by 50%. That's a 750-million-pound reduction in CO2 per year, equivalent to removing more than 71,000 vehicles from the road annually.

We also took some large strides in broadband in 2021, with the board adopting a resolution that "LPEA will pursue a funding and partnership strategy that will enable broadband connections to its membership by 2030 without increasing electric rates to do so." After a thorough process of examining our options and their potential impacts, the LPEA board is excited to have a clear path forward on broadband.

On the operational side, LPEA is working to achieve our targets as outlined in our 5-Year Operational Plan. Thanks to enhanced cost controls, LPEA's controllable costs were 7% under budget in 2021. This means we were able to return more Capital Credits to members than ever before,

with \$5.5 million retired in 2021. LPEA crews replaced nearly 10 miles of line in 2021 to improve the reliability and efficiency of your electric service. We also had no workers' compensation claims thanks to an enhanced focus on safety and wellness, and zero grievances with the union.

Finally, we remained active and engaged in our communities, giving more than \$700,000 back through rebates, grants, sponsorships, scholarships, and LPEA's special COVID-19 relief fund.

**We look forward to more progress in 2022!**

**More annual report details at [lpea.coop/annual-reports](https://lpea.coop/annual-reports).**

**Simplify Your Spring**

**\$5 BILL CREDIT!**  
Switch to paperless billing with LPEA in April or May.

Scan the QR code here, visit [lpea.coop/paperless](https://lpea.coop/paperless), or call us at (970) 247-5786.



## LPEA'S 6 PRIORITIES



Be safe and excellent in all we do



Be a trusted community partner



Keep the lights on



Maintain strong financial health



Source clean, local, low-cost power



Prepare for the future

# LPEA 2021 ACTIVITY HIGHLIGHTS

## Be safe and excellent in all we do



- Had no workers' compensation claims and only one loss-time accident thanks to an increased focus on ergonomics, safety, and physical wellness. This is a marked decrease from past years.
- Improved union relations with no grievances filed since developing the Code of Excellence in 2020. In the ten years prior, LPEA had 11 grievances filed with the union.
- Awarded LPEA's first-ever "Lineworker of the Year" certificates in the Pagosa Springs and Durango offices. Winners were selected by a vote of their peers based on safety practices, leadership, efficiency, collaboration, and innovation.
- Conducted two employee engagement surveys to set a baseline for employee satisfaction and identify areas for improvement.
- Developed internal web applications to streamline the expense report and check request process, dramatically reducing administrative efforts across LPEA.
- Implemented increased security measures at 25 substations.

## Keep the lights on



- Installed three smart electronic sensing devices (Vipers) to more effectively isolate outages, to remotely control equipment to restore power quicker, and to reduce the possibility of wildfires.

- Upgraded 10 miles of line and replaced 50 failing utility poles to increase reliability.
- Completed improvement projects in Rockwood, Lost Valley, Pagosa Highlands, Hwy 550, Florida Mesa, and Hillcrest, replacing outdated equipment to improve system reliability.
- Restored 27,408 members during the December storm outages, the most widespread outages LPEA has experienced in 10 years. LPEA crews fixed 48 downed lines, repaired nine broken poles, and removed 31 trees from lines.
- Completed a pilot program to test the efficacy of aerial drones in surveying LPEA's 2,000 miles of overhead line. Drones drastically reduce the time and costs associated with line surveying and will be used regularly in LPEA's maintenance operations moving forward.

## Source clean, local, low-cost power



- Pursued all three prongs of the board's strategy on future power supply options.
- Negotiated a fair and equitable methodology that significantly reduced LPEA's projected buy-down payment in the case of a partial exit from the contract.
- Managed a successful Request for Proposal process for a partial power supply agreement – awarded to Crossover Energy partners – that could reduce LPEA's costs by \$7 million annually and decrease our carbon footprint by 50%.
- Negotiated a 4% wholesale rate reduction from Tri-State. Retired \$1.5 million in Capital Credits to members to pass along the first half of this reduction.
- Added a record amount of rooftop solar installations: 2,100 kW at 271 locations.
- Received approval from Tri-State and the Federal Energy Regulatory Commission (FERC) to pursue Community Solar Gardens above and beyond LPEA's self-generation cap.

## Be a trusted community partner



- Implemented a Quality Solar Installer program and related communications campaign to protect LPEA members from predatory solar marketing and false sales tactics.
- Collected a total of \$14,417 in member donations through our annual Giving Tree program to help 527 members pay their bill over the holiday season.
- Hosted the annual IBEW/LPEA annual golf tournament in Pagosa Springs, where 28 teams raised a record \$20,000 for Rise Above Violence.
- Funded 28 income-qualified weatherization projects for members in partnership with Energy Outreach Colorado.
- Served 1,000+ meals at LPEA's Member Appreciation Lunches in Durango and Pagosa Springs.
- Collected 6,022 pounds of food and more than \$1,400 in cash donations at LPEA's annual "Fill the Bucket" Food Drive benefiting food banks in La Plata and Archuleta counties.
- Awarded \$78,000 in college scholarships to four local high school seniors.
- Awarded \$118,754 in grants to non-profit organizations and \$47,000 in sponsorships.
- Conducted LPEA's biennial member satisfaction survey, setting baselines to measure improvement over the next five years.



## Maintain strong financial health



- Saved \$80,000 annually by bringing meter reading in house.
- Achieved LPEA's strongest financial performance in five years in terms of Modified Debt Service Coverage (MDSC), Operating Times Interest Earned Ratio (OTIER), and Controllable Costs.
- Retired more than \$5.5 million in Capital Credits to our members, the highest amount ever in one year.
- Set a record for the lowest-ever recorded number of delinquent accounts.
- Produced a 10-year financial forecast to prepare for potential future financial scenarios.

## Prepare for the future



- Issued \$490,000 in rebates to our members through our joint rebate programs with Tri-State, a 46% increase from 2020.
- Awarded \$75,000 in grant funds through NRECA and Tri-State to conduct a grid-interactive Air Source Heat Pump pilot project with a select number of income-qualified members in LPEA's service territory.
- Completed LPEA's section of the Colorado Clean Energy Corridor by adding two more DC Fast Charging Stations at the Durango Transit Center and Purgatory resort.
- Specified, acquired, and managed the installation of the first Colorado-based Vehicle-to-Grid enabled electric school bus in partnership with Durango School District 9-R.
- Conducted a feasibility study on various broadband strategies and supported the LPEA board in setting a strategic goal for broadband.

# CONSOLIDATED STATEMENTS OF MARGINS

## Years Ending December 31, 2020 and 2021

	2021	2020
<b>Operating Revenue</b>		
Electric Energy Revenue & Gross Sales	\$ 106,160,125	\$ 104,366,895
Miscellaneous Revenue	6,199,018	6,036,946
<b>Total Operation Revenue</b>	<b>112,359,143</b>	<b>110,403,841</b>
<b>Operating Expenses</b>		
Cost of power and goods sold	67,301,343	68,890,293
Transmission	797,240	639,411
Distribution	8,858,650	8,419,109
Maintenance of distribution plant	3,523,318	3,061,235
Accounting & Collection Expenses	1,494,456	1,396,635
Other Customer Expenses	3,035,153	2,669,511
Administrative & General	7,056,419	6,901,481
Depreciation & Amortization	10,823,888	10,510,899
<b>Total Operation &amp; Maintenance Expense</b>	<b>102,890,467</b>	<b>102,488,574</b>
<b>Operating Margins before Fixed Charges</b>	<b>9,468,676</b>	<b>7,915,267</b>
<b>Fixed Charges</b>		
Interest on Long-Term Debt	(4,159,142)	(4,309,673)
<b>Operating Margins after Fixed Charges</b>	<b>5,309,534</b>	<b>3,605,594</b>
<b>Generation &amp; Transmission &amp; Other Capital Credits</b>	<b>1,931,934</b>	<b>1,998,243</b>
<b>Operating Margins</b>	<b>7,241,468</b>	<b>5,603,837</b>
<b>Non Operating Margins</b>		
Interest and investment income	323,826	409,597
Other revenue	85,449	2,291,112
Total Nonoperating Margins	409,275	2,700,709
<b>Net Margins Before Income Taxes</b>	<b>7,650,743</b>	<b>8,304,546</b>
<b>Provision for Income Taxes</b>	<b>233,444</b>	<b>232,083</b>
<b>Net Margins</b>	<b>7,417,299</b>	<b>8,072,463</b>
Less Net Margins Attributable to Noncontrolling Interest	(181,242)	(230,296)
<b>Net Margins Attributable to the Association</b>	<b>\$ 7,236,057</b>	<b>\$ 7,842,167</b>

## LPEA 2022 DIRECTOR ELECTION RESULTS

For the first time since 2004, the LPEA board voted in April to cancel the 2022 LPEA director elections in all four districts. Members will not receive a ballot in the mail this year, given the cancellation.

As no challenger applications were received, Holly Metzler (District 1 - Archuleta County), Dan Huntington

(District 2 - South and West La Plata County), Joe Lewandowski (District 3 - City of Durango), and John Witchel (District 4 - North and East La Plata County) are re-elected as director of their respective districts as of May 12, 2022, for a three-year term.

**Visit [lpea.coop](http://lpea.coop) for more details.**

The latest news, services, programs, and resources from LPEA. Have a question or comment? Email us at [comments@lpea.coop](mailto:comments@lpea.coop).



### BOARD MEETINGS

May 18 + June 15 | 9 a.m. - 3 p.m.\*

The agenda, access, and location details will be posted online in advance. Public comments are heard at the beginning of the meeting shortly after 9 a.m.

More at: [lpea.coop/lpea-board-directors-resources](http://lpea.coop/lpea-board-directors-resources)



### COMMITTEE MEETINGS

LPEA committee meetings change regularly to accommodate board member schedules. For upcoming meeting dates and times visit: [lpea.coop/board-committees](http://lpea.coop/board-committees)

*\*All meetings are open to the public. Depending on the latest guidelines around COVID-19, meetings may be held in person, virtually, or both. Visit [lpea.coop](http://lpea.coop) for the most up-to-date details.*



### LPEA CLOSURES

Memorial Day: Monday, May 30  
Training: Thursday, June 2



### LPEA GRANTS

The Round Up Board approved eight grants totaling \$27,000 in March. Approved Round Up Grants were for Housing Solutions of Southwest, Durango Nordic Ski Club, Southwest Organization for Sustainability (SOS), Pine River Shares, and Upper San Juan Search and Rescue. Approved Educational Grants were for Music in the Mountains, iAM MUSIC, and KUTE Public Radio.



**Ticket to SAVINGS!**



## Outdoor Electrical Equipment and E-bike REBATES

Get the details on this and other rebates by visiting our website at [lpea.coop/rebates](http://lpea.coop/rebates).

