



2023 Operational Plan

LPEA

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La Plata Electric Association, Inc.

A Touchstone Energy® Cooperative



BACKGROUND



Background

This document tells the story of where LPEA is now, where we want to be in the future, and what concrete steps we will take in the next five years to get there.

Since our incorporation in 1939, La Plata Electric Association (LPEA) has existed to bring power and light to all corners of our area, improving lives and powering a strong local economy.

More than 84 years later and LPEA is still focused on this mission while staying true to the cooperative principles on which we were founded: voluntary and open membership, democratic member control, member's economic participation, autonomy and independence, education training and information, cooperation amongst cooperatives, and concern for community.



In 2018, the LPEA Board of Directors set a Strategic Goal and series of Strategic Initiatives to complement LPEA's Vision and Mission statement and to guide LPEA toward a successful future.

Vision

Shaping the future by building trustworthy community partnerships as an innovative, forward-thinking industry leader, delivering excellence in our member-owned cooperative.

Mission

LPEA provides its members safe, reliable electricity at the lowest reasonable cost while being environmentally responsible.

Strategic Goals

LPEA will strive to reduce its carbon footprint by 50% from 2018 levels by year 2030 while keeping members' cost of electricity lower than 70% of its Colorado cooperative peers.

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.

Strategic Initiatives

Member Engagement, Leadership and Organizational Development, Local Economic Development, Distribution Utility of the Future, Power Supply and Delivery, and Operational Excellence.

Code of Excellence

In 2019 and 2020, LPEA employees collaborated to create a culture of safety and respect, and to realign the priorities of the cooperative to achieve the Strategic Goal and Strategic Initiatives.

LPEA worked closely with the IBEW union to identify issues and pain points, and to co-create a Code of Excellence to address them. This code was created by us, for us. It is an internal commitment between LPEA employees that guides how we interact with each other and with our membership.



We at LPEA value and expect:

- Trust, integrity, and transparency
- Safety for ourselves, each other, and our communities above all else
- Our cooperative heritage
- Diversity
- Open, honest, and transparent dialogue
- Professional and respectful behavior
- Continuous improvement
- Stewardship of our environment with pride
- Everyone's contribution; everyone is critical

We at LPEA will:

- Maintain and build positive relationships characterized by trust and respect
- Communicate information timely, accurately, and with empathy
- Give each other open and honest feedback and provide mentorship
- Collaborate, build bridges, and remove roadblocks to work toward common goals
- Promote team decision-making at all levels
- Eliminate gossip and rumors by holding each other accountable
- Resolve issues directly with each other; ask and do not assume



Implementation + Reporting



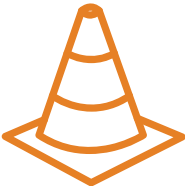
*Details on strategy progress will be outlined monthly in the board dashboards, and annually in the LPEA Annual Report. The 2025 Annual Report will feature detailed results of the full strategy period.

LPEA'S NORTH STAR



LPEA's North Star

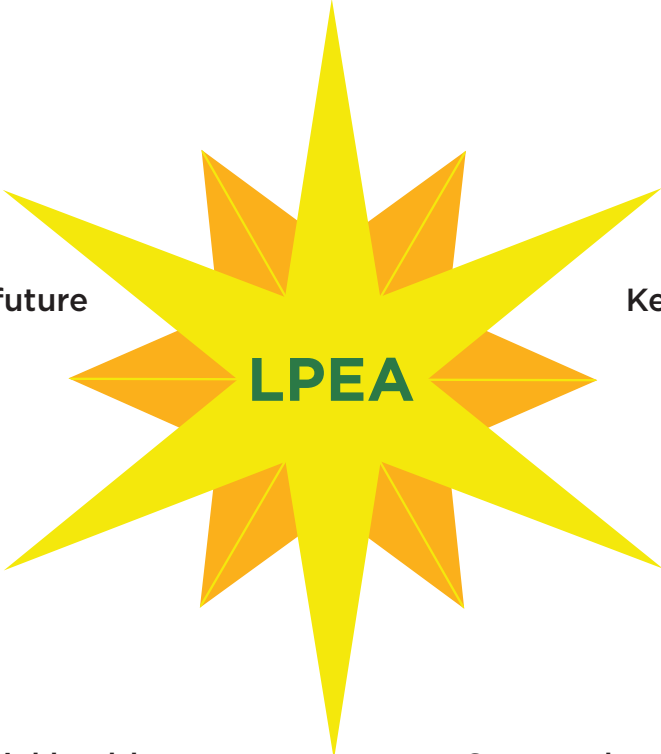
Be safe and excellent in all we do



Prepare for the future



Keep the lights on



Maintain strong financial health



Source clean, local, low-cost power



Be a trusted community partner

With a strong culture of safety and respect as a foundation – and with our Vision, Mission, Strategic Goal, and Strategic Initiatives to guide us – LPEA employees collaborated to assess our current environment in a SWOT analysis.

Based on this analysis of where we are now, we developed a “North Star” to guide us to where we want to be in five years.

The following six priority areas – the points on the star – will help prioritize and focus our work from 2021-2025 to reach the broader Strategic Goal as set by the LPEA Board of Directors.

Be safe and excellent in all we do



2023 TARGETS

Experience no lost-time incidents
or accidents

Achieve 100% regulatory compliance

100% of departments use data analytics
to improve decision making

Experience no cyber incidents that
disrupt business processes

2023 Key Initiatives:

- Combine all safety programming into one comprehensive program.
- Increase on-site Operations Department training programs.
- Create and implement a compliance tracking tool as part of a comprehensive compliance program.
- Complete planned radio tower upgrades, increase the number of In-Reach devices, and install Wi-Fi calling devices in all crew trucks.
- Create a digital dashboard that graphically displays metrics tracked as part of Member Experience's Key Performance Indicators. Use data visualizations to track and enhance performance and future goals.
- Complete phase two of the rebate process improvement project to enhance the member experience, internal administration, and data collection around rebate processing.
- Deploy after-call/chat/email surveys in Member Services to enable consistent feedback and improvement in overall member service.
- Develop a robust cyber security strategy, including anti-cyber-attack protocols, a vulnerability assessment, employee training and education, and regular cyber-hygiene checks.

Keep the lights on



2023 TARGETS

Comply with LPEA's Wildfire Mitigation Plan

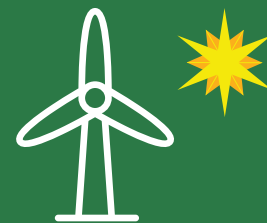
Complete the 2023 budgeted capital projects

Achieve SAIDI/SAIFI/ASAI targets

2023 Key Initiatives:

- Update fire mitigation 3-year maintenance schedule.
- Implement LPEA's Vegetation Management Plan and reclaim line clearances from trees and vegetation.
- Complete an evaluation of all single points of failure that cause more than 5,000 members to lose power.
- Create a maintenance plan and schedule from issues discovered by drone inspections.
- Enact alternate Viper recloser settings on red flag days.
- Complete design work for all 2023 Capital Projects slated for construction in 2024.
- Design and implement a pilot project to demonstrate preferred sectionalizing in Forest Lakes.

Source clean, local, low-cost power



2023 Key Initiatives:

- Work with Tri-State and other cooperatives to create a flexible contract mechanism that would meet the power supply needs of LPEA.
- Participate in all Federal Energy Regulatory Commission buy-down payment hearings, where appropriate.
- Continue to monitor Contract Termination Payment proceedings at the Federal Energy Regulatory Commission and evaluate the resulting methodology.
- Energize Sunnyside Solar Project.

2023 TARGETS

Continue to make progress on LPEA's
3-pronged power supply strategy

Continue to pursue local clean
power projects

Note: These initiatives will not be pursued if they have a negative impact on the safety, reliability, or affordability of LPEA's power supply.

Be a trusted community partner



2023 TARGETS

Achieve survey-to-survey improvement of overall member satisfaction metrics

Increase self-service and communication options for members

Create training and education programs for key stakeholders with regular touchpoints

2023 Key Initiatives:

- Conduct the biennial LPEA Member Satisfaction Survey. Share results with LPEA staff, the board, and the public.
- Re-evaluate and redesign LPEA's Key Accounts program. Develop realistic, consistent, and mutually beneficial protocols to engage with and support organizations critical to LPEA's success.
- Implement innovative ways for members to engage with LPEA quickly and conveniently, including live chat, a chatbot, and digital service requests.
- Explore, test, and implement new features in SmartHub, enabling more tools, education, and proactive communication with LPEA members.
- Develop a solar payback calculator and publish it on LPEA's website to support the installation of right-sized systems.
- Develop a first-responder educational program to build onto LPEA's existing electric safety demonstration program.
- Develop a contractor outreach program to support and promote the proper installation of local beneficial electrification technologies.
- Develop and Implement an Internship Strategy and Program, partnering with regional high schools, colleges, and other partner organizations.

Maintain strong financial health



2023 TARGETS

Operating margin at 2%

Cash reserves at 12-20%

Equity percentage is 40-55%

Long-term debt is less than
100% of equity

MDSC is greater than or equal to 1.35
(debt covenant)

2023 Key Initiatives:

- Combine LPEA's 20-year financial forecast with a strategy for borrowing, financing, long-term construction plans, broadband, grant financing, and Capital Credit retirements.
- Develop retail rates that incorporate a Power Cost Adjuster for adoption in 2024.
- Increase members' likelihood of adopting new beneficial electrification technologies by continuing a member tools and education campaign, including Inflation Reduction Act funding resources, decision-making and comparison support, rebates, and technical resources.
- Keep controllable costs per member lower than the Colorado average.
- Pursue campaigns or permanent procedures to boost LPEA's paperless subscriptions from 40% to 70%.

Prepare for the future



2023 TARGETS

Develop partnerships to achieve the board's broadband goal

Control 3,000 kW of distributed energy resources (DERs)

Win grant funds to support LPEA initiatives

2023 Key Initiatives:

- Explore grant and partnership opportunities related to broadband expansion.
- Launch a thermostat program with the goal of managing 100 thermostats by the end of the year.
- Develop an incentive program (rates, monthly credits, and one-time rebates) to promote connectivity of energy storage and managed devices.
- Design and launch a member-facing load management program including EV chargers, smart thermostats, grid-interactive water heaters, batteries, and Steffes connect ETS units. Create a member-facing portal to facilitate member engagement and education around the program.
- Develop energy storage Time-of-Day rate.
- Integrate V2G E-Bus and EV charger control into the Camus DER platform.
- Explore, support, and pursue federal and state grant opportunities that align with LPEA strategic targets and initiatives, and develop action plans.

