

## FROM THE PRESIDENT **Britt Bassett, LPEA Board President**

To state the obvious, 2020 was a tough year. Given all that occurred, I am beyond proud of the LPEA team for adapting quickly, innovating, and keeping LPEA on course to achieve its mission to deliver affordable, reliable, safe, and low-carbon power to our communities.

Operationally, the LPEA Board of Directors and related board committees continued to meet monthly (virtually) to conduct the business of the cooperative. We also hosted four virtual town hall meetings in October, with 450 members in attendance, to discuss future power supply options. We've been pleased to see so many of you on Zoom, but we look forward to re-starting our live

events and gatherings when it is safe to do so.

Fiscally, the LPEA board set financial goals to help guide future cooperative decisions, developed a detailed budget tied to the board's strategic goals, and saved \$110,000 by replacing Colorado Country Life with an in-house newsletter. We also delayed the 2020 rate increase by three months, adjusted our disconnect and penalty processes, and dedicated \$90,000 in unclaimed capital credits to help members cope amidst pandemic-related economic hardships.

Strategically, we made steady progress on LPEA's future power supply direction and our potential role in local broadband development. While

no decisions have been made on these fronts, the groundwork laid in 2020 will ensure real action is taken in 2021.

Change is not easy. LPEA has seen many organizational, procedural, and structural changes all led by our first female CEO, Jessica Matlock. I wish to commend Jessica for successfully leading these positive changes in a tough year. I also want to express admiration to LPEA staff for surviving – and thriving – amidst 2020's challenges. The successes mentioned, and many more, have set LPEA on a great path toward the future.



## FROM THE CEO **Jessica Matlock, LPEA Chief Executive Officer**

Times of conflict and change serve as a catalyst to reveal the heart of an organization. In some ways, 2020 was not an easy year for the LPEA team. We miss our face-to-face interactions with colleagues, in-person engagements with community groups, and connecting with our members. But the last year has also been one of the most innovative in our co-op's 82-year history.

Given LPEA provides an essential service, we treated COVID-19 seriously, taking measures quickly to protect employees and members. We closed our offices to the public, staggered crew schedules, allowed some employees to work from home, and digitized our workflows. And our efforts were successful. Not only did we manage to prevent any outbreaks in our workforce, but we also achieved the best outage statistics (i.e., the least

number of people out of power for the least amount of time) in 10 years.

In addition to continuing to ensure reliability, LPEA employees also supported the board's desire to explore alternative power supply for more affordable, and less carbon-intensive, power in the future. We expect to be able to deliver a suite of options to the LPEA Board of Directors in 2021, that will help inform their decision on a way forward.

While our face-to-face connections with members were limited in 2020, we remained committed to our community. Our call center fielded nearly 43,000 member calls and we expanded services at our drive-up windows. We donated more than \$335,000 to the community through LPEA's various scholarship, sponsorship, and grant programs, and we refunded \$3.5 million

in capital credits to our membership. Our annual Fill the Bucket food drive and Giving

Tree programs also generated a record 6,234 pounds of food and \$19,000 to support our local communities.

While it was sometimes difficult in 2020, we also focused on securing a bright future. We charted a clear path to success internally by fostering a culture of safety and respect through LPEA's new Code of Excellence and completing a 5-year operation plan to guide our work through 2025.

I'm proud of LPEA for all we've accomplished this year, and I look forward to 2021.



# LPEA 2020 ACTIVITY HIGHLIGHTS

## Strategy + Finance

- Completed LPEA's 5-Year Operational Plan 2021-2025, which identifies six priority areas to focus our work over the next five years.
- Fostered a culture of safety and respect through the creation of a Code of Excellence. Developed in partnership with the local IBEW union, the code is an internal commitment between LPEA employees that guides how we interact with each other and with our membership.
- Developed a new detailed budget format tying LPEA's financial expenditures directly to the board's strategic goals.
- Refunded \$3.5 million in Capital Credit monies to LPEA members.
- Secured \$1.9 million in Paycheck Protection Program funds to maintain LPEA's financial health and reduce COVID-19-related financial impacts to our membership.
- Conducted two elections, one regular and one special, to elect directors to the LPEA board.
- Conducted monthly LPEA Board of Directors and Board of Directors committee meetings, open to the public and live cast online.

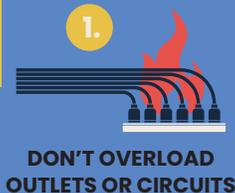


## Infrastructure + IT

- Achieved the best outages statistics (i.e., the least number of people out of power for the least amount of time) in 10 years.
- Upgraded regulator controls at Animas, Fourth Avenue, Riverview, and Spring Creek substations. This will save LPEA members \$90,000 annually and provide the ability to accommodate more rooftop solar installations in the area.
- Worked with a helicopter contractor to replace equipment damaged by the East Canyon Fire including the power line feeding a 40-year-old cell tower.
- Replaced 4.15 miles of underground line and 7.6 miles of overhead line to increase reliability throughout our service territory.
- Improved the infrastructure serving the Pagosa Highlands and Purgatory to Cascade areas, resulting in zero outages impacting these areas since the upgrade.
- Implemented efficiency measures, saving \$100,000 annually in meter reading costs.
- Boosted the capacity of the infrastructure serving Arboles, allowing for future growth in the area.
- Rebuilt the Animas substation to provide better service to 4,000 members in North Durango, protect critical equipment, and enable sophisticated transmission protection for the City of Durango and the Animas Valley.
- Implemented increased security measures at Animas, Falga, Fort Lewis, Fourth Ave, Ignacio, Riverview, and Westside substations.
- Increased security measures to protect LPEA and our members from the proliferation of cyber-scams and cyber-attacks in 2020.

## ELECTRICITY 101

To stay safe around electricity, start with these **SEVEN** basic tips:





## Member + Community Relations

- Allocated \$90,000 in assistance funds to support members financially impacted by COVID-19.
- LPEA members donated more than \$19,000 through LPEA's Giving Tree program to support 537 families struggling to pay their LPEA bill during the holiday season.
- Awarded \$33,000 in college scholarships to seven local high school graduating seniors.
- Awarded nearly \$110,000 to local non-profits through LPEA's Round Up and Educational grant programs and contributed \$75,000 in funds to sponsor local events, organizations, and causes throughout our service territory.
- Collected 6,234 pounds of food and nearly \$1,000 in cash donations at LPEA's annual Fill the Bucket Food Drive benefitting food banks in La Plata and Archuleta counties.
- Handled 42,840 calls, processed 13,533 service orders, and completed 534,452 payments through LPEA's member services call center.
- Replaced Colorado Country Life magazine with a monthly in-house newsletter (print and digital), which delivers more relevant information to LPEA members and saves \$110,000 annually.
- Implemented "Outage Recap" and "Construction Alert" email protocols to give members details about outages and LPEA construction projects that impact them.
- Implemented an #LPEAWire video series to keep members informed on the latest from LPEA.

## Energy Management + Power Supply

- Conducted four virtual town hall meetings on LPEA's future power supply with 450 registrants.
- Continued pursuing the board's three-pronged strategy on future power supply options, exploring a full or partial exit from our power provider, or more flexibility in our current contract.
- Implemented LPEA's first rate increase in four years to adjust for the cost of inflation and to finance system improvement projects needed to increase reliability and prevent outages. It also included a new peak power charge to help reduce LPEA (and member) power costs by shifting power use to avoid expensive on-peak times.
- Added electric vehicle (EV) infrastructure across our service territory, include a Level 3 EV charger in Pagosa Springs and a level 2 EV charger in Bayfield.
- Awarded \$47,000 in grants from LPEA's Renewable Generation Grant Fund to support three local solar projects in Durango and Pagosa Springs.
- Completed a grant application with Durango School District 9-R resulting in an award of \$328,803 for the purchase of the area's first electric school bus (in 2021).
- Provided \$335,000 in rebates for member energy efficiency and electrification efforts, an 80% increase from 2019.
- Funded low-income weatherization projects for 68 LPEA members in partnership with Energy Outreach Colorado.



# CONSOLIDATED STATEMENTS OF MARGINS

Years Ended December 31, 2020 and 2019

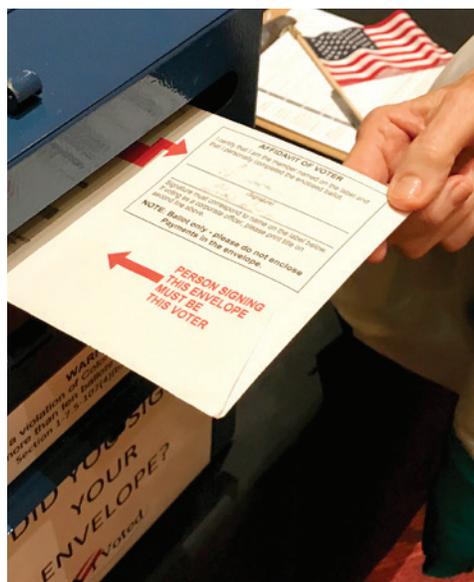
	2020	2019
<b>Operating Revenue</b>		
Electric Energy Revenue & Gross Sales	\$104,366,895	\$107,011,272
Miscellaneous Revenue	\$6,036,946	\$6,545,909
<b>Total Operating Revenue</b>	<b>\$110,403,841</b>	<b>\$113,557,181</b>
<b>Operating Expenses</b>		
Cost of Power & Goods Sold	\$68,890,293	\$73,195,463
Transmission	\$639,411	\$879,893
Distribution	\$8,419,109	\$8,982,436
Maintenance of Distribution Plant	\$3,061,235	\$3,098,651
Accounting & Collection Expenses	\$1,396,635	\$1,611,384
Other Customer Expenses	\$2,669,511	\$3,014,459
Administrative & General	\$6,901,481	\$6,527,647
Depreciation & Amortization	\$10,510,899	\$10,318,876
<b>Total Operating Expenses</b>	<b>\$102,488,574</b>	<b>\$107,628,809</b>
<b>Operating Margins Before Fixed Charges</b>	<b>\$7,915,267</b>	<b>\$5,928,372</b>
<b>Fixed Charges</b>		
Less Interest on Long-Term Debt	\$-4,309,673	\$-4,404,807
<b>Operating Margins After Fixed Charges</b>	<b>\$3,605,594</b>	<b>\$1,523,565</b>
<b>G&amp;T &amp; Other Capital Credits</b>	<b>\$1,998,243</b>	<b>\$3,000,555</b>
<b>Operating Margins</b>	<b>\$5,603,837</b>	<b>\$4,524,120</b>
<b>Nonoperating Margins</b>		
Interest Income	\$409,597	\$536,675
Other Revenue	\$2,291,112	\$102,654
<b>Total Nonoperating Margins</b>	<b>\$2,700,709</b>	<b>\$639,329</b>
<b>Net Margins Before Income Taxes</b>	<b>\$8,304,546</b>	<b>\$5,163,449</b>
<b>Provision for Income Taxes</b>	<b>\$232,083</b>	<b>\$258,631</b>
<b>Net Margins</b>	<b>\$8,072,463</b>	<b>\$5,090,338</b>
Less Net Margins Attributable to Noncontrolling Interest	\$-230,296	\$-199,389
<b>Net Margins Attributable to the Association</b>	<b>\$7,842,167</b>	<b>\$4,890,949</b>

## BALLOT WATCH!

Each year, LPEA's membership elects four representatives to the LPEA Board of Directors. Make sure YOUR voice is heard in the boardroom by voting for the candidate you feel best represents you. Ballots will be mailed to all LPEA members in mid-May with more details. Ballots must be received, by mail or dropbox, by Wednesday, June 16th at 4:00 p.m.

Election results will be announced at a partial, virtual annual meeting on Thursday, June 17th at 6:00 p.m.

**For more details visit [lpea.coop/annual-meeting](http://lpea.coop/annual-meeting)**



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 19th and June 16th

The agenda, board packet, and access/location details will be posted online in advance of the meeting. Public comments are heard at the beginning of the meeting shortly after 9 a.m. Board meetings are open to the public and live streamed.

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



## COMMITTEE MEETINGS

### Finance + Audit

May 13th and June 10th  
2:00 p.m. to 5:00 p.m.\*

### Broadband

May 4th and June 10th  
1:00 p.m. to 3:00 p.m.\*

### Committee on Policies

May 26th  
2:00 p.m. to 4:00 p.m.\*

*\*All meetings are open to the public and live streamed.*

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



## LPEA GRANTS

The Round Up Foundation Board of Directors **approved four grants totaling \$15,733 in March** for the ELHI Community Center, Aspire Medical Services, Friends of the San Juans and Rainbow Housing Assistance Corporation.