

WATT'S UP

AT LA PLATA ELECTRIC ASSOCIATION
DECEMBER 2016

LPEA

La Plata Electric Association, Inc.
A Touchstone Energy Cooperative

Co-op difference: Commitment to Community



CEO Mike Dreyspring with retired KRSJ on-air talent Simone Crouchelli with donations dropped off at the 2015 Project Merry Christmas drive. The 2016 drive is Dec. 10, 11 a.m.-3 p.m.

"The cooperative difference" – it has to do with people. The culture at LPEA, your rural electric distribution cooperative, embraces that commitment to community – and it truly comes into play during the holidays.

LPEA's IBEW (Local 111) in Pagosa Springs always kick off the holiday season with the Fill the Bucket Food Drive, which gathered non-perishable food and cash to assist the food banks in Archuleta County. The 2016 totals were not available as of press time, but in 2015, the drive took in 1,750 lbs. of food and \$425 in cash.

Upcoming on **Saturday, Dec. 10**, the cooperative will once again partner with Four Corners Broadcasting (FCB), for the Project Merry Christmas Blanket Drive – but more than "blankets" are needed. FCB will be broadcasting live from the LPEA parking lot in Bodo Park, 11 a.m. to 3 p.m. and collecting new toys, clothing (and blankets), as well as non-perishable food for those in need locally.

In conjunction, through a payroll deduction, LPEA employees annually fund what is known as the co-op's "Santa's Helping Hands" program, and support Project Merry Christmas. In 2015, \$1,600 was raised, and the holiday wishes of 29 "angels" from the PMC Angel Tree at the Durango Mall were fulfilled. Jeannie Bennett, public relations coordinator, "shops" with the Fiesta Days and La Plata County Fair Royalty to fulfill the requests on the same day as the PMC Blanket Drive.

On **Wednesday, Dec. 14**, 11:30 a.m.-1:30 p.m., LPEA will once again host its Fill the Red Kettle Green Chili Lunch in support of the Salvation Army. For a suggested donation of \$5, all guests receive green chili prepared by Bart's Deli, including local meat donated by Sunnyside Meats, corn bread/tortilla and beverage. Desserts are available for an additional contribution. No reservations required. In 2015, the event raised a record \$1,218.

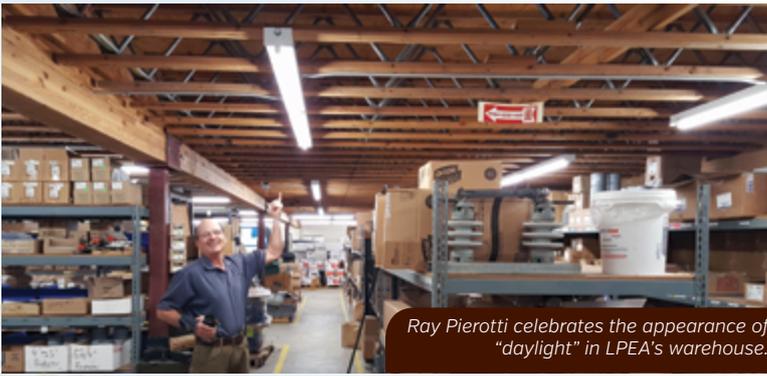
Individually, numerous individual cooperative employees give back "a little bit extra" during the holiday season, volunteering, for example, at the Manna Soup Kitchen, or delivering holiday baskets or turkeys to shut-ins.

Anonymous angels in the community also work with LPEA to cover electric bills for their fellow co-op members.

"For some, it can come down to paying their electric bill or making a special holiday dinner," says Betsy Lovelace, customer service supervisor. "We do have individuals and businesses that bring in donations to cover the electricity for their favorite non-profit, or ask us to apply the funds to bills of members who really need it."

"Electricity" gift certificates are also available. To purchase the "gift of electricity" for any LPEA member, visit LPEA's offices in Durango or Pagosa Springs to make arrangements.

"Our employees here at LPEA are a reflection of the greater community," says CEO Mike Dreyspring. "The culture of commitment to community is pervasive here. I'm very proud to be a part."



Ray Pierotti celebrates the appearance of "daylight" in LPEA's warehouse.

Walking the talk at LPEA

As LPEA continues to work with members – both residential and commercial – to change out their lighting to new, energy efficient lamps, the co-op has always known it wanted to walk the talk. But just like LPEA's members recognize the cost to purchase new lighting all at once can be cost prohibitive, so too LPEA has been prudent with members' money as it has worked to change out lighting in all of its buildings.

"But we're almost there, and will have everything done by the end of this year!" says Ray Pierotti, LPEA's project specialist focused on lighting technology. "This has been a steady process beginning in 2010. We've got a number of buildings and different lighting applications – such parking lot and exterior lighting – in addition to regular office lighting. I've been keeping up with the technology, and as it made sense from a technology and a budgeting perspective, we initiated the projects."

LPEA's administrative offices in both Pagosa Springs and Durango have been steadily replaced and now are 100 percent LED. With the office light retrofits, energy-saving controls – such as dimmers and motion sensors – were also installed. Work lighting for office employees is greatly improved even with the energy savings.

Pierotti is perhaps most excited about the most recent projects to replace the lighting in the warehouses. Previously dimly lit, with the old technology, the warehouses now appear to be illuminated by daylight.

"The difference is just amazing," says Pierotti.

The total reduction in kilowatts with all the office space, warehouses, truck barns, exterior lights and more changed out is nearing a combined 100 kW, which, according to Pierotti, saves the cooperative more than 260,000 kilowatt hours in both locations, and saving the cooperative in excess of \$30,000 annually going forward.

Just like all of LPEA's commercial members who opt to change out their lighting and reduce their energy consumption, LPEA benefitted from rebates provided by Tri-State Generation and Transmission, LPEA's wholesale power supplier. Tri-State benefits by encouraging members to reduce energy consumption, so the company doesn't need to build additional generation facilities.

"With our 2016 retrofit at the Durango office, the materials and labor were \$19,779, but after the rebate from Tri-State our cost was approximately \$16,000," says Pierotti. "For this one segment of the project, our return on the investment will be seen in just over three years."

The economics for businesses to change out old lighting fixtures and invest in new LED technology continues to prove viable. With LPEA's new on-bill financing for loans up to \$7,500 for energy efficiency measures, the investment makes even more sense.

For more details, contact Pierotti at rpierotti@lpea.coop or 970.382.7770.

Capital credits makes us a cooperative

LPEA members who have paid their electric bills since at least 2015 are currently receiving capital credits refunds totaling \$3.85 million.

The majority of the capital credits (also known as patronage capital) are being credited to electricity bills, though refund amounts larger than \$100 have been mailed as checks. Since incorporation in 1939, LPEA has refunded nearly \$60 million to its members.

"Capital credits represent our members' investment in LPEA," says CEO Mike Dreyspring, noting that LPEA is a not-for-profit corporation with a 501 (c) (12) tax designation. "As part of that tax designation, which establishes us as a cooperative, we are required to allocate margins in the form of capital credits to our members as annually determined by our board of directors. Refunding capital credits to our members is one of the many things that make electric cooperatives unique."

Capital credits are essentially the margins or revenues remaining after all expenses have been paid, according to CFO Dennis Svanes. Annually, the electricity payments made by members in excess of the cost to provide their electric service is placed into a patronage capital account in each member's name. This capital, along with borrowed funds, is used to finance needed improvements to LPEA's system infrastructure.

"In other words," says Svanes. "LPEA invests the margins earned by each owner back into our system. It helps build members' equity and reduces the amount of money LPEA has to borrow – so it reduces interest charges we'd have to otherwise pay. The margins allow LPEA to maintain system reliability at its highest level and help keep rates lower."

Annually, should the patronage capital account reach a level in excess of the amount LPEA needs to maintain the system, the LPEA board "retires," or gives back, a percentage of the funds. For 2016, LPEA has retired \$2.425 million in capital credits (on a first-in, first-out FIFO basis) earned in 1994 and 1995, as well as \$1.425 million on a percentage basis (approximately 2.32 percent) from years 1995 through 2015.

Peacock now Substation Foreman

Ryan Peacock has been promoted to the position of Substation Maintenance Foreman at LPEA. He steps up to a supervisory role in Substation Maintenance, the department responsible for maintaining LPEA's substations and regulators, ensuring reliability with the equipment that transforms high voltage transmission to reduced voltage for distribution on LPEA's system.

In his new position as Foreman, Peacock directs the Substation Maintenance man, Electronic Specialist, Electronic Tech, Journeyman and Apprentice Linemen, Equipment Operator and laborers.

Born in Durango, Colo., Peacock attended Durango High School then stepped into construction for four years, during which time he began his Lineman apprenticeship. He joined LPEA in 1998 and completed his Journeyman Lineman in 2000. He worked the line crews for six years, served as a Serviceman for eight, and was promoted to Working Foreman overseeing a crew in 2014. He moved into Substation Maintenance work in April 2016.



Calling high school juniors!

Application deadline is Monday, Jan. 9, 2017 for high school juniors to apply to be a part of two very special (all expenses paid) programs:

- The National Rural Electric Youth Tour to Washington D.C., set for June 8-15, 2017.
- The Colorado Electric Education Institute Cooperative Youth Leadership Camp – an all-expense paid educational/leadership camp set for July 15-20, 2017 at Glen Eden Resort outside of Steamboat Springs, Colo.

The Washington D.C. Youth Tour features an intimate look at the federal government and the sights and experiences found in the city, including museum and monument tours, plus interaction with Colorado's elected representatives. Social activities are also part of the adventure.

With the Youth Leadership Camp, "It's not just another camp," says Jeannie Bennett, who coordinates the application process. "This is an experience that will help students build for their future and gain valuable leadership and interpersonal relationship skills that will benefit them in an increasingly competitive world."

To be considered, high school juniors must reside in LPEA's service territory and complete the applications available for download at www.lpea.coop or from high school counselors. Home school students are eligible to apply.

Direct questions to Bennett at 970.382.3505 or jbennett@lpea.coop.

CO-OP MEMBERS

Ask...

Q: What should I do if I'm interested in running for the LPEA Board of Directors?

A: Those interested in running for the board are advised to begin their education about the cooperative and understand obligations and fiduciary duties of the directors early. Visit the website, www.lpea.coop, for policies and company information, and interested candidates are encouraged to come to LPEA board meetings, which are typically the third Wednesday of each month beginning at 9 a.m. at LPEA headquarters in Durango.

Election packets for those interested in running for a seat will be available in March 2017, at LPEA offices in Durango and Pagosa Springs, as well as online. Ballots will be mailed to LPEA's full membership in April, and results announced during the LPEA Annual Meeting, set for May 13, 2017 at Sky Ute Casino-Resort.

LIVE WIRES

Board of Directors Meeting

The next meeting of the LPEA Board of Directors is set for Wednesday, Dec. 14, 2016, 9 a.m. at LPEA headquarters in Durango. The agenda will be posted 10 days in advance of the meeting at www.lpea.coop. All members are reminded that public comment is heard at the beginning of the meeting.

Happy Holidays!

In observance of Christmas and New Year's, LPEA offices in Durango and Pagosa Springs will be closed Dec. 23 and 26, 2016, and Jan. 2, 2017.

New Rate Tariffs posted

Changes to LPEA's Rate Tariffs are currently posted at www.lpea.coop (or available via hard copy at LPEA's offices). Public comment is currently being taken in writing. The tariffs are scheduled to go into effect Jan. 1, 2017.

Round Up Grants

The following organizations received Round Up and Educational grants, distributed by the Round Up Board of Directors, in October: Project Merry Christmas, ARC of Southwest Colorado, and Bayfield High School Friends for Rachel.



From the CEO Residential rates and a crystal ball

BY MIKE DREYSPRING | CEO | MDREYSPRING@LPEA.COOP

A crystal ball would be handy at times. I'd love to know the weather three weeks in advance. I'd settle for only a week's notice with big financial market changes. And there are other things that I wouldn't want to know in the future, like how much I will weigh after Thanksgiving dinner.

When it comes to electric rates, predicting where they will be five to seven years from now is tough. I can, however, let you know the immediate future of LPEA's 2017 rates.

Earlier this year LPEA's wholesale power supplier, Tri-State Generation and Transmission, announced an approximate 4 percent 2017 rate increase. LPEA's board and management team worked diligently to figure out if we could absorb the 4 percent, which we can in 2017. Our regular residential electric rates are not increasing in 2017. That doesn't mean rates are not being adjusted,

but those changes should not alter your overall bill, assuming you use the same amount of energy as you have in the past.

If you're on the regular residential rate, it will remain 12.56 cents per kilowatt hour (kWh) in 2017 with a base charge of \$21.50 per month.

We have, however, made some changes to our Time-of-Use (TOU) program. We are pleased to announce that beginning Jan. 1, 2017, LPEA will increase the daily "off-peak" hours by more than 30 percent, while maintaining the same low 5.9 cent off-peak rate. So there will be more time during a 24-hour period to shift your energy usage, which will save you even more money than you are saving by being a part of our current TOU program. Do note, the new TOU rate will have an increase in the cost for using electricity during "on-peak" hours. The graph here shows how the residential TOU program is being altered Monday-Saturday. Sunday, TOU program participants continue

to enjoy the off-peak rate ALL day (plus Thanksgiving and Christmas). In addition, the base charge for residential TOU members will be reduced by \$1.50 per month to \$20.

The more we, at LPEA, are able to move our electricity usage to off-peak hours, the more we save on our wholesale power costs. These savings are passed on to you.

If I did have that crystal ball, I believe it would tell me that LPEA's TOU program is the future for all of our residential members. LPEA's TOU program puts the ability to save money in your hands because you control when you use energy. I'm still not sure, however, if that crystal ball could ever tell me the weather tomorrow.

Additional information about TOU and all rates is available on LPEA's website. You can also call me at 970.382.3509, (or email mdreyspring@lpea.coop), or call LPEA's Manager of Rates, Energy Policy and Technology Dan Harms, 970.382.3514 to discuss this in greater detail.

Residential TOU Hours					
2016	Off-Peak Midnight-7am 5.9¢	On-Peak 7am-1pm 16.8¢	Off-Peak 1pm-5pm 5.9¢	On-Peak 5pm-11pm 16.8¢	Off-Peak 11pm-12am
	Off-Peak Midnight-6am 5.9¢	On-Peak 6am-9am 23.0¢	Off-Peak 9am-5pm 5.9¢	On-Peak 5pm-10pm 23.0¢	Off-Peak 10pm-12am 5.9¢
2017					
Standard Residential 12.56¢/kWh					
1am 2am 3am 4am 5am 6am 7am 8am 9am 10am 11am 12pm 1pm 2pm 3pm 4pm 5pm 6pm 7pm 8pm 9pm 10pm 11pm 12am					

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603 S. 8th St. Pagosa Springs, CO 81147

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Mission Statement:
La Plata Electric Association provides its members safe, reliable electricity at the lowest reasonable cost while being environmentally responsible.

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Chief Executive Officer:
Michael A. Dreyspring

Statement of Non-discrimination
LPEA is an equal opportunity provider and employer M/F/ Disability/Veteran.
If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

