

LA PLATA ELECTRIC ASSOCIATION, INC.

Watt's Up

JUNE 2020



MAILING ADDRESS

P.O. Box 2750
Durango, CO 81302-2750



STREET ADDRESS

45 Stewart Street
Durango, CO 81303-7915



ph 970-247-5786
tf 888-839-5732
fax 970-375-3350
web www.lpea.coop



Facebook.com/laplataelectric/
Twitter: @LaPlataElectric
instagram.com/laplataelectric

OUTDOOR ELECTRIC POWER EQUIPMENT REBATES

Did you know that LPEA offers rebates for outdoor electric power equipment? We'll refund you 25% of the price (up to \$100) for your purchase of an electric snowblower or lawn mower and 25% of the price (up to \$50) for the purchase of a leaf blower, trimmer, pruner, chain saw or other. More information at lpea.coop/rebate-programs.

LPEA

La Plata Electric Association, Inc.

A Touchstone Energy® Cooperative 

SEVEN WAYS TO REDUCE YOUR "ON-PEAK" POWER USE

New rates will take effect on July 1. We estimate the average increase for our residential members will be around \$5 per month.

The LPEA Board of Directors had three options in choosing how to apply this rate increase. It could have been added to the base charge, which members cannot affect. It could have been added to the energy charge, which members can only affect by using less electricity (and we don't want to limit our members' electricity use). Instead, it was added in the form of a "peak power charge," which members can affect by shifting some of their electricity usage to avoid the "on-peak" hours from 4 to 9 p.m.

IMPORTANT NOTE: If the average LPEA residential member does everything the same as they always have, they will see their bill increase an average \$4.80 per month. But, if members shift some of their electricity usage to hours before 4 p.m. and after 9 p.m., the increase could be less.

Not sure how to decrease your peak power use? Here are seven measures you can take:

1. Log into SmartHub.

When do you use the most power in a typical day? What is your average daily use? Analyze your electricity usage patterns, update your account details, pay your bill, report outages and more on LPEA's SmartHub app. Visit our website or call us to get set up.

2. Get a rate comparison.

LPEA offers an opt-in time-of-use rate that may save you money. Call us. We can analyze your account, predict potential cost savings and advise on the best rate structure for you.

3. Get a timer.

Timers allow you to automatically set appliances to turn off during peak hours. For example, turning off your water heater from 4 to 9 p.m. can save \$7 per month on your bill. BONUS: LPEA offers a \$25 rebate on the purchase of any timer. Visit lpea.coop/rebate-programs for more details.

4. Get a programmable thermostat.

Programmable thermostats can help you adjust your heating and cooling settings to use less energy between 4 and 9 p.m. During these hours, increase (during cooling season) or decrease (during heating season) your set temperature a few degrees to save energy.

5. Wash and dry later.

Load your dishwasher after dinner and then start the cycle after 9 p.m. and dry your clothes outside peak hours. Shifting these two activities to different times of the day can make a real difference in your electric bill.

6. Make the switch to LED.

If you haven't already, switch your home lighting to LED. These bulbs last 25 times longer and use 75% less energy than standard incandescent lighting.

7. Charge overnight.

If you are one of an increasing number of LPEA members with an electric vehicle, make sure to charge it overnight. BONUS: LPEA offers electric vehicle chargers free of charge to our members (\$600 value).

To get more energy saving tips and learn more about the 2020 rate increase, visit lpea.coop or call 970-247-5786.



LPEA'S 2020 SCHOLARSHIP RECIPIENTS LOOK AHEAD TO BRIGHT FUTURES

Perhaps this year more than ever, LPEA is honored to support local youth in their pursuit of higher education and training. Seven promising local high school students were selected out of 78 applicants to receive this year's round of LPEA scholarships, and they all have exciting plans despite the current pandemic pause.

LPEA SCHOLARSHIP

The LPEA Scholarship (up to \$28,000 for tuition, books and fees at any university or college) was awarded to **Logan Moore** from **Durango High School** to study environmental studies at Middlebury College, and to **Makayla Howell** from **Ignacio High School** to study business at Fort Lewis.



"This scholarship means the world to me and my family. I can now really afford to go to college and continue skiing at the level that I am capable of while obtaining an education in environmental studies at one of the top institutions in the country. Thanks to LPEA I can follow my dreams." — **Logan Moore**



"I love playing volleyball and basketball because it's a great way to make friends and help me stay motivated. Receiving this scholarship is both a great achievement and a huge motivator. This scholarship has helped my family and me with the financial stress that comes with going to college. Being gifted with this also

showed me how much all my hard work has paid off. My family and I are extremely thankful for the help that LPEA has provided me with." — **Makayla Howell**

JOHN VOELKER MEMORIAL SCHOLARSHIP

The John Voelker Memorial Scholarship (\$10,000 for tuition, books, and fees at any vocational school, technical school or junior college) was awarded to **Emzy (Tay) Barker** from **Pagosa Springs High School** to pursue electrician training.

"I love playing football, wrestling, track; showing my pigs and riding my horse in 4-H; woodworking and building things; cattle



ranching; going to youth group and participating in Bible studies. I love traveling and most things outside; spending time with friends and family. The John Voelker Memorial Scholarship means a lot to me and my family because it will help with my upcoming finances as I pursue an education in the trades." — **Tay Barker**

LPEA LINEMAN SCHOLARSHIP

The LPEA Lineman Scholarship (\$12,000 for tuition, books, fees and tools for line school) was awarded to **Callum Marshall** from **Bayfield High School** to study at Colorado Mesa University.



"I love to cook but love to eat more! I like finding new recipes and cooking for my friends. I am so grateful to LPEA for awarding me the lineman scholarship. It is a great honor and a privilege to jump-start my career." — **Callum Marshall**

BASIN ELECTRIC POWER COOPERATIVE SCHOLARSHIP

The Basin Electric Power Cooperative Scholarship (\$1,000 for expenses at any school) was awarded to **Madeleine Burns** of **Durango High School** to study engineering at Princeton University.



"Running is one of my favorite hobbies. I have run track and cross country for Durango High School for the past four years and will be continuing my running career in college at Princeton University. The support that local cooperatives such as LPEA and Basin Electric provide for pursuing my education means a lot to me and my family. I appreciate the willingness of these organizations to cultivate and encourage local academic achievement. I am incredibly grateful for this opportunity and am excited to use this generous scholarship to further my education." — **Madeleine Burns**

*Congratulations
Scholarship Winners*

— From La Plata Electric Association

TRI-STATE GENERATION AND TRANSMISSION SCHOLARSHIP

Tri-State Generation and Transmission Scholarship (\$500 for expenses at any school) was awarded to **Patricia Pena** from **Durango High School** to study environmental engineering at Fort Lewis College, and to **Sage Davis** from **Animas High School**



to study mechanical engineering at Colorado University.

“Basketball is my passion. I love the game with my whole heart. Basketball motivated me to maintain high grades and a positive attitude. This scholarship will help me achieve my goal of becoming the

first in my family to attend college. I will have to pay for college on my own, that is why I am so grateful for this scholarship. My family is very appreciative to LPEA for this scholarship as well.” —Patricia Pena



“I have many passions in life but the one that I will be taking with me through all of my life is cycling. I have grown up biking and I will continue to do it for the rest of my life. This scholarship has helped my family tremendously especially in this time of need. The economy is crazy right

now and getting the text saying that I had gotten a scholarship from LPEA, my family and I could take a bit of a breath. The process is never over but this scholarship helped to understand that everything is worth it and anything is helpful.” —Sage Davis

The LPEA Scholarship, John Voelker Memorial Scholarship and LPEA Lineman Scholarship are funded by LPEA's unclaimed capital credit funds. The Basin Electric Power Cooperative Scholarship and Tri-State G&T Scholarship are funded separately by those organizations. More information on LPEA scholarships: lpea.coop/scholarships.



The new LPEA Fact Checker aims to answer your questions or concerns about LPEA's policies, procedures, budget, and/or general operations. Send your questions to comments@lpea.coop and read our answers at <https://lpea.coop/lpea-fact-checker>.

Q: Why is LPEA raising rates in 2020? Couldn't you just cut internal expenses to avoid the increase?

LPEA's board unanimously voted in January 2020 to raise rates — for the first time in four years — to adjust for the cost of inflation and to finance system improvement projects needed to maintain LPEA's reliability and proactively prevent outages. LPEA has been financing its

infrastructure improvement projects via cash reserves for more than five years, and now cash reserves are running low. The board approved the increase to generate additional needed funds. This was done in lieu of borrowing (to avoid interest) and was done only after LPEA trimmed nearly \$1 million from its budget. LPEA has budgeted for a total of \$16.2 million in capital improvements to our facilities in 2020.

If you have questions or concerns on LPEA's budget, we welcome you to attend our monthly Finance and Audit Committee meetings, which are live streamed and open to the public. More details at lpea.coop/finance-and-audit-committee.

Q: The price for oil, coal and natural gas are all at 30-year lows. Why haven't we had a rate decrease due to all this cheap energy?

Energy commodity pricing moves up and down frequently, but LPEA's power supply has little exposure to these pricing fluctuations; 37% of LPEA's power supply comes from renewables which have fixed pricing; 52% of our power supply currently comes from coal that is located at the generation source and owned by Tri-State Generation and Transmission (our wholesale power provider) so it's not susceptible to pricing fluctuations. Only 11% comes from natural gas and open markets, which therefore has little impact on the overall total. Tri-State's wholesale rates to LPEA remain fixed the

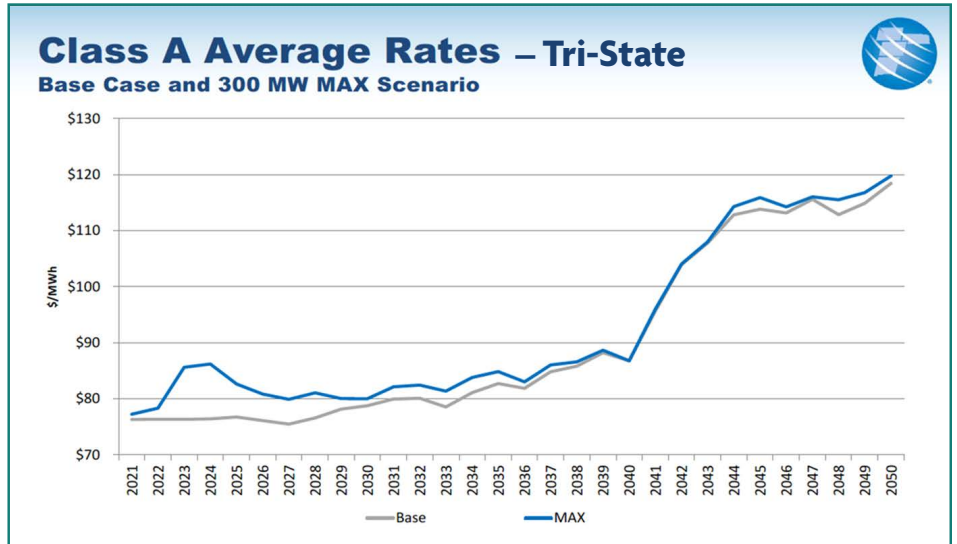
entire year and absorb the small pricing fluctuations. If at the end of the year commodity pricing is below what was budgeted, then that will produce margins at Tri-State that get allocated back to LPEA in the form of capital credits, which are in turn allocated to our members.

Q: What are LPEA’s capital credits? Are those being distributed to members as they should be?

Capital credits represent each member’s ownership of the cooperative. They are the margins credited (or allocated) to the members of the cooperative based on their purchases from the cooperative the previous year. These margins are used by the cooperative as capital to operate the business. LPEA bylaws state that capital credits are refunded to the members only after the board has reviewed the economic ability of the co-op to retire capital credits (Article VII Section 3 and Board Policy 205). LPEA retires capital credits on a 20-year cycle — the margins allocated to members from 1998 were retired in 2019.

Each year, the board decides whether to retire capital credits and put the money in the hands of members and ex-members. There are two “buckets” of funding for capital credits: the first is “co-op” capital and the second is “G&T” capital. The G&T capital is the amount allocated to LPEA as a member of Tri-State. The co-op capital is everything else. In 2017 and 2018, LPEA retired capital credits from both buckets (\$3.9 million and \$5.3 million respectively) and distributed credits to members and ex-members; 84% of the total refund checks were less than \$200.

In 2019, LPEA retired \$3 million in capital credits, all from the co-op bucket. LPEA also had \$2.9 million in capital credits from the G&T bucket, but the board opted not to retire those funds.



The funds would have principally benefited those who were members in 1998, of which 70% were not current members. Instead of allocating those funds to inactive members, the board voted in October 2019 to use those funds to establish a Rate Stabilization Fund (i.e. savings account) that would benefit all active members in case of an emergency. This fund is what allowed LPEA to defer the scheduled 2020 rate increase from April 1 to July 1 during the COVID-19 pandemic. The unused funds remain in that account to be used for future emergency purposes as approved by the board. Learn more about capital credits and see if there are any unclaimed funds in your name at lpea.coop/capital-credit-refunds.

Q: Why is LPEA considering exiting its contract with Tri-State? I’ve heard LPEA has accrued legal expenses to pursue this. Is this a wise use of member money?

There are two main reasons that LPEA is exploring an exit from Tri-State: (1) high rates and (2) lack of local control.

High rates: The only way to limit more rate increases is to explore options for cheaper energy costs, which makes up the majority of LPEA’s expenditures. Between 2000 and 2016, Tri-State raised

its rates 12 times, doubling the price LPEA was paying for power over that period. Its administrative expenses also increased 73% between 2017 and 2019. What’s even more concerning is that Tri-State estimates its rates will increase an additional 50% by 2050. LPEA’s initial (conservative) calculations for leaving Tri-State and pursuing other energy options estimate hundreds of millions of dollars in cost savings over the life of LPEA’s current contract (through 2050). It’s true that LPEA has incurred legal fees to pursue an exit charge, but we believe the investment is worth it for the potential savings.

Local control: Under our contract with Tri-State, LPEA is tied to Tri-State’s energy portfolio and operating procedures. LPEA believes our community should have the right to make local choices that work best for our unique location and resources. We want to be a part of the clean energy future and can achieve this by working in our backyard. We can keep dollars local, provide educational opportunities to our kids, supply locally-generated carbon-free energy to the region, build resilient local networks —and we can do it while keeping power costs affordable.