

LA PLATA ELECTRIC ASSOCIATION, INC.

Watt's Up

MAY 2020



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Your community electric service provider.

Announcement:

LPEA 2020 Annual Meeting

Due to the COVID-19 pandemic, LPEA will hold an abbreviated, virtual Annual Meeting on May 16, solely for the purpose of confirming new directors. The rest of the Annual Meeting will be postponed until later in 2020.

Meeting Details:

Saturday, May 16, 2020
10:30 a.m.

Access details will be available at lpea.coop/annual-meeting.

SEE PAGE 10 FOR MORE DETAILS.

MESSAGE FROM THE CEO

JESSICA MATLOCK CHIEF EXECUTIVE OFFICER



JESSICA MATLOCK

Dear members,
The COVID-19 pandemic brings a flurry of changes and challenges to our daily lives. In the midst of this stressful time, please know we are here to help. As the situation progresses, the dedicated team at La Plata Electric Association is constantly evaluating and adjusting our practices and procedures to ensure we continue to deliver the essential services on which you rely.

We are also identifying ways we can give back. LPEA employees and board members are a part of the communities we serve — we feel and experience the same disruptions and we want to do our part to get through this crisis together.

Here are five measures we're taking to support you:

1. Delay of rate increase:

We delayed the effective date of the 2020 rate increase from April 1 to July 1. It's important to note that while we can delay the increase, but we cannot cancel it all together. The increase was examined and discussed in detail at a public Finance and Audit Committee meeting and unanimously approved by the board to generate the funds needed to update LPEA's electric infrastructure and keep up with the costs of inflation. This remains true. Delaying the increase will cost roughly \$1 million, but, luckily, we are able to pull this from LPEA's emergency rate stabilization fund, which was created — fortuitously — in 2019 to safeguard business operations in emergency situations.

2. Suspension of disconnects for non-payment:

LPEA has suspended all disconnects for non-payment until further notice. While no residential or small-commercial utility services will be disconnected during the suspension, this is not a debt forgiveness

program. LPEA members are still expected to pay their bill when they are able, either through a flexible payment plan or funding assistance. Call us or visit lpea.coop/billing-payment-options for more details.

3. Allocation of \$90,000 in special funds:

LPEA has assigned \$90,000 in unclaimed capital credits to assist members; \$50,000 will be used to assist LPEA residential members who cannot pay their electric bill due to job loss; \$25,000 has been allocated to the Community Emergency Response Fund; and \$7,500 each was provided to the Community Emergency Assistance Coalition and the Pagosa Outreach Connection. These organizations have a proven track record of effectively mobilizing funds to support our communities during times of crisis.

4. Office closures:

To support Colorado's social distancing efforts, LPEA's offices in Durango and Pagosa Springs are closed to the public until further notice, including public event spaces. Drive through options are available at each office, online services continue uninterrupted at lpea.coop and our phones remain open Monday through Friday, 8 a.m. to 5 p.m. at 970-247-5786. We will reopen our offices as soon as it is safe to do so.

5. Virtual team:

LPEA will remain operational throughout the pandemic. As a critical business, we are required to work and maintain services despite the Colorado stay-at-home order. We canceled all travel, conduct meetings virtually, work from home when possible and stagger shifts for essential personnel to

maximize social distancing. Board meetings are also now held virtually via video conference until further notice, and are still open to all members. Visit lpea.coop/board-directors for access details.

We will continue to evaluate and adjust our business practices during this unprecedented time to maintain service to our communities and members.

Thank you for your patience and support. We will get through this together.



Jessica Matlock
Chief Executive Officer



May 2020

Energy Efficiency

Tip of the Month

When the weather is nice, put your grill to use! During summer months, cooking outdoors is a great way to save energy and eliminate unwanted heat from cooking indoors.

Source: energy.gov

LPEA VS. TRI-STATE: A FIGHT FOR LOCAL CONTROL

You may have seen the media coverage recently of LPEA's case against its current power provider, Tri-State Generation and Transmission. In March, the Federal Energy Regulatory Commission (FERC) ruled that LPEA's complaint against Tri-State can proceed to be heard by the Colorado Public Utilities Commission (PUC) as planned.

LPEA filed the complaint last November, together with United Power (the largest cooperative in Colorado buying its electricity from Tri-State), because Tri-State would not provide a just and reasonable exit charge for the utility to consider an exit from its current power contract.

LPEA received some questions on this case and the potential move away from Tri-State. Here are a few of the most frequently asked questions and LPEA's answers to help you understand the situation at hand.

Is LPEA going to exit its contract with Tri-State?

We don't know yet whether it makes sense to exit our contract with Tri-State because it has not yet provided a figure of what that would cost. Since we don't have an exit number, we can't determine the best course of action for our members. We have a strategic goal to reduce carbon 50% by 2030 while remaining cheaper than 70% of our Colorado cooperative peers, and to achieve this we must explore every option available.

Why would LPEA want to exit its contract with Tri-State?

In recent years, rural electric cooperatives like LPEA have been looking to increase the amount of carbon-free energy they can produce locally while also keeping rates affordable for their members. This is not just to reduce their carbon footprint, but also to create jobs, partner with local educational institutions, boost the local economy and become more resilient in case of cyberattacks and emergencies.

But, as members under contract with Tri-State, cooperatives like LPEA are limited in multiple ways:

- First, local renewable energy production is limited to just 5% of the total power we use.
- Second, more than half of the power provided by Tri-State in 2018 came from coal — a higher percentage than other electricity providers in Colorado.
- Third, Tri-State's credit rating was downgraded by Standard & Poor's in 2019 because its electricity costs are as much as 20% higher than the Colorado average.

LPEA's current contract with Tri-State also allows unlimited rate hikes until 2050.

This has caused some rural cooperatives, like LPEA, to consider other options.

Is LPEA the only cooperative looking to exit Tri-State?

No. Kit Carson Electric of Taos, New Mexico, was the first to leave Tri-State due to frustrations over high power costs. Kit Carson paid \$37 million to break its contract and enter the open energy marketplace. Delta-Montrose Electric Association followed shortly thereafter, frustrated by Tri-State's high cost of power and its attempts to keep renewables capped at just 5%. After one year, Delta-Montrose and Tri-State settled on an exit number in 2019.

What is LPEA's complaint against Tri-State?

As the others had done, LPEA and United Power attempted to work with Tri-State to request an exit figure for our contracts. But at the same time, Tri-State was working to change which agency regulates its rates and settles disputes with its members from state utility commissions like the PUC and FERC. This effort was to circumvent local regulators.

The PUC and LPEA both filed a motion to intervene with FERC, objecting to Tri-State's desire to be federally governed and to maintain local control. During these proceedings, Tri-State still declined to provide an exit charge, and so, in November of 2019, LPEA and United Power filed a formal complaint against Tri-State with the PUC.

On March 20, FERC sided with LPEA and the PUC, ruling that the PUC's jurisdiction is not currently preempted and the complaint can proceed to a hearing at the PUC. LPEA anticipates direction from the PUC soon regarding next steps and an evidentiary hearing following this decision from FERC.

Why does LPEA want to pursue low-carbon energy sources to save costs? I thought low-carbon energy options like solar were more expensive than fossil-fuel based options like coal.

The cost of renewable generation used to be more expensive than traditional resources like coal or gas, but this is no longer the case. From 2013 on, the cost of renewable generation became less expensive thanks to technological advancement and other factors, and this trend continues to today.

A nationally recognized financial advisory firm recently released its latest report on the levelized cost of energy, which offers a look at the cost of various forms of generation. The report shows that utility-scale solar and wind generation are now the least expensive form of electricity. This is true even before tax credits for renewables are factored in. In fact, utility-scale renewables are so inexpensive that brand-new solar or wind facilities can generate electricity for less than the operating costs alone for an average traditional coal plant. In other words, it would cost less to generate energy with a brand-new renewable installation than it would to simply add fuel and run a pre-existing coal plant. The argument that renewables are "too expensive" is outdated and incorrect.

The bottom line ...

We believe our community should have a choice. We want to be a part of the clean energy future and can achieve this by working in our backyard, with our community. We can bring jobs and economic growth to La Plata and Archuleta counties, while also providing educational opportunities to our kids and supplying carbon-free energy to the region — and we can do it while keeping power costs affordable. We are hopeful that Tri-State will support and allow us to achieve our goals and objectives. We want input into the process and choice when it comes to a cost-effective, resilient and clean energy future — not a one-size-fits-all approach developed without input from the affected member cooperatives.

PUBLIC NOTICE OF RATE INCREASE DELAY

You are hereby notified that La Plata Electric Association will postpone the effective date of the 2020 rate increase from April 1 to July 1, as agreed by the LPEA Board of Directors in Resolution 2020-06. Consumer-members who have questions or comments concerning the delay may call 970-247-5786.

WHAT YOU CAN DO TO HELP

- Have some cents to spare? Elect to round up your electric bill each month to the next highest dollar. That pocket change adds up, helping fund hundreds of organizations in Archuleta and La Plata counties. You can also elect to donate more. Call 970-247-5786 to sign up.
- Social distancing is pushing us to find new ways to manage our daily tasks remotely. Why not manage your LPEA account remotely, too? Chart your usage, pay your bill and report issues — all from wherever you are via LPEA's SmartHub app. Visit lpea.coop/smarthub-application or call 970-247-5786 for access.
- Update your contact details. This will help us notify you of any service interruptions or other information impacting your account. Call us or update your details on SmartHub.

MORE ON CAPITAL CREDITS

LPEA is a not-for-profit utility delivering service to its members at cost. As such, any payments made by members in excess of the cost required to provide their electric service are placed into a patronage capital account in each member's name, usually referred to as capital credits. When the cooperative is able, capital credits are retired and returned to members as bill credits or by check. If these checks are not cashed after three years, they are considered unclaimed. To see if there are any capital credits in your name, visit lpea.coop/capital-credit-refunds.



2020 LPEA Board of Directors Election

A Plata Electric Association is a cooperative, which means it is owned by you — the consumer-members. 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.

LPEA has four director districts, established geographically. You should have already received your ballot to vote for the candidates running in your district. Below is a teaser on each candidate running for election. **For more details on each candidate, read the packet enclosed with your ballot or visit bit.ly/LPEAelections.**

DISTRICT 1, ARCHULETA COUNTY



BOB LYNCH – Incumbent candidate

I am running for re-election to the LPEA Board of Directors. As board president, I ensure that we hear all sides of an issue and consider what is best for all LPEA members. I focus the board on new ideas

and urge openness to learning about how renewable power is transforming the electric grid ...

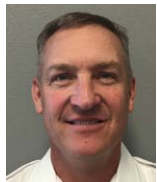
Pursuant to Article III, Section 5 of the LPEA bylaws, the election in District 1 has been canceled due to only one nominee in the district. Bob Lynch has been named the board representative.

DISTRICT 2, SOUTH & WEST LA PLATA COUNTY



DOUG FULTS – New candidate

There's a reason we're proud to call La Plata County home. Here, we have a chance to live on our own terms. We value our rural freedom and self-determination. But right now these qualities are missing from our energy system. Our families are dependent on some of the most expensive energy in Colorado, with forecasts showing no relief in sight ...



JOHN LEE, JR. – New candidate

After college with mounting student loan debt, I joined the military to pay off student loans and serve my country. A quarter century later, I retired from Active Duty. My family, wife and four children, have lived here for the past decade. We love living in La Plata County ...



HOW TO VOTE

To be counted, your ballot must be received no later than 4 p.m. Friday, May 15, 2020. You can submit your ballot in multiple ways:

1. Mail using the envelope included with your ballot packet.
2. Drop off at one of the locations listed in your ballot packet.

Given the virtual meeting, ballots will **NOT** be accepted on the day of the meeting.

DISTRICT 3, CITY OF DURANGO



RACHEL LANDIS – Incumbent candidate

I am running for re-election to the LPEA Board of Directors because in the past three years, I have seen the power of our cooperative to make a positive difference in our community. In 2019, I was proud to vote in support of LPEA's commitment to drastically reduce carbon emissions through the purchase and production of clean energy and I am eager to advance this critical climate effort ...



DAVE NULTON – New candidate

As an LPEA board director I will work to assure an adequate, reliable and safe energy supply for local businesses and residents while keeping electricity rates reasonable and protecting our environment. I support use of appropriate renewable energy alternatives and believe it is important that our community understand all energy alternatives — the pros and cons ...

DISTRICT 4, NORTH & EAST LA PLATA COUNTY



GUINN UNGER – Incumbent candidate

I am running for re-election to the LPEA Board of Directors because I want to continue working to make LPEA a leader in clean, affordable and locally produced energy. LPEA must be aggressive in promoting local generation of energy, particularly solar, which will keep jobs in our area, keep electricity prices low, and drastically lower carbon emissions ...



SUE MCWILLIAMS – New candidate

I'm a Colorado native; born and raised in southwest Colorado. I have a finance and business background. My career includes 11 years at LPEA in the billing/meter reading departments, 18 years in senior management for USDA's Rural Utility and Rural Development Services, and I have owned several successful businesses ...

LPEA 2020 ANNUAL MEETING

Due to the COVID-19 pandemic, LPEA will hold an abbreviated, virtual Annual Meeting on May 16, solely for the purpose of confirming new directors. The rest of the Annual Meeting, originally scheduled to take place at Pagosa Springs High School on May 16, will be postponed until later in 2020. **Members are encouraged to join virtually and submit any questions in writing to comments@lpea.coop by 4 p.m. Friday, May 15.**

The meeting will begin at 10:30 a.m. on Saturday, May 16. Access details will be available at lpea.coop/annual-meeting.