



2024

Operational Plan

LPEA

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LA PLATA ELECTRIC ASSOCIATION, INC.

BACKGROUND

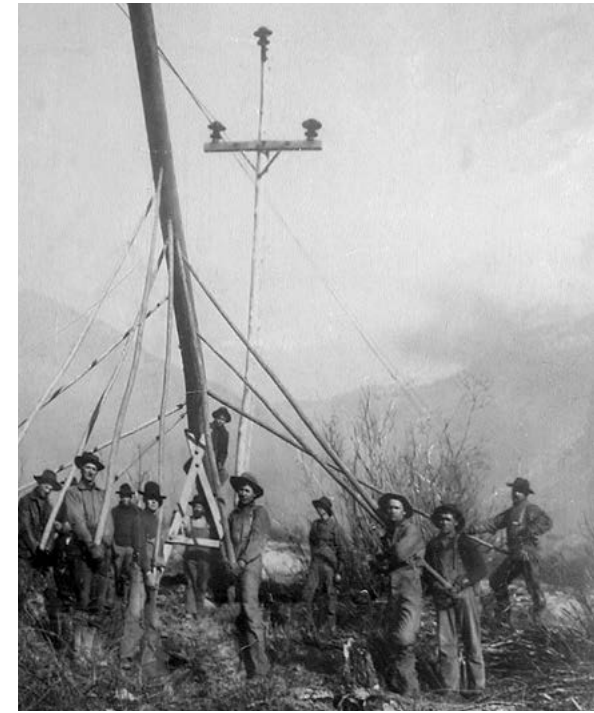


Background

This document tells the story of where La Plata Electric Association (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, LPEA has existed to bring power and light to all corners of our area, improving lives and powering a strong local economy.

Nearly 85 years later 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



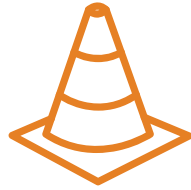
*Details on target progress will be outlined monthly in the LPEA Board of Director's dashboards, and annually in the LPEA Annual Report. The 2025 Annual Report will feature detailed results of the full strategy period.

LPEA'S NORTH STAR



LPEA's North Star

Be safe and excellent in all we do



Prepare for the future



Keep the lights on

LPEA



Maintain strong financial health



Source clean, local, lowest reasonable cost power

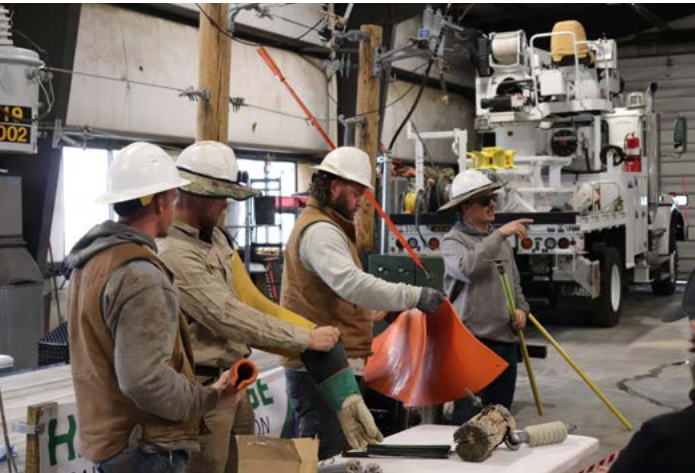


Be a trusted community partner

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.



2024 TARGETS

Experience no lost-time incidents or accidents

Achieve 100% regulatory compliance

Experience no cyber incidents that disrupt business processes

Complete 5 major continuous improvement projects*

2024 KEY INITIATIVES

Experience no lost-time incidents or accidents

- Optimize LPEA's in-house safety program.
- Improve facility security through upgrades, monitoring, and check-in processes.
- Add 2 new radio sites with a goal of covering ~80% of LPEA facilities.

Achieve 100% regulatory compliance

- Update interconnection procedures for small generating and energy storage facilities to conform with Colorado Public Utilities Commission (CPUC) regulations.
- Review and update inverter setting requirements within the interconnection standards to align with the Institute of Electrical and Electronics Engineers (IEEE) recommendations.
- Compliance with new Payment Card Industry (PCI) standards.
- Create a compliance dashboard accessible to all departments.

Experience no cyber incidents that disrupt business processes

- Complete annual cybersecurity self-assessment and tabletop exercises.
- Fortify LPEA's cybersecurity infrastructure.
- Perform analysis of the operating technology (OT) network to inform an upgrade strategy.
- Evaluate and potentially implement moving LPEA's enterprise resource planning system to a hosted solution.

*Indicative of a new target over 2023

Be safe and excellent in all we do (con't)



2024 KEY INITIATIVES

Complete 5 major continuous improvement projects*

- Complete a cost-of-service study that includes an analysis of net metering and review results and options with the Board of Directors.
- Develop construction workflow enhancements with streamlined processes and better transparency and communications for employees and members.
- Increase productivity for employees with new field and mapping software.
- Automate workflows to better serve members and increase productivity.
- Fully utilize LPEA's new Human Resources Information System (HRIS) software to create a best-in-class employee recruiting, onboarding, performance management, and professional development experience.

2024 TARGETS

Experience no lost-time incidents
or accidents

Achieve 100% regulatory compliance

Experience no cyber incidents that
disrupt business processes

Complete 5 major continuous
improvement projects*

*Indicative of a new target over 2023



2024 TARGETS

Comply with LPEA's Wildfire Mitigation Plan

Meet 2024 capital project's schedule and budget

Achieve SAIDI/SAIFI targets

2024 KEY INITIATIVES

Comply with LPEA's Wildfire Mitigation Plan

- Manage the installation of 30-40 Southern Ute Indian Tribe (SUIT) grant TripSaver devices.
- Implement and automate fire settings in 80% of LPEA's substations.
- Install 7 Viper® reclosers.
- Develop a focused tree trimming schedule in support of LPEA's vegetation management plan.
- Continue to partner with La Plata County Office of Emergency Management (LPCOEM) and Archuleta County Emergency Management (ACEM).
- Create and implement a drone inspection schedule.
- Create and implement a right-of-way (ROW) clearing plan.

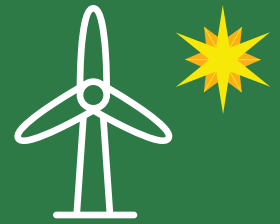
Meet 2024 capital project's schedule and budget

- Complete design work for all 2024 capital projects slated for construction in 2025.
- Manage the capital project budget and complete 12 miles of line construction.
- Complete the subdivision and real estate transaction for an additional substation property in Pagosa Springs.

Achieve SAIDI/SAIFI targets

- Implement a data-driven targeted pole replacement plan and maintenance schedule.
- Create a 3-D hex grid map for each outage cause to provide us with trend analysis to inform future capital and maintenance investments.

Source clean, local, lowest reasonable cost power.



2024 TARGETS

Continue to make progress on LPEA's power supply strategy

Continue to pursue local, clean power projects

2024 KEY INITIATIVES

Continue to make progress on LPEA's power supply strategy

- Develop a Power Supply Action Plan.
- Continue to review partial contract options that Tri-State proposes.
- Monitor Federal Energy Regulatory Committee (FERC) proceedings on the contract termination payment (CTP).
- Provide the Board of Directors with options when the CTP is decided.

Continue to pursue local, clean power projects

- Energize Sunnyside Solar.
- Finalize the program design for the Sunnyside Community Solar program.
- Continue to make progress on grant submittals and execute projects for the development of partnerships with local, clean power projects.

Be a trusted community partner



2024 TARGETS

Achieve improvement in overall member satisfaction

Strengthen partnerships and increase stakeholder engagement

Position LPEA as an industry leader through public and member engagement

Improve two-way communication with our members*

2024 KEY INITIATIVES

Achieve improvement in overall member satisfaction

- Imagine new service methods through various communication channels, increasing member satisfaction, measured by the member engagement survey.
- Leverage a new data collection tool to improve LPEA's level of efficiency and decision-making in member services.

Strengthen partnerships and increase stakeholder engagement

- Build upon the success of LPEA's tabletop exercises by hosting two mock incidents in 2024, strengthening partnerships by engaging with public safety stakeholders.
- Expand upon LPEA's current Fort Lewis College partnerships with the Career Development Services and Business School. Explore additional higher educational partnership opportunities within the region.
- Collaborate with local, state, federal, and tribal partners on implementing LPEA's wildfire mitigation plan, the capital project plan, and other shared land issues.

*Indicative of a new target over 2023

Be a trusted community partner (con't)



2024 TARGETS

Achieve improvement in overall member satisfaction

Strengthen partnerships and increase stakeholder engagement

Position LPEA as an industry leader through public and member engagement

Improve two-way communication with our members*

2024 KEY INITIATIVES

Position LPEA as an industry leader through public and member engagement

- Grow the Qualified Installer program for Heat Pumps (HP) and Heat Pump Water Heaters (HPWHs).
- Plan, promote, and implement a formal Electrify Everything/Beneficial Electrification (EE/BE) webinar series to provide content on a quarterly interval.
- Increase awareness of LPEA initiatives with local and regional business leaders.
- Improve LPEA's electric safety program curriculum and student participation in classrooms.

Improve two-way communication with our members*

- Use email and website analytics to encourage the adoption of LPEA products and services.
- Create member feedback mechanisms to gather data from various programs, like the Heat Pump program, and use the data to support the development of products and services.

*Indicative of a new target over 2023

Maintain strong financial health



2024 TARGETS

Operating margin at 2.5%*

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)

2024 KEY INITIATIVES

Operating margin at 2.5%*

- Streamline budget performance benchmarking.
- Keep controllable costs per member lower than the Colorado average.

Cash reserves at 12-20%

- Maximize Inflation Reduction Act (IRA) tax crediting for Sunnyside by ensuring compliance and timely filing.
- Develop a multi-year cash flow forecast/plan using historical data and integrating the multi-year capital plan.

Equity percentage is 40-55%

- Update the 20-year financial forecast and integrate it with the multi-year capital spending forecast.
- Create LPEA's future borrowing strategy.

Long-term debt is less than 100% of equity

- Develop a multi-year capital spending plan.
- Create a monthly reporting structure to monitor and respond to inflationary pressures.

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

- Create a financial strategy to maintain strong financial health.

*Indicative of a new target over 2023

Prepare for the future



2024 TARGETS

Develop partnerships to achieve LPEA's broadband goal

Grow DER programs to avoid expensive peak power and overbuilding infrastructure

Pursue and implement grants to support LPEA initiatives

2024 KEY INITIATIVES

Develop partnerships to achieve LPEA's broadband goal

- Develop partnerships with broadband providers to facilitate the expansion of LPEA's fiber network.
- Finalize LPEA's Indefeasible Right of Use (IRU) agreement with La Plata County, Archuleta County, and Southern Ute Indian Tribe (SUIT) for fiber to Pagosa Springs.

Grow DER programs to avoid expensive peak power and overbuilding infrastructure

- Design, implement, and evaluate a pilot program for battery as distributed energy resources (DERs).
- Complete Virtual Peaker integration supporting Beneficial Electrification (BE) and DER incentive-based programs.
- Enhance and validate peak power forecasting tools to reduce wholesale power costs.
- Create a robust educational series on BE utilizing various interactive platforms.

Pursue and implement grants to support LPEA initiatives

- Implement the SUIT TripSaver® and U.S. Department of Energy (DOE) resiliency undergrounding grants won in 2023.
- Pursue new grant opportunities, including Powering Affordable Clean Energy (PACE) and Empowering Rural America (New ERA).

