

LPEA

La Plata Electric Association, Inc.

LPEA Annual Meeting

October 6, 2021



LPEA Board Report

Board President John Witchel

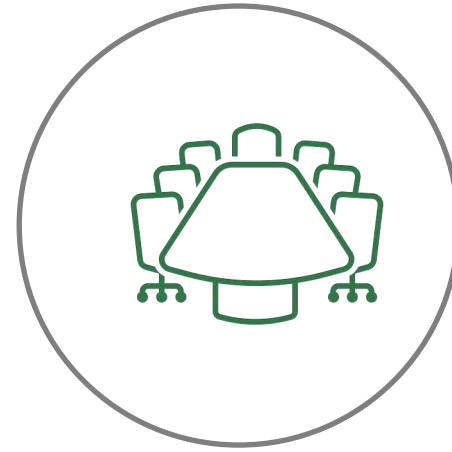


Board 2020 Highlights



Operationally

- COVID precautions
- Virtual meetings
- Town Halls
- Upcoming Town Hall reminder: Oct 25 & 27



Fiscally

- Set board financial goals
- Saved \$110k annually by replacing CCL
- Adjusted disconnect and penalty processes
- Delayed rate increase
- Gave \$90k to COVID relief agencies



Strategically

- Power supply
- Broadband

LPEA CEO Report

CEO Jessica Matlock





2020 Strategy

- ✓ Code of Excellence
(lpea.coop/code-excellence)
- ✓ Five-year operational plan
(lpea.coop/mission-vision-plan)

2020 Operations

- ✓ Achieved the best outage stats in 10 years.
- ✓ Rebuilt the Animas substation.
- ✓ Worked with a helicopter contractor to replace equipment damaged by the East Canyon Fire.





2020 Energy Engagement

- ✓ Added EV infrastructure across our service territory.
- ✓ Awarded a grant for the purchase of the area's first electric school bus.
- ✓ Provided \$335,000 (together with Tri-State) in rebates for member energy efficiency and electrification efforts, an 80% increase from 2019.

2020 Member Engagement

- ✓ Allocated \$90,000 in COVID assistance funds.
- ✓ Gave \$220,000 in scholarships and grants.
- ✓ Retired \$3.9 million in capital credits to our membership.

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\$4.2 million

re-invested in our community
in 2020



LPEA Power Supply Report

VP of Grid Solutions Dan Harms



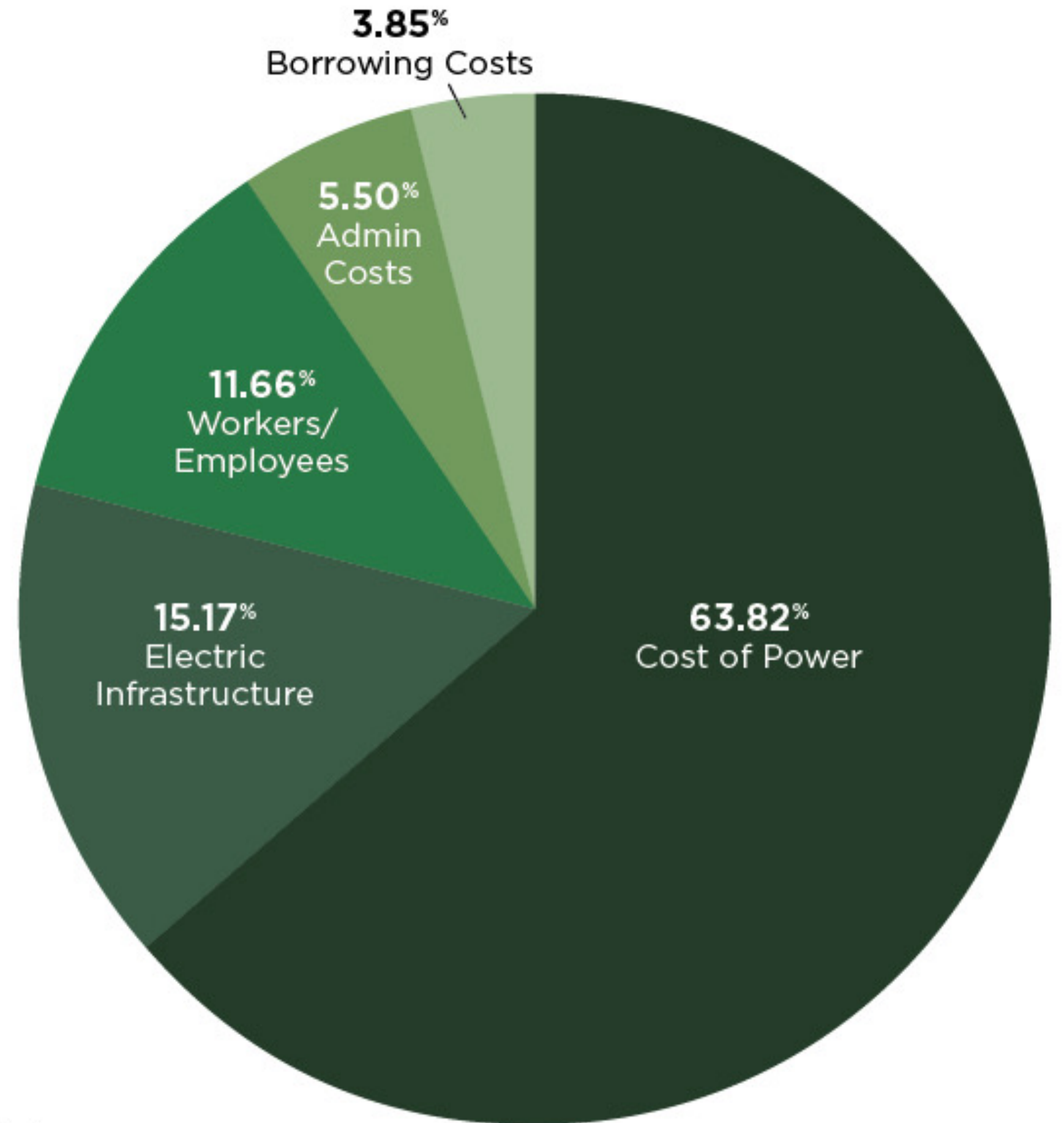
Strategic Goal

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.



Cost of Your POWER

- **\$68 million** of LPEA's annual budget is allocated to purchasing power from our wholesale power provider Tri-State.
- Power costs are the #1 driver of rate increases.

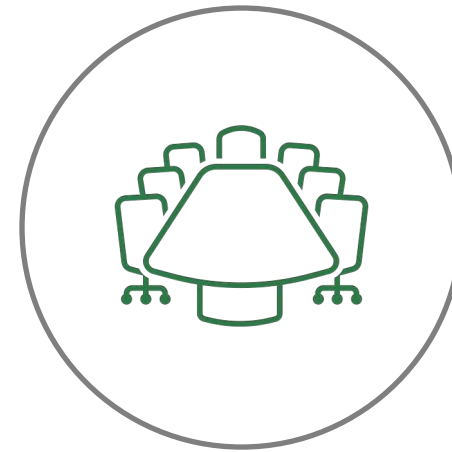


Board's 3-prong Strategy



Option 1: Flexibility

STATUS: Acquired ability to install 2 MW community solar project.



Option 2: Partial Contract

STATUS: Policy established at Tri-State. LPEA applied for, and was granted, the ability to shop for 50% of our power supply. Proposals were evaluated, a supplier was selected, and negotiations are underway.



Option 3: Full Exit

STATUS: Negotiations continue with Tri-State at FERC to acquire a fair Contract Termination Payment.

Special Invitation

25

October

Virtual Power Supply Town Hall #1

6:00 p.m.

27

October

Virtual Power Supply Town Hall #2

6:00 p.m.

Join us to get the latest updates – including current viable options and financial calculations – and for a live Q&A session.

Register at lpea.coop/powersupply



LPEA Financial Report

VP of Finance Karl Ramsey



2020 Financial Highlights

- ✓ Total operating costs \$1.1M lower than in 2019.
- ✓ Electric rates lower than 70% of Colorado co-ops.
- ✓ \$3.9M in Capital Credits paid to members.
- ✓ Electric sales (kWh) 6.4% lower than in 2019.
- ✓ Electric sales \$3.1M lower than in 2019.
- ✓ \$13.4M invested in electrical infrastructure.
- ✓ Operating margins \$2.2M higher than in 2019.
- ✓ Long-term debt reduced by \$5.5M in 2020.
- ✓ Controllable costs per member 19.5% lower than US average.
- ✓ Admin costs per member 17.5% lower than US average.

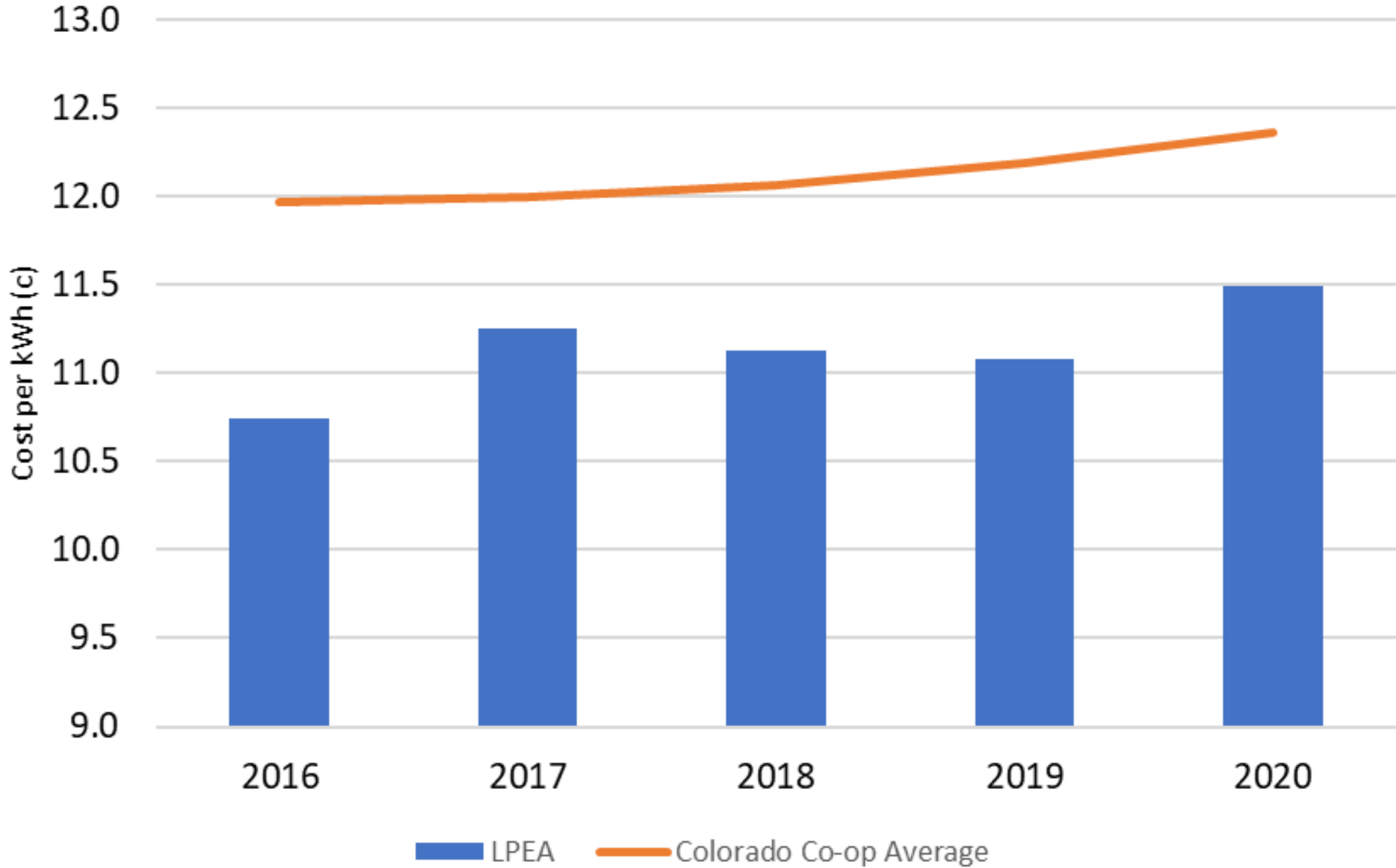


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Cost per kWh - LPEA vs Colorado Co-op Average



Keys to LPEA's 2020 Financial Success

- ✓ Total controllable costs per consumer were 5.6% lower than in 2019 and 27.1% lower than the average Colorado co-op.
- ✓ Overtime hours were 38.3% lower than in 2019 and 22.6% lower than the state average.
- ✓ LPEA did not borrow any additional funds in 2020 to finance capital projects. As a result, interest payments on long term debt were 3.7% lower than in 2019 and 12.6% lower than the average Colorado co-op.



All cost savings become margins that are allocated to members and then retired at the board's discretion. LPEA retired (returned) \$3.9M of these funds in 2020.

Keys to LPEA's 2020 Financial Success

- ✓ LPEA invested \$13.4M in the electrical infrastructure that serves our members in 2020.
- ✓ Much of the work was performed by LPEA crews, rather than by third party contractors. 15% of labor costs incurred went towards capital projects.
- ✓ Wages for crews are built into our annual budget, whereas third party contractors are an extra cost, which may require additional borrowing and more interest expenses.



**Due to our strong finances and large asset base, LPEA can borrow money at low-interest rates.
That said, we still don't borrow if we don't have to.**



2020 Conclusions

- ✓ Developed partial contract policy with Tri-State.
- ✓ Laid groundwork on broadband.
- ✓ Became national leader in co-op/union relations.
- ✓ Achieved best outage/reliability stats in 10 years.
- ✓ Re-invested \$4.2 million in local communities.
- ✓ Increased member rebates 80% from 2019.
- ✓ Achieved best financial results in 10 years.
- ✓ Reduced costs \$1.1m from 2019.



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Q&A Session

www.lpea.coop