



Year Operational Plan
2021-2025

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BACKGROUND

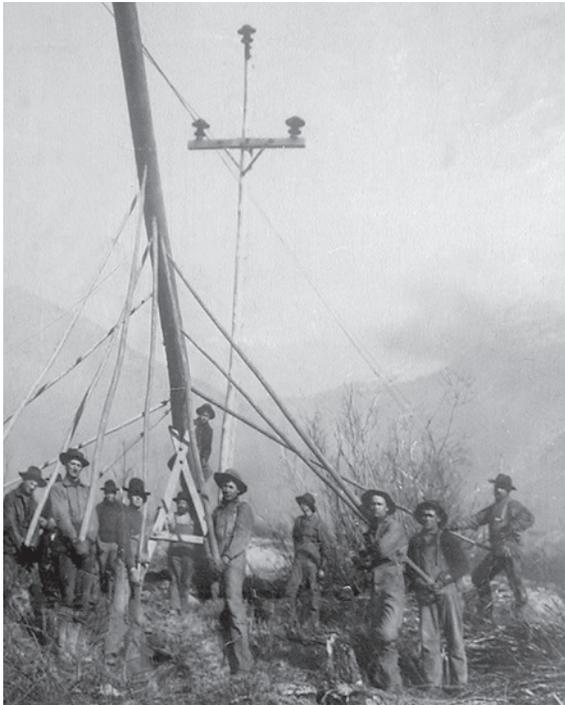


Background

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

More than 81 years later and 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 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.

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

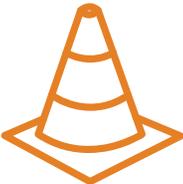


LPEA'S NORTH STAR



LPEA's North Star

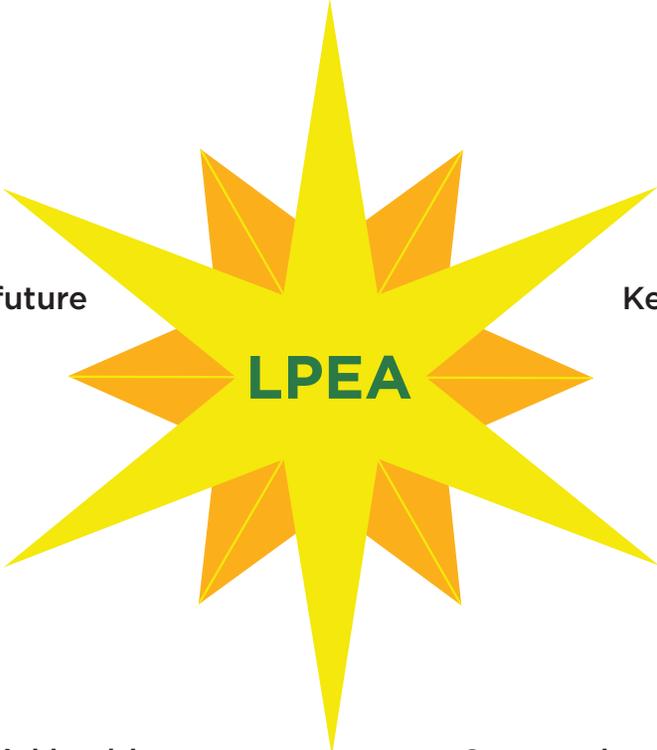
Be safe and excellent in all we do



Prepare for the future



Keep the lights on



Maintain strong financial health



Source clean, local, low-cost power



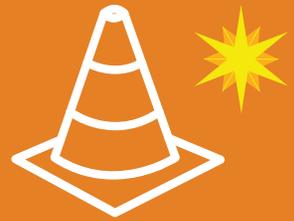
Be a trusted community partner

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.

Be safe and excellent in all we do



TARGETS

Zero loss-time incidents or accidents

Year-over-year improvements in
employee engagement

Zero cyber incidents that
disrupt business processes

Information Technology (IT)
systems available 99% of the time

Keep controllable expenses per
member under the Colorado average

Examples of Key Initiatives:

- Enrich our culture to include safety and wellness in everything we do, and to align all processes with the Code of Excellence. LPEA will “be” the code.
- Eliminate serious injuries and fatalities by enhancing work practices and training, and by improving the analyses of injury, incident trends, and lessons learned.
- Develop and implement utility-wide safety, professional development, and employee recognition and evaluation programs.
- Design and implement an annual employee satisfaction survey to set baselines and measure progress year-over-year.
- Ensure LPEA is competitive in attracting, recruiting, and retaining forward-thinking people by providing fair compensation and benefits.
- Develop an internal communications strategy to increase coordination, the sense of camaraderie, and the flow of information and ideas.
- Develop robust anti-cyber-attack protocols, including a vulnerability assessment, employee training and education, and cyber-hygiene checks.
- Continue efforts to digitize workflows and use LPEA’s data to enhance member engagement and outreach efforts.
- Update and improve LPEA’s contracts, forms, policies, and fees to reflect current costs, enhance relevance, and improve consistency.
- Examine processes and procedures around LPEA’s construction projects and rework to improve efficiency, accountability, and transparency.

Keep the lights on



TARGETS

LPEA members will, on average, have one power outage or less annually

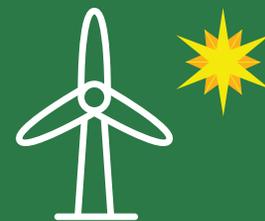
LPEA members will, on average, be out of power for less than one hour annually

100% of LPEA's critical infrastructure is actively monitored

Examples of Key Initiatives:

- Develop consistency in LPEA processes, guidelines, and training through scheduled cooperative-wide engagement and collaboration.
- Replace and/or upgrade 35 miles of underground line and 35 miles of overhead line.
- Rebuild more than 45 miles of transmission line.
- Increase electrical capacity to better serve all areas of our service territory.
- Conduct system planning efforts to address future grid growth and changes.
- Improve LPEA's fire mitigation, tree trimming, and wildlife management programs.
- Improve accuracy in mapping and tagging of underground and overhead lines.
- Invest in preventive maintenance programs to decrease outage numbers and duration.
- Develop and implement a process to use historical outage data to inform efforts to improve reliability.
- Continue implementation of security equipment and related protocols across LPEA's service territory.

Source clean, local, low-cost power



TARGETS

Up to 71 MW of renewables
added to our system

Carbon footprint from power
supply reduced 35% from 2018 levels

Electric rates are lower than 70% of our
Colorado cooperative peers

Examples of Key Initiatives:

- Continue pursuing board-mandated three-prong strategy around LPEA's future power supply until resolution and clarity are achieved.
- Optimize the selected strategy to deliver the highest penetration of renewables at the lowest cost.
- Either construct, or enter into Purchase Power Agreements for the development of, local large-scale solar installations.
- Create a Community Solar Garden subscription program for LPEA members.
- Develop residential and commercial energy storage programs.
- Investigate utility-scale energy storage options.

WORK IN PROGRESS

Note: These initiatives will not be pursued if they have a negative impact on the safety, reliability, or affordability of LPEA's power supply.

Be a trusted community partner



TARGETS

More than 90% of members are satisfied with LPEA overall

More than 90% of members are very satisfied with LPEA's online experience

LPEA's Member Loyalty Index is 80% or higher

Examples of Key Initiatives:

- Conduct a robust stakeholder mapping exercise to understand member needs and tailor and design LPEA programs to deliver real value to our members and communities.
- Design and implement a Young Adult Membership Engagement program, an energy champions program, and an overarching network activation strategy.
- Transform LPEA's website and SmartHub application into fully functional self-service portals for our members. Improve search engine optimization, content, graphic presentation, and overall usability.
- Expand our portfolio of service options to enhance both online and in-person tools and resources, and to offer more full-service/bundle packages for members.
- Improve and expand LPEA's electrical safety education program.
- Conduct a re-branding exercise to strengthen LPEA brand and reputation.
- Develop an outreach and training program aimed at contractors, builders, direct sellers and other key stakeholders in our area to actively promote beneficial electrification efforts.
- Boost participation in LPEA's community and special programs including grants, rebates, scholarships, and pilot projects.
- Expand and improve LPEA Key Accounts program.

Maintain strong financial health



TARGETS

Financial health score above 100

Cash at 16-20% of annual
operating costs

Equity percentage of 45-50%

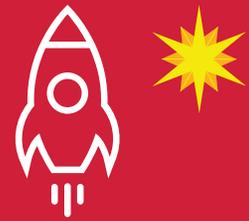
Debt percentage is lower than
equity percentage (100%)

Operating margin of at least 1%
of income in 2021, increasing by 0.5%
each year until achieving
— and maintaining — a 3% margin

Examples of Key Initiatives:

- Improve monthly, quarterly, and annual reporting.
- Increase accuracy in estimates for capital and contractor costs.
- Re-evaluate our electric fees and policies to accurately reflect costs.
- Conduct cost of service study, considering multiple power supply options.
- Promote paperless billing, autopay, and other member tools that minimize costs and maximize efficiency.
- Improve cash flow forecasting and monthly commentary with short and long-term capital plans.
- Provide full analytical support around power supply options.
- Enhance director, employee, and member education around cooperative finances.
- Restructure the finance team to leverage competencies and provide better analytics.

Prepare for the future



TARGETS

Electric sales are 5% over 2020 levels

125 more miles of fiber added
to the network

5,000 kW of controllable distributed
energy resources (DERs)

Increase the likelihood that
members will adopt new beneficial
electrification technology by 5% points

Examples of Key Initiatives:

- Promote beneficial electrification technologies – including heat pumps, water heaters, electric equipment etc. – to address decarbonization goals while simultaneously building load.
- Deploy Distributed Energy Resources (DER) platform to intelligently shape load in a non-intrusive manner, including through water heating, space heating, electric vehicles, and batteries.
- Promote the use of electric vehicles through strategic partnerships, education, and special programs.
- Expand fiber throughout LPEA's district to improve communications.
- Explore energy storage opportunities – pumped hydro, utility scale battery systems, control of retail batteries etc.
- Design grid and deploy technologies that minimize the risk of wildfires.
- Continue to evaluate potential broadband opportunities.

IMPLEMENTATION + REPORTING



Implementation + Reporting



*Details on strategy progress will be outlined annually in the LPEA Annual Report. The 2025 Annual Report will feature detailed results of the full strategy period.



Updated 2022