

# LPEA Currents

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**Mission Statement**  
 La Plata Electric Association provides its members safe, reliable electricity at the lowest reasonable cost while being environmentally responsible.



## Fiscal Responsibility Is Always A High Priority At LPEA

BY DENNIS SVANES, CHIEF FINANCIAL OFFICER

For most, budgets and forecasts are not very exciting, but at LPEA it's important we do our best for our member-owners and let you know how we manage the finances at your cooperative. For southwest Colorado, our budget and forecast could be considered significant (as is the service we provide), and questions periodically arise regarding the budgeting and forecasting process. I'm happy to give you some insight into what goes on regarding LPEA's finances.



Dennis Svanes

The financial forecast in and of itself is actually relatively simple. We project the revenue we expect to generate from the sales of electricity (how much electricity you will use in a year) and what we expect to pay for that power from our supplier Tri-State Generation and Transmission, as well as from, on a small scale, local electricity generation. We also forecast all other expenses relating to maintaining our system and providing the electric service.

The capital budget is more complex and generates most of the questions. What are we buying with this money? How do we determine where to spend the money? Who pays for it and how is it financed? And finally, how does it affect the "bottom line"?

LPEA's capital budget is divided into two parts: capital items and capital construction. The capital items budget for 2010 is roughly \$518,000 and includes vehicle replacements, computer software and hardware updates and operating equipment. These are the items needed for us to remain open for business and maintain our system — in the office and in the field.

Each budget item is scrutinized by the management team, and, if approved at staff level, is submitted to your board of directors for review and approval. We pay for these items out of our general funds. The items are depreciated and expensed over the expected life of the individual assets.

The capital construction forecast for 2010 is \$47.4 million. This forecast covers primarily the poles and wires, transformers, meters, substations and other items necessary for LPEA's electricity grid to operate and deliver the power. Capital construction items are determined through joint evaluation by our engineering and operations departments.

To a significant extent, the capital construction forecast is an outgrowth of requests for service from our members — such as a new residential subdivision or industrial application. For 2010, \$29.1 million (61 percent) of the budget addresses these requests. We will bill those members for their projects prior to construction.

The remainder of the capital construction forecast is designed to enhance LPEA's distribution system, helping to ensure stability and reliability of service to you. Part of this year's forecast will finance purchase and installation of the new Advanced Meter Infrastructure (AMI), part of the "smart-grid" technology recently discussed in the media. Approval of this budget goes through the same scrutiny by both management and your board of directors.

LPEA cannot finance a budget of this size from our working capital. To assist with financing, we [continued on page 10]

# Take Care Of Electric Equipment for Your Own Benefit and Safety This Season

**S**pring is around the corner, though given the El Nino effect, snow will likely be a part of the landscape for a bit more time to come. LPEA encourages its member-owners to continue diligence and protect electric equipment to avoid outages and injury.

“Keep an eye on your meters and make sure they are free of snow and ice,” reminds Steve Gregg, manager of operations. “Ice can severely damage the equipment and present safety issues or outages. If you’re unable to clear your meter safely, please call LPEA so our crews can help you out — for everyone’s benefit.”

LPEA also cautions homeowners and businesses to watch out for junction boxes, which contain electrical equipment. These may be in parking lots or along streets where snow removal is done regularly. Warn any snow removal contractors of a box’s location to make certain a back hoe or other large piece of snow removal equipment doesn’t “plow down” the box.

“We flag our junction boxes every summer,” says Gregg. “But

when the snow gets too high, everything disappears. We just urge everyone to be cautious when trying to relocate snow.”

In spite of the heavy, wet snow that has plagued the region over the past months, LPEA has experienced few large outages. This is attributed to the cooperative’s concerted effort to engineer and maintain the electrical system, as well as its aggressive tree trimming program to remove hazardous trees and branches.

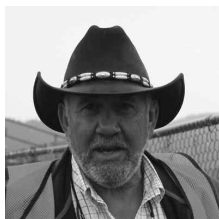


PHOTO CREDIT: DOUG MOORE

**Electric meters covered with ice can lead to damage and outages.**

## PAGOSA CHAMBER NAMES LINE SUPERINTENDENT MIKE ALLEY AS 2009 VOLUNTEER OF THE YEAR

**C**ongratulations go out to LPEA Line Superintendent Mike Alley who was named 2009 Volunteer of the Year by the Pagosa Springs Chamber of Commerce.



**Volunteer of the Year Mike Alley oversaw coordination of the first (now annual) Safety Expo in Archuleta County.**

played key roles in numerous events such as the Kid’s Fishing Derby and Women’s Shooting Sports, plus each year at Christmas he makes certain the community’s star on Reservoir Hill and the cross on the east end of Pagosa Springs are repaired, cleaned and lit — and he pays the electric bill.

“Mike’s service to the community has been exemplary,” says LPEA CEO Greg Munro.

“He is a most deserving recipient of the Volunteer of the Year award.”

Alley is well known in Archuleta County for his involvement with the county’s Economic Development Association, Joint Utilities, Incident Management Group, Pagosa Springs Rotary, the Turkey Federation and the 2011 Air Show Executive Board.

Wearing his LPEA hat, Alley has (beyond ensuring the reliability of electricity in the county) taken the lead in creating and organizing the annual LPEA golf tournament in Pagosa Springs, which has raised thousands of dollars over the years for area non-profits organizations. In 2009 he launched the successful community Safety Expo and is already preparing for the second (now annual) event set for May 22, 2010.

Alley has also either coordinated or



**Paula Akin is flanked by some of her fellow customer service representatives.**

## PAULA AKIN RETIRES

LPEA bid farewell to Paula Akin on January 31. She made the decision to enter retirement after giving 24 years of excellent customer service to LPEA’s member-owners. Paula plans to spend many hours reading and hiking, as well as time with her family. She will be missed by her fellow employees and LPEA thanks her for her years of dedication and hard work.

## Are You a Candidate for the LPEA Board of Directors?

*Petitions now available*

Completed petitions for those interested in running for a seat on the LPEA Board are due to LPEA headquarters in Durango by 10 a.m. on March 24.

For further information, visit [www.lpea.coop](http://www.lpea.coop) or call 382-3505.

Ballots will be mailed to LPEA’s full membership on April 16, with results tallied during the LPEA Annual Meeting, Saturday, May 8, at Fort Lewis College.



# Drew Timmerman Named LPEA Network Administrator

*Former LPEA intern and employee returns to electric cooperative in Durango*

**D**rew Timmerman has been named network administrator for La Plata Electric Association, returning to Durango and rejoining the electric cooperative after a nearly four year hiatus.



**Drew Timmerman**

“I’m really glad to be back in Durango,” says Timmerman, who, with his wife Abby and young children had moved to Kansas City in 2006 to be closer to family. When the opportunity to return to LPEA opened up, he was the first to apply. “This is a really great place to work. My current plan is to work at La Plata Electric until I retire.”

As network administrator, Timmerman helps direct all information technology systems at the cooperative, from managing servers and work stations and overseeing equipment upgrades to facilitating on-line billing, on-line communications and the LPEA outage management system.

Originally from Springfield, Missouri, Timmerman moved to Durango following his high school graduation in 1994, and enrolled at Fort Lewis College. Pursuing a degree in electrical engineering, he worked part time in LPEA’s engineering department, learning the basics of the

industry. Timmerman transferred to CU Boulder to complete his degree, ultimately a BS in computer science. In 2000 he returned to Durango to work full time in LPEA’s growing IT department.

While in Kansas City, Timmerman served in the IT department at Garmin Ltd., the navigational system software company.

“It was very interesting and I learned a lot there,” he says of the high tech corporation. “I’m happy to be able to bring some of that knowledge back to LPEA.”

A fan of the outdoors, enjoying hiking, biking, rock climbing and more, Timmerman has already taught his children, Holli, 5 and Dylan, 3 to ski.

## LPEA CHALLENGES MEMBERS-CUSTOMERS TO “SAVE YOUR ENERGY”

**E**very little bit helps when it comes to saving your energy. A bit of work around the house, a slight change in habits — it can add up to substantial energy and dollar savings each year.

Larger investments can save even more energy over time, as well as increase the value of your home. A study by “The Appraisal Journal” found that the selling price of homes increased by \$20.73 for every \$1 decrease in energy bills. If your energy bills average \$1,500 per year and you saved \$400 per year, your home value would increase by \$8,300.

Numerous websites feature comprehensive suggestions, instructions and resources for saving your energy, but LPEA encourages member-owners to start at [www.lpea.coop](http://www.lpea.coop). Think of saving energy as a challenge or a game you can play with your family. How many of the energy efficiency and conservation tips listed on LPEA’s website can you implement? The reward will be lower energy bills, and less stress on the entire electric system — helping to lessen the need to construct additional power plants.

Members can follow successes large and small in real kilowatt-hours by signing up to view bills and account history on line (accessed from the LPEA homepage). View last year’s consumption and compare monthly use going forward.

“It won’t be an exact science,” says Mark Schwantes, LPEA corporate services manager. “You’ll skew the numbers if you, for example, install a hot tub or add to or decrease the number of folks living in your home, and you should take those kinds of changes into consideration. Compare apples to apples and celebrate your kilowatt savings.”



**AmeriCorps volunteers helped encourage energy efficiency and conservation on Martin Luther King Day.**

## AmeriCorps Hosts Light Bulb Exchange

**V**olunteers from AmeriCorps braved the cold on Martin Luther King Day and invited community members to come down to Nature’s Oasis in Durango and trade-in their old incandescent light bulbs for new, energy efficient compact fluorescents (CFLs) donated by La Plata Electric. In merely a few hours, 380 were exchanged or given away.

“This was great, but the bulb count isn’t the total measure of success, I believe,” says Ray Pierotti, LPEA project specialist who assisted AmeriCorps with the exchange. “Our young adults out there volunteering on MLK day, educating on efficiency, conservation, recycling and renewable energy goes far beyond a CFL.”

## Unclaimed Capital Credits Fund Community Projects Throughout LPEA Service Area

**F**ollowing a review of written grant requests and presentations from applicants, the LPEA Board of Directors has awarded unclaimed capital credits funds to a variety of local entities including Big Brothers/Big Sisters (\$7,000), Pagosa Springs Education Center Youth Rescue (\$5,000), La Plata Water Conservancy District (\$7691), Animas Museum (\$2,000), Our Savior Lutheran Preschool (\$6,000), Friends of TRACK (\$5,000) and Fort Lewis College (\$100,000 paid over a five-year period, \$20,000 per year). The Four Corners Office for Resource Efficiency (4CORE) also received \$50,000.

Annually, a varying amount of money appears on the LPEA books in the form

of Unclaimed Capital Credits. Capital credits (or patronage capital) are those funds paid by member-owners above the cost of providing their electric service — a margin that, along with borrowed funds, is used to finance needed improvements to LPEA's electric infrastructure. Funds are placed into a patronage capital account in each member's name and retired after a given period of time.

LPEA is a not-for-profit corporation with a 501 (c)(12) tax designation that establishes the company as a cooperative. As part of that tax designation, LPEA is required to return retired capital credits to member-owners. The board of directors annually determines the amount.

"LPEA makes every effort to find

members to distribute those funds," says CFO Dennis Svanes, making note of the legal insert placed in the "Durango Herald," "Pagosa Springs Sun" and "Pine River Times," (as well as posted on LPEA's website) which contained names of missing members. "If these individuals don't come forward after three years, the capital credits become unclaimed.

This money could go to the State, unless LPEA found community and educational uses for it. LPEA's board has opted to direct it toward entities that benefit our local communities as a whole. No funds are available for additional grants in 2010, and the board is scheduled to review future distribution of funds at the November 2010 board meeting.

## Energy Outreach Colorado Helps Those In Need

**L**PEA supports Energy Outreach Colorado, a non-profit organization that since 1989 has distributed some \$80 million to fund energy bill payment assistance, energy efficiency upgrades for affordable housing and energy efficiency education.

"There are varying statistics, but in general we've found that this past winter was one of the coldest in 15 years," says Mark Schwantes, corporate services manager. "A lot of folks across the state need

help paying their electric bill, and Energy Outreach Colorado is one way to help."

Energy Outreach Colorado has been identified as the top charity in the country for earning the most consecutive 4-star ratings demonstrating an ongoing fiscal excellence, according to Charity Navigator.

Visit [www.energyou outreach.org](http://www.energyou outreach.org) for further information, and to donate, call 970-247-5786 or visit LPEA's offices in Durango or Pagosa Springs.

## Fiscal Responsibility, A High Priority At LPEA

*[continued from page 7]* work primarily with the Rural Utility Service, which is a part of the USDA. We borrow money for 35 years at a market-based interest rate. The rate is typically much better than those available to most small businesses. We depreciate (expense) the plant over its expected life, which is normally 35 years.

It might be a dry topic, but it's an important one, and we do take the capital budgeting process very seriously. Our goal is always to design our budget to meet LPEA's mission: to provide our members with affordable, safe, reliable and environmentally responsible power for many years to come.

I welcome your questions. Please email me at [dsvanes@lpea.coop](mailto:dsvanes@lpea.coop).

### CO-OP MEMBERS ASK

**Q** *We understand that heat tape installed on our roof can help eliminate ice dams and melt snow. How much electricity does heat tape use?*

**A** Heat tape, when plugged in, uses between 5 to 6 watts per foot, so if you install 100 feet, that would be 600 watts or .6 kilowatt-hours (kWh) for each hour it is plugged in. The cost for one kWh of electricity is about \$0.10 (10 cents). Ten hours use of the 100 feet of tape per night would consume 6 kWh and cost \$0.60 that day. LPEA suggests installing a timer to automatically manage the number of hours the heat tape is consuming electricity.



**DAYLIGHT SAVING TIME STARTS MARCH 14.**