

# COLORADO'S ENERGY FUTURE

BY REG RUDOLPH GENERAL MANAGER

Recent legislation will reduce Colorado's carbon emissions in the future. But you must understand, these new laws will also have an economic impact on your electric rates. As Colorado transitions to lower carbon emissions and more renewable energy, it will hit your pocketbook. That's what San Isabel Electric Association doesn't support. Our goal is to provide value through service, keeping your money in your pocketbook. As a cooperative, our members expect to receive safe, reliable and low-cost electricity.

San Isabel Electric supports carbon reduction goals and promotes increased renewable energy development. Our position supports the legislative concepts proposed during the 2019 session. However, the financial impact of accomplishing those goals seems to get glossed over during the political debate.

Electricity costs will increase to accomplish renewable energy and carbon reduction goals. Despite widespread press coverage about how cheap wind and solar have become, there is one major loophole in this good news. It gets dark every day, and

more often than not the wind doesn't blow. This requires a generation source to provide backup energy to fill the renewable energy shortfall.

Somebody must pay for the investment to back up the renewable energy resources. That somebody is the consumer. The variable fuel costs for generation may be eliminated during solar and wind energy production, but the fixed costs remain. Advocates for more renewable energy don't like to hear that, but it's an economic fact of providing electricity. As a utility, San Isabel must provide electricity every hour of every day.

Some will say batteries are the answer. They may be a solution in the future, but they're still extremely expensive and unproven when it comes to backing up the entire electric grid during renewable energy shortfalls.

Electric cooperatives often get painted in a poor light when it comes to renewable energy development. Unfortunately, most people don't understand how much hydropower, solar and wind is in our portfolio mix. Approximately one-third of our power is generated from renewable energy



REG RUDOLPH

resources. Politically, we don't get enough credit for that accomplishment.

Electric cooperatives have a different business motive than other types of utility companies. Cooperatives operate on a lowest cost model that provides the greatest value for the member-owner. For-profit models work on a rate of return basis, meaning the more they invest and spend, the greater the return for the stockholder. These are two completely different motivations for operating a utility. Cooperatives exist for service; investor-owned utility models exist for stockholder profit.

The legislation is well-intended, but not well-thought through. Cooperatives had little opportunity to provide stakeholder input and that's disappointing. We will be calling on the members to get more involved in the political process, to assure your voice is heard in Denver.

## ANNUAL MEETING



**ANNUAL MEMBERSHIP MEETING**  
**SATURDAY, SEPTEMBER 21, 2019**

JOHN MALL HIGH SCHOOL  
WALSENBURG, COLORADO



SIEA offices  
will be closed  
July 4 in  
observance of  
Independence  
Day.

# YOU DESERVE THE CREDIT

## Capital credit allocation checks are in the mail

It's time for you to get the credit — capital credits, that is. You deserve to be paid back for helping build and sustain your local electric cooperative. You might not realize it, but when you signed up to receive electric service from San Isabel Electric you became a member — and owner — of an electric utility. While investor-owned utilities return a portion of any profits back to their investors, electric co-ops operate on a not-for-profit basis. So instead of returning leftover funds, known as margins, to investors who might not live in the same region or even the same state as you do, we periodically issue capital credits (formerly known as Sweet Rewards) based on how much you paid the co-op for electricity during a specified time period.

Anyone who was a member of San Isabel Electric during 2018 will receive a Capital Credit Allocation Statement by early August. This statement shows the portion of capital credits that each member was allocated based on their electric purchases for 2018, as well as the balance of capital credits from prior years.

As a member of San Isabel Electric, you are an owner and are allocated a portion of

the margins (revenues in excess of expenses) accumulated by the cooperative during the year. The portion of margins you are allocated is based on the amount of electricity you used during the year. This Capital Credit Allocation Statement shows the amount you have been allocated for 2018.

This allocation DOES NOT represent money that is currently available for you to have or apply on your electric bill. Following the bylaws of San Isabel Electric, this amount is recorded on the permanent financial records of the cooperative. Over time, the amount allocated to you may be paid out (retired), subject to board approval, as funds are available. This is known as a capital credit retirement. Last September, San Isabel Electric mailed a record number of 18,852 checks, returning \$956,000 in capital credits to member-owners.

In the past three years, San Isabel Electric returned \$2.7 million. Checks range from \$10 to hundreds of dollars for residents, school districts and businesses. A few larger businesses and governments received several thousand dollars.

### WHAT ARE CAPITAL CREDITS?

Capital credits, formerly known as Sweet Rewards, are the not-for-profit electric cooperative's excess profit margins left over at the end of a year. Capital credits are the most significant source of equity for San Isabel Electric. Since a cooperative's owners are also the people the co-op serves, capital credits reflect each member's ownership in the cooperative. This differs from dividends investor-owned utilities pay shareholders, who may or may not be customers of the utility.

### WHERE DOES THE MONEY COME FROM?

Member-owned, not-for-profit electric utilities like San Isabel Electric set rates to generate enough money to pay operating costs, make payments on any loans and provide an emergency reserve. At the end of each calendar year, we subtract operating expenses from the total amount of money collected during the year. The balance is called a margin.

### HOW ARE MARGINS ALLOCATED?

Margins are allocated to members as capital credits based on their purchases from the cooperative — how much power the member used. Member purchases may also be called patronage.

### WHY DOES MY COOPERATIVE REFUND CAPITAL CREDITS?

Doing so follows one of our seven cooperative principles — Members' economic participation. This principle states, "Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership."

For more information on your capital credits, please visit our webpage at [SIEA.com/CapitalCredits](http://SIEA.com/CapitalCredits).



# BE PREPARED

## FOR A POWER OUTAGE

Outages occur for a number of reasons. In the event of a large or wide-spread outage, we prioritize repairs in order to get the largest number of members back on first. Stay ahead of the storm by setting these items aside for use in the event of an outage.

To report an outage or an electrical safety hazard, please call San Isabel Electric toll free at 1-800-279-7432. If the outage is widespread, our phone lines may be busy when you call. Please be patient, your call is very important to us.



BLANKETS & CLOTHING



FIRST AID KIT & MEDICATION



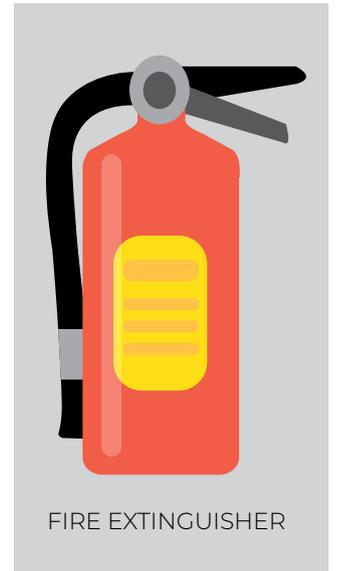
BATTERY RADIO & EXTRA BATTERIES



IMPORTANT PAPERS & DOCUMENTS



FLASHLIGHT & BATTERIES



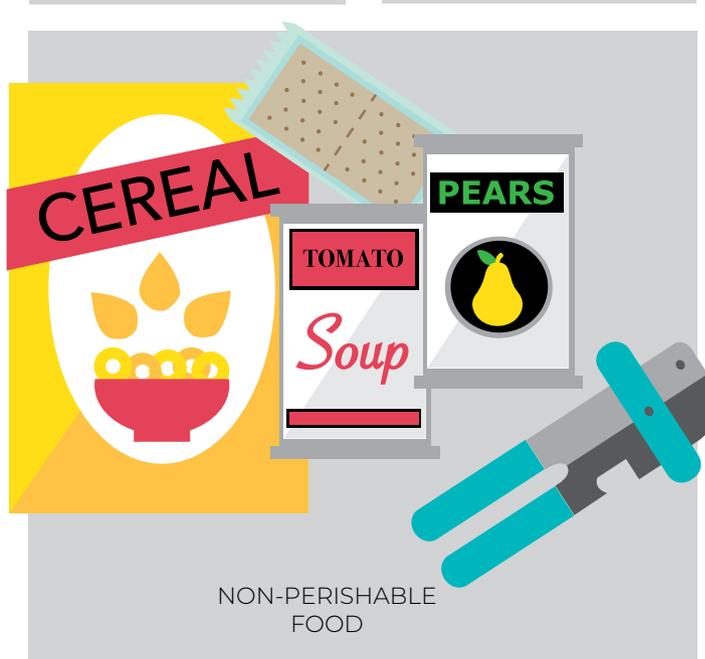
FIRE EXTINGUISHER



CANDLES, MATCHES, & LIGHTERS



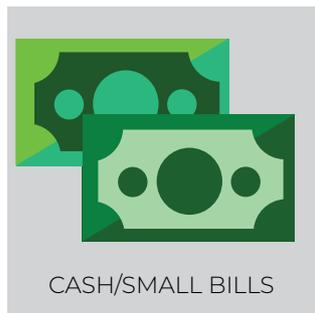
CELL PHONE & CHARGER



NON-PERISHABLE FOOD



DRINKING WATER



CASH/SMALL BILLS

# BEHIND THE DESK

Featuring a San Isabel Electric member services representative

Whether out in the field or behind the desk, San Isabel Electric has a dedicated staff willing to work to help San Isabel Electric members and each other. Behind the desk, Leslie Bak-Pfalmer is a San Isabel Electric employee who works in the member services department.

### What is a member services representative?

An MSR is the first point of contact for members in most cooperative businesses, whether they are new members or members who have been around for years. She handles multiple phone calls, walk-ins and computer tasks, and frequently listens to the radios in the office to keep up to date on any change in weather patterns or power outages.

MSRs are more than just data entry personnel, payment takers and phone operators. MSRs initiate service, answer bill questions, answer issues with service and much more.

If a member has a problem with a bill or power, an MSR is the first person that the member goes to for assistance. If the MSR cannot answer a question, they are responsible for finding someone who can. Bak-Pfalmer says staying organized and being a good listener are important skills to her job of effectively helping members.

### Who is Leslie Bak-Pfalmer?

Bak-Pfalmer is an adventurer, motorcycle enthusiast, mother of two and a San Isabel Electric member. She has worked for San Isabel Electric since 2006. When asked what she likes to do in her free time, she jokingly said clean the house, because she feels she spends a lot of time doing that task. However, when Bak-Pfalmer is not cleaning the house, she is busy planning her next adventures.

Lately, she's been busy planning a fall Bohemian style trip around Europe. She and her husband will visit a handful of countries including Poland, Austria and Germany. She is also looking forward to crossing a hot air balloon trip off her bucket list this year in Albuquerque, New Mexico.

### How do MSRs handle unhappy members?

Bak-Pfalmer says most members are happy when they call or walk in, but not all of them are. To help the unhappy members, she takes a calm approach. She listens to the member's concerns and figures out the best way to fix the problem at hand.

If the problem is an outage, Bak-Pfalmer gives the information to San Isabel Electric's lineworkers so they can restore power as quickly and as safely as possible.

If the problem is a billing issue, she might send them to the billing department, or she might be able to answer it herself.



San Isabel Electric Member Services Representative Leslie Bak-Pfalmer

Whatever the case may be, she ensures the member is successfully helped.

### The importance of MSRs

All of San Isabel Electric's employees call southern Colorado home. Because San Isabel Electric employees know the area's geography and community well, they can relate one-on-one with members. To Bak-Pfalmer, San Isabel Electric's members are not just a voice on the other end of the line—they are family, friends, friends of friends and neighbors. MSRs care about the people they are helping.

Bak-Pfalmer feels rewarded when a member is happy with their service at the end of the day. After all, the motto at San Isabel Electric is, "We do not just serve communities, we are a part of communities."



July 2019  
**Energy Efficiency**  
Tip of the Month

When it's warm out, avoid using the oven. Try cooking on the stove, using the microwave oven or grilling outside instead.

Source: energy.gov