

EMPIRE ELECTRIC ASSOCIATION

Echoes of the Empire

MARCH 2022

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KEEP YOUR POWDER DRY

BY ANDY CARTER MEMBER ENGAGEMENT MANAGER



ANDY CARTER

“Keep your powder dry” is an axiom practiced by successful electric cooperatives. Anticipating consumer-member needs and being prepared to respond to outages are two things Empire Electric Association has worked hard to be good at over our 83-year history of providing power to southwestern Colorado and southeastern Utah. When the pandemic struck two years ago, EEAs “dry powder” allowed us to continue to provide power and, to a considerable extent, continue to install new services for homes and businesses with little to no delay.

Having a reserve of material and equipment is critical to maintaining reliability. We never know when a storm or accident will damage equipment. And to get power service restored as soon as possible, EEA needs to keep a ready supply of poles, transformers, conductors and other items that make up the modern electric distribution system. Over the past two years, EEA, along with the rest of the world, has experienced what is generically referred to as “supply chain issues.” These issues involve everything from trucks and tools to conductors and transformers.

EEA actively manages our inventory of supplies and plans for system maintenance and upgrades as well as anticipated new construction. We adjust order lead times when our suppliers advise that wait times are increasing, and we stock up on commonly used material when we can. In the past, we could order common transformer sizes and get delivery within a few weeks. We are now unable to get confirmation of when we can take delivery of single-phase transformers.

We found creative ways to keep our system reliable and provide new services with what we have had available. Requests for new services have not slowed, and it is a

balancing act to try to meet the needs of new construction while maintaining the level of material we need on hand to respond in a timely manner to storm damage or equipment failure. We modified our construction practices and designs to help meet consumer-member requests while still complying with codes.

Despite our best efforts, the continued lack of available material we need has led to delays in meeting new construction and upgrade requests. While we continue to work with our suppliers to obtain the materials we need, we want you to be aware of what you can expect if you are thinking about requesting a new service or an upgrade to your existing service.

When you request a new service or service upgrade, EEA will provide the best information we have available for when we can complete your request and the cost. In some cases, we may offer a design of larger capacity than required that can meet your time deadline but would be more expensive. Other cases may involve changing the requested meter location or type of construction. For instance, overhead construction materials are more readily available and it may be faster for you to take overhead service instead of underground. You would still need to comply with applicable rules for construction at your site.

EEA is investigating other sources for available materials, including inactive or abandoned services that exist on our system. Even if no one is taking service at a meter, if it is in the field, EEA must maintain the service’s safety and reliability. All the costs to maintain the distribution system are recovered in our rates, so the cost for maintaining



EEA rules and regulations require all members to contact EEA before substantially changing your power use or adding additional load like an on-demand electric water heater, a heat pump, or an EV charger.

idle or abandoned services is paid for by the rest of the membership. Current EEA policy allows a consumer-member to disconnect power for up to 12 months and reconnect by paying just the reconnect fee. If the service remains idle after the 12-month grace period ends, then the service will be considered abandoned. Abandoned services are subject to retirement at EEA's discretion.

When a service is retired, EEA removes any facilities dedicated to that service that can be repurposed or that would pose a safety hazard if left in place. Before retiring a service, EEA contacts the owner of the service's property to advise them of the plans to retire the abandoned service. If the consumer-member does not want it retired, then they must pay the grid access charge for the previous 12 months. The grace period then resets for the idle service. EEA has several hundred idle or abandoned services in our area that may have usable material and would benefit consumer-members who desire power service now. Retiring them would also help to keep rates down for our active consumer-members as well as improve safety and reliability.

The last thing to discuss is overloaded services. If you have been contacted by EEA about upgrading your system because you are exceeding your service capacity, we ask you to seriously consider taking action by reducing your power use and contacting EEA engineering at 970-564-4406 to discuss your upgrade. EEA rules and regulations require all consumer-members to contact EEA before substantially changing their power use or adding additional load such as an on-demand electric water heater, a heat pump or an electric vehicle charger. Overloading transformers can result in overheating that leads to premature failure or even a fire.

EEA is committed to keeping your power flowing safely and reliably despite the current supply chain issues. Notifying EEA early for upgrades and new services will help you understand what we can provide and in what time frame. We appreciate your understanding as we continue to persist in keeping our warehouse stocked and finding creative ways to power your future.

NOTICE OF A CHANGE IN THE TARIFFS OF EMPIRE ELECTRIC ASSOCIATION, INC.

Empire Electric Association's Board of Directors voted to change EEA's fee schedule rate tariff at its January 14 board meeting. A \$200 distributed energy resource application fee and a \$60 distributed energy resource reapplication fee have been added to this tariff. The other fees noted in this tariff have not changed.

These new fees are designed to help recover EEA's costs in processing distributed energy resource applications and reapplications. The application fee will be paid when a customer submits an application to interconnect a distributed energy resource. The reapplication fee is paid only if an application has to be resubmitted due to incomplete data, design changes or other factors. These fees were determined by estimating how much it costs EEA to process an average application and reapplication.

The changes are scheduled to go into effect on May 1. Written comments about the proposed changes may be submitted electronically through EEA's website or through hard copies delivered to EEA's main office. Hard copies may be submitted by mail to P.O. Box K, Cortez, CO 81321, or hand-delivered to EEA's main office at 801 N. Broadway, Cortez, CO 81321. Additionally, verbal comments may be submitted during the consumer-member input segment of EEA board meetings.

For any questions about this notice and/or the proposed changes, please contact EEA at 970-565-4444 or toll free at 1-800-709-3726. Copies of all tariffs are available on EEA's website at eea.coop/rates. Copies of tariffs are also on file at EEA's main office and are available for inspection during regular business hours.



Co-op Photo Contest Winner March 2022 – Spring Freeze by Allison Porter

TIPS FOR REDUCING YOUR WATER HEATING BILLS

<p>USE LESS hot water.</p>	<p>Buy a more efficient model or consider installing a SOLAR WATER HEATER.</p>	<p>Turn down your water heater's THERMOSTAT.</p>	<p>FIX LEAKS: A leak of one drip per second can cost \$1 a month.</p>
<p>Install LOW-FLOW FAUCETS AND SHOWERHEADS.</p>	<p>Wash your clothes in COLD WATER.</p>	<p>Set water heater thermostat to 120 DEGREES F.</p>	
<p>Low-flow fixtures cost about \$10-20 a piece and achieve water savings of 25-60 PERCENT.</p>	<p>Purchase ENERGY STAR APPLIANCES, such as dishwashers and clothes washers.</p>	<p>Follow the manufacturer's recommendations for ways to INSULATE YOUR WATER HEATER tank and pipes.</p>	

SOURCES: Energy Saver www.energy.gov/energysaver and Energy Star www.energystar.gov

Madilynn Ritter from Mancos HS, was chosen by Empire Electric to attend the Electric Cooperative Youth Tour in Washington DC.



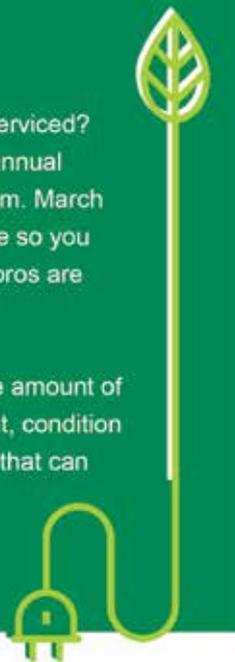

Madilynn will enjoy a weeklong, all-expense paid, trip of a lifetime, to our nation's capital! The Electric Cooperative Youth Tour will take place June 11-19, 2022, in Washington, D.C. The week of activities begins in Denver where students from around the state visit the state capitol and learn about electric cooperatives. The students then head to Washington D.C. with more than 1,800 of their peers from across the country for a week of learning and exploring. They will visit the Arlington National Cemetery, stroll through the Smithsonian museums, tour historic monuments, meet elected officials, and learn about the role of electric cooperatives in today's world. **Congratulations Madilynn!**

Energy Efficiency Tip of the Month

When was your cooling system last serviced? Most manufacturers recommend an annual tune up for your home's cooling system. March is a great time to schedule this service so you can beat the summer rush when the pros are busiest.

A qualified professional can check the amount of refrigerant, accuracy of the thermostat, condition of belts and motors and other factors that can greatly impact the efficiency of your system.

Source: Dept. of Energy



Don't Forget.... EEA's 2022 Member Survey



Step up and let your voice be heard. Unleash your thoughts for the future of your co-op. Recommend your favorite communication methods. Venture to offer your opinion on electronic voting. Emphasize your priorities that our co-op should focus on. You won't forgive yourself if you miss this opportunity.

Surveys will be accepted through March 27, 2022. You can take the survey online at www.eea.coop or your SmartHub account to find the link, watch for a paper copy in your bill, or stop by our office at 801 North Broadway in Cortez.

We can't wait to hear what you have to say!

Monthly Calendar

- March 11** – Empire Electric's board meeting begins at 8:30 a.m. at its headquarters in Cortez. The agenda is posted 10 days in advance of the meeting at eea.coop. Consumer-members are reminded that public comment is heard at the beginning of the meeting. Meeting restrictions due to health concerns may require the meeting to be held remotely.
- March 13** – Daylight Saving Time begins – set clocks ahead one hour
- March 17** – Saint Patrick's Day
- March 20** – First day of spring
- March 27** – Last day to submit 2022 EEA Member Survey

MEMBERSHIP PAYS!

BY ANDY CARTER MEMBER ENGAGEMENT MANAGER

The third cooperative principle is member economic participation, and this month Empire Electric Association consumer-members will see that benefit in real terms. EEA's board of directors approved a capital credit retirement of \$1.691 million to cooperative consumer-members at EEA's January board meeting. Individual retirement payments will be mailed to consumer-members who request payment by check by March 1. Consumer-members who request a bill credit will see their retirement payment on their March statements.

To better understand cooperative capital credits, let's define some terms we use to describe the process:

Revenue — Money the cooperative collects from consumer-members for providing electric service.

Margin — Revenue that remains after the cooperative has paid all expenses for the fiscal year.

Allocation — The cooperative determines the share of margin that is earmarked for each consumer-member.

Patronage Capital Account — An account for each consumer-member where allocated margins are saved until they are retired.

Capital Credit Retirement — Return of the funds used by the cooperative to the consumer-member from the patronage capital account when authorized by the cooperative board.

From a calendar year perspective, the first thing that happens is determining if retirement

of existing capital credits is possible. Monthly monitoring of EEA's financial health by the board allows it to decide in January if the cooperative is healthy enough to retire capital credits. The board must consider many factors including loan covenants placed on EEA by lenders, required equity levels, operating capital needed for ongoing operations and forecasted revenue.

If retiring capital credits is possible, the dollar amount is approved by EEA's board, and EEA's finance department calculates each member's retirement share. The finance department then coordinates with member services and the billing department to issue retirement checks and bill credits according to member preference. Retirements are typically paid to consumer-members in March.

EEA is on an approximately 20-year retirement cycle, so the payments that will be retired this month will be for consumer-members who had margins allocated to them in the early 2000s. It is important for you to keep your mailing address current if you move from our service territory so that future retirement payments can be mailed to you.

If EEA doesn't have your correct address, your check will be returned and you will miss an important cooperative benefit. If you or someone you know thinks they may have capital credits they have been missing out on, visit eea.coop and search the unclaimed capital credit list that is posted under "Community" in the Capital Credits section.

The next step in the capital credit process is to allocate margins to consumer-members for the past fiscal year. To accurately determine the margin to allocate, EEA must wait for its financial statements to be audited and approved. Once the fiscal year financials are finalized, the board is presented with a capital

credit allocation proposal. Once approved, EEA will mail allocation statements to each consumer-member advising them of their latest allocation. Allocation statements are typically mailed in May of each year.

You may see several types of capital credit allocations on your statement. EEA margins are the allocations from EEA's operating margin. Generation and Transmission margins indicate your portion of capital credit retirements from EEA's power supplier, Tri-State Generation and Transmission. Other margins are capital credit returns from other cooperatives with which EEA does business, such as Western United, an equipment and material supplier to EEA.

Cooperative principles are at play here again. The sixth cooperative principle is cooperation among cooperatives. EEA seeks out other cooperatives to do business with because we understand the cooperative difference. By doing business with other cooperatives, we have a say through the democratic process in decisions they make, we collaborate to improve each other's business processes, and we participate economically through the capital credit process. By virtue of the fact that you are a consumer-member of EEA, you are also a member-owner in several other cooperatives, and you also receive your share of the economic benefits that come with ownership through capital credit allocations.

Capital credits are just one way you receive benefits from EEA. EEA also supports many community organizations and activities, provides scholarships for trade schools and colleges, and offers youth leadership opportunities. Most importantly, we safely and reliably provide the electricity that powers your lives. We look forward to continuing to serve you, our consumer-members, for a long time to come.

