



SANGRE DE CRISTO ELECTRIC ASSOCIATION 2022 ANNUAL REPORT

2022 BOARD CHAIR REPORT

1. RATE RESTRUCTURE

SDCEA proposed a restructuring of rates to adjust its business model to be less weather dependent and transition to a clean energy future.

Included in the proposed residential rates, which make up most of SDCEA's services, was a reduction in the price of energy and delivery from \$0.12944 to \$0.10808 per kWh. This would be itemized as \$0.04500 per kWh of energy and \$0.06308 in distribution charge.

For residential accounts, the Service Availability Charge would change from \$31.83 to \$46.15 per month. Combined, these changes were revenue-neutral to the company, resulting in minimal changes to member bills.

The SDCEA Board of Directors postponed the proposed rate restructure in April 2023, until a new CEO for the cooperative is hired.

2. VEGETATION MANAGEMENT

Integrity Tree Services has made great progress on the vegetation management project, proving to be a consistent and reliable contractor for SDCEA. Growing their operations from 3 to 4 crews working on rights-of-way throughout 2022, they have established themselves as an essential partner in wildfire mitigation. Crew efforts have resulted in a decrease in outages caused by vegetation in power lines, and maintaining healthy landscapes around the SDCEA service territory.

2022 stats:

- Totals miles cut/trimmed, 88.5
- Total number of trees removed 7,423
- Total number of trees trimmed 1,965
- Total dollars spent \$2,812,419

**All figures are from the beginning of the project in 2021 through December 2022.*

SDCEA was awarded a grant for \$492,000 from the Colorado State Forest Service, which will help support and accelerate system-wide wildfire mitigation efforts.

3. CHATEAU CHAPPARAL

SDCEA completed installation of a new electrical system at Chateau Chaparral to serve more than 310 services in the community south of Buena Vista.

Through telephone and in-person meetings in the community, SDCEA's consumer service representatives, key accounts specialists and energy use advisors supported the Chateau Chaparral Owners Association (CCOA) and property owners in signing up for new SDCEA accounts, and assisted owners in the process of reconnection of their homes to SDCEA's system.

SDCEA's key accounts specialists and energy use advisors worked directly with the Chaffee County Building Department to inspect all lots within the park to determine the mitigation requirements for compliance with electrical codes for reconnection for each lot.

By the end of 2022, 291 accounts were activated in the community.

4. COMMUNITY SUPPORT

The SDCEA Board of Directors approved \$111,290 for charitable giving in 2022.

SDCEA awarded \$35,000 in total scholarships, including one four-year scholarship for \$2,000 a year, and 13 \$2,000 one-time scholarships. Two matching awards for Tri-State scholarships, \$500 each, were awarded.

Funded by the SDCEA Community Grant Program, The Chaffee County Community Foundation (CCCCF) in 2022 awarded \$25,000 in charitable grants at the end of the summer to 24 organizations serving Chaffee, Lake, Fremont and Custer counties.

ADDITIONAL HIGHLIGHTS:

- In 2022, the participation in Power of Change increased by 45 members, or 2.4%.
- The CoBank SDCEA charitable giving match in 2022 was \$10,000.
- Matching Grant requests supported 32 organizations for a total of \$12,444 compared to \$11,504 awarded in 2021.
- The SDCEA Shine Your Light account currently has a \$1,857 balance to assist consumers in need of aid in payment of their electric bill.
- Corporate and CEO charitable donations totaled \$5,342 in 2022.



JOSEPH
REDETZKE
BOARD CHAIR



2022 STATISTICS

SDCEA added 542 new services in 2022, compared to 364 in 2021

14,042 services on the SDCEA system

Net meter (solar, wind or hydro generation) accounts increased to 620, up from 535 in 2021

SDCEA has 1,819 miles of energized line, an increase of 19.94 miles in 2022

44 full-time employees, 3 part-time employees

7.72 members per mile are on the SDCEA system

OUR 2022 FINANCIALS

ASSETS	12/31/21	12/31/22
Total utility plant	\$74,883,881	\$76,915,589
Accumulated provision for depreciation	(24,880,010)	(26,428,938)
Net utility plant	50,003,871	50,486,651
Total other property and investments	11,948,108	11,944,209
Cash-general funds	1,699,104	1,954,383
Cash-special construction funds	1	1
Investments	342,800	368,405
Accounts receivable	2,161,972	2,649,725
Material and supplies	1,706,128	2,429,546
Prepayments	16,146	13,146
Other current and accrued assets	4,334	4,334
Deferred debits	1,479,011	1,395,047
TOTAL ASSETS & OTHER DEBITS	\$69,361,475	\$71,245,447

LIABILITIES		
Equities	\$5,280,010	\$5,662,542
Patronage capital	18,552,769	18,875,110
Long-term debt	37,816,251	39,007,689
Notes and accounts payable	1,631,905	1,897,378
Consumer deposits	570,251	561,203
Current maturities-long term debt	1,918,000	1,917,000
Other current and accrued liabilities	1,032,237	1,069,068
Regulatory liabilities	1,584,014	1,420,783
Deferred credits	976,038	834,674
TOTAL LIABILITIES & OTHER CREDITS	\$69,361,475	\$71,245,447

OPERATING REVENUE & EXPENDITURES	2021	%	2022	%
Operating revenue				
Residential	\$15,822,480	74.4	\$16,443,249	73.4
Irrigation	116,171	0.5	121,865	0.5
Small commercial	4,816,265	22.6	4,935,929	22.0
Large commercial	680,029	3.2	651,808	2.9
Street lighting	96,339	0.5	97,050	0.4
Other electric revenue	(264,447)	(1.2)	158,031	0.7
SUB-TOTAL	\$21,266,837	100	\$22,407,932	100
Revenue deferral out			(450,000)	
Revenue deferral in			450,000	
TOTAL OPERATING REVENUE	\$21,266,837		\$22,407,932	

EXPENDITURES				
Cost of power	\$10,325,904	51	\$10,603,043	49
Operations and maintenance	4,283,507	21	4,981,499	22
Administrative and general	2,431,216	12	2,537,740	12
Depreciation and amortization	2,013,198	10	2,168,454	10
Taxes, interest and other deductions	1,308,473	6	1,437,599	7
TOTAL COST OF ELECTRIC SERVICE	\$20,362,298	100	\$21,728,335	100

Operating margins	\$904,539	\$679,597
Non-operating margins	148,930	36,348
G&T capital credits	239,390	0
Other capital credits	298,096	346,227
NET MARGINS or PATRONAGE CAPITAL	\$1,590,955	\$1,062,172



MISSION

To safely provide reliable electric energy and services to power the lives of our members and our communities.

VISION

We will promote a positive cooperative culture to meet the needs of our members.

ABOUT SDCEA

83 years ago, a coalition of community members in central Colorado united to create an electric cooperative that could provide reliable power at an affordable price. From these shared values Sangre de Cristo Electric Association (SDCEA), whose mission is to continue providing our members with safe and dependable energy access—was formed. What began with a small group's vision and dedication has grown into something meaningful: secure electricity that preserves equitable cost-sharing among our valued customers—today and well into tomorrow.

SEVEN COOPERATIVE PRINCIPLES

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Cooperation Among Cooperatives
7. Concern for Community

2022 ANNUAL MEETING MINUTES

82nd ANNUAL MEETING MINUTES

June 9, 2022 | HOWARD, COLORADO

The 82nd Annual Meeting of the members of Sangre de Cristo Electric Association, Inc. (SDCEA) was called to order by Chair Joseph Redetzke at 10:00 a.m. on Thursday, June 9, 2022, at The Barn at Howard Creek Farm, Howard, Colorado.

Invocation

Redetzke introduced Rob Canterbury to give the invocation.

Pledge of Allegiance

Redetzke led the Pledge of Allegiance.

National Anthem

Redetzke introduced Stacey Coleman to sing the National Anthem.

Quorum requirements

SDCEA Attorney Casey Martin reported quorum requirements are 50 members registered in person. 73 members were registered. Martin declared a quorum present.

Close registration

Martin closed registration at 10:09 a.m.

Annual meeting notice, certificate of mailing

Martin presented the annual meeting notice and certificate of mailing. Martin reported the meeting notice was mailed on May 13, 2022, to all members of record addressed according to information on file, as of the date of record of April 7, 2022. He presented the 2021 annual report and noted it was distributed in the June 2022 issue of the *Colorado Country Life* magazine.

Introduce director nominees

Martin introduced director nominees.

Contested Candidates for Custer County:

- Tommy Flower (incumbent)
- Sandra Attebery (candidate)

Contested Candidates for Fremont County:

- Geoff Gerk (incumbent)
- Nick Hellbusch (candidate)

Election of directors

Martin reported that the Custer County results were as follows: Attebery with 1,262 (74.6%) and Tommy Flower with 429 (25.4%). Fremont County results were as follows: Nick Hellbusch with 1,194 (71.8%) and Geoff Gerk with 469 (28.2%). Attebery and Hellbusch are elected to three-year terms.

Minutes of the 81st annual meeting

Martin entertained a motion to dispense with the reading of the minutes of the 81st annual meeting held June 9, 2021 and approve them as written. Motion was made, seconded and carried.

Introduce directors and CEO

Redetzke introduced directors present. Vice Chair Daly addressed the members, welcoming newly elected directors and thanking outgoing directors. Gerk, Abel, Flower, and Kelly each addressed the members present. Redetzke introduced Paul Erickson, Chief

Executive Officer (CEO). Redetzke introduced newly elected directors Attebery and Hellbusch.

Introduce guests

Tri-State representatives: Duane Highley, CEO; Lee Boughey, VP Communications; Melissa Swinehart, Marketing and Brand Communications Manager and Julia Perry, Senior Graphic Designer; CREA representatives: Kent Singer, Executive Director; Ginny Buczek, CREA and United Power Board of Directors; and Western United Electric representative: Brandon Kibler, Account Manager.

Board Chair and Chief Executive Officer report

Redetzke discussed the origins of SDCEA, created 82 years ago by community members working together, sharing costs equitably, not by investor-owned, far-away, disinterested shareholders. This allowed member-owners to participate in the democratic process of the cooperative. Elected directors and SDCEA staff are required to balance the representation of diverse member interests, as well as ensure power supply and meet the demands of a modern electric grid. Advantages of electric cooperatives include: You become a member and part-owner when you sign up for electricity; cooperatives are focused, and work to improve the sustainability and well-being of our local and surrounding communities; board members are elected and represent the entire membership's ideals and priorities; the cooperative is service-focused, locally based, dedicated to providing electricity to rural areas; and your electric cooperative returns excess margins to members with capital credits.

Erickson spoke about SDCEA's employees providing uninterrupted service to consumers in 2021, despite the uncertainty related to the worldwide pandemic by working a hybrid (half remote, half-in office) work schedule for several months, returning to a complete remote schedule towards the end of the year. SDCEA added 364 new homes and businesses in 2021, compared to 269 in 2020. SDCEA has not raised rates since 2017 partly due to the growth in sales, cost-containment, and Tri-State's effort in holding their costs down. Recent election campaign advertising claiming rate increases without following legal processes were false and shameful. SDCEA contracted with a third-party national rate consultant, Power System Engineering (PSE) to conduct a comprehensive cost-of-service study. PSE was tasked with exploring innovative rate options to allow for new technologies such as electric vehicles and energy storage and at the same time save consumers money.

Treasurer's report

Gerk presented the Treasurer's report and addressed the 2021 financial data as shown in the annual report.

Power supply report

Erickson introduced Duane Highley CEO of Tri-State Generation & Transmission (TSGT). Highley reported TSGT takes reliability seriously, employed by "you, SDCEA members." Directors advocate for affordable, reliable power. Highley said Charlie Abel is not only a director on the SDCEA board, but also, TSGT and the

National Rural Utilities Cooperative Finance Corporation (CFC) boards. TSGT provides power to four states, Colorado, Wyoming, Nebraska, and New Mexico. TSGT has reduced rates by 4%, and asked when was the last time those in attendance heard of a service provider lowering rates? TSGT's energy plan calls for increasing use of renewable energy with a goal of 50% renewable energy sources by 2030, achieving higher percentage of renewable energy without raising costs or diminishing reliability.

Colorado Rural Electric Association report

Redetzke introduced Kent Singer, CREA Executive Director. Singer said in order to keep costs down, cooperatives utilize organizations operated by the cooperative principal such as CREA, Western United, and TSGT. CREA provides loss control personnel that help Colorado electric cooperatives strengthen and enhance their safety programs. Colorado is a leader compared to other states as far as implementing renewable energy resources. CREA is dedicated to representing Colorado electric cooperatives with the Colorado Public Utilities Commission, and other state regulators. Singer mentioned Redetzke is currently the vice president of the CREA board of directors. Directors serve to help communities, not for fame/fortune.

Old, unfinished or new business

There was no old, unfinished, or new business.

Questions

Erickson addressed comments and questions from consumers about: When will results of new rate study be available for member review? Consumer asked if SDCEA has help for people installing solar? Erickson explained SDCEA has the lowest revenue per member due to the percent of second, seasonal homes in territory not purchasing much electricity. Consumer complained about the service availability charge for each of his meters, he owns an RV park and has 64 meters installed. One member suggested full-time residents could pay a different rate than second homeowners. Another consumer does not like the idea of the Wildfire Mitigation Rate rider remaining in place "until SDCEA feels it's no longer necessary." Member appreciates the efforts of TSGT to bring on more renewable energy. The staff and employees were thanked for work members never see and reliability is appreciated. Erickson was asked if SDCEA will consider additional solar gardens in the service territory? Members would like the strategic objectives available on the SDCEA website. One member asked what the status of a Colorado House Bill that would allow electric cooperative to take advantage of tax rebates?

Door prize drawing

Drawings were held for one \$100 bill credit, two \$50 bill credits, four \$25 bill credits, and two \$100 gift cards from Western United. One lucky member won the raffle for an electric chain saw donated by TSGT. Raffle proceeds will go to the Shine Your Light charitable program.

Meeting adjourned at 12:30 p.m.

DIRECTORS

RURAL CHAFFEE/
LAKE COUNTY



Joseph Redetzke
CHAIR

AT LARGE



Dan C. Daly
VICE CHAIR

RURAL CHAFFEE/
LAKE COUNTY



Charles A. Abel II
TREASURER

CUSTER
COUNTY



Sandra Attebery
SECRETARY

TOWN OF
BUENA VISTA



Blake Bennetts
DIRECTOR

FREMONT
COUNTY



Nick Hellbusch
DIRECTOR

AT LARGE



Michael Robinson
DIRECTOR



ANNUAL MEETING JUNE 15

We cordially invite you to join us at our Annual Meeting June 15.

Taking place at beautiful Buena Vista High School, the annual meeting is an opportunity for SDCEA members to come together, hear the election results and learn more about what was achieved this past year.

Registration will begin at 9 a.m.
The meeting will begin at 10 a.m.

SEE YOU THERE!

COMPARATIVE STATISTICS

	2012	2021	2022
kWh purchased	113,975,847	137,258,119	141,441,592
kWh sold	103,318,403	125,737,690	129,252,174
Number of consumers	11,714	13,539	14,042
Miles of energized line	1,710	1,799	1,819
Consumers per mile of line	6.85	7.53	7.72
Average monthly kWh used per full-time residential consumer	624	716	719
Average monthly kWh used per residential consumer	555	614	614
Average monthly kWh used per part-time residential consumer	405	436	437

2022 HIGHLIGHTS

- In December 2022, SDCEA refunded capital credits to members who received service in 1997 and 2004. SDCEA credited bills on 3,738 accounts and sent 6,865 checks for a **total refund of \$239,080**.
- SDCEA **increased membership by 3.7%** in 2022, with a large portion of new members coming from the addition of property owners in Chateau Chaparral. SDCEA invested \$1.2 million connecting the Chateau Chaparral services to SDCEA's new safe and reliable system.
- SDCEA's kWh sales lagged in the first 10 months of 2022 primarily due to a somewhat **mild January – April**. Sales rebounded sharply when cold temperatures came in November and stuck around through December.
- SDCEA finished developing the next construction work plan outlining the capital infrastructure projects for the next four years. The approval of the work plan allowed SDCEA to apply for funding through USDA's Rural Utility Services (RUS). In December SDCEA received noticed that **RUS approved a \$26.8 million loan** to draw from over the next four years to fund the approved construction work plan.
- **Nearly 40% of SDCEA's power supply comes from renewable sources.** Tri-State is adding another 745 megawatts of solar generation by the end of 2024, and projects that by 2030 it will provide 70% renewable energy to its members.