

A LOOK BACK AT 2023

BY VIRGINIA HARMAN GENERAL MANAGER

December is a special time of year when we look forward to the holidays and the new year ahead, while also reflecting on the events of the year. For Mountain Parks Electric, 2023 was a momentous year.

I mentioned in November column the many 2023 transitions at MPE, such as new board members, new leadership (including me), continued power purchase agreement negotiations, and construction of a middle-mile fiber network. I want to share a little more about the power supply and fiber projects, and the completion of the Highway 125 Project, the new strategic plan, and some impressive statistics from our engineering and operations departments.

Even before my official start date at MPE, it was clear that negotiating a new power purchase agreement would be my top priority for 2023 and into 2024. This has proven to be true, and I am thankful for the support of our board and MPE management and staff. Again, our goal of partnering with a new power provider will result in improved rate stability and more flexibility to meet our members' needs into the future. We have made major strides in this transition, and we look forward to making an official announcement sometime in early 2024.

MPE's middle-mile fiber network was broken into two phases and has been five years in the making. Our final round of fiber testing wrapped up at the end of October, and the goal is to have three substations communicating over the fiber network by the end of this month. The time and effort we have invested in the middle mile fiber will prove to be more than worth it. This network will revolutionize MPE's management of the electric grid. It enables us to identify areas that need maintenance,

upgrades, or repairs. It will increase operating efficiency with faster and more accurate outage discovery and restoration. It provides us with the ability to potentially offer electrical demand response programs in the future. Finally, and most importantly to many of our members, it provides the capacity to help facilitate fiber to home internet service throughout the service territory. The partnership with the service provider will be announced in 2024.

Another reliability improvement to our system continues to be the undergrounding of power lines. In June 2023, Altitude Energy completed the Highway 125 project, which was the conversion of an overhead power line from steep hillsides to an underground power line along Highway 125. MPE staff secured FEMA funding to rebuild this line following the East Troublesome Fire.

Another priority upon my arrival to MPE was to facilitate updating the cooperative's strategic plan. In April 2023, the board, management, and representatives from Cooperative Finance Corporation decided on seven goals for the 2023–2026 Strategic Plan. The goals entail employee and public safety; retention and recruitment of high-quality staff; negotiation of a power supply contract; ensuring strong, safe, reliable, and secure systems; member satisfaction; financial strength and stability; and board and leadership education, training, and engagement. MPE management and staff from every department then worked over the next several months to outline tactics to schedule the completion of each goal. I will provide the board with biannual updates on our progress on the plan's goals and objectives.

Of course, many of the tactics in our plan are above and beyond our important day-to-day duties. A look at our engineering



VIRGINIA HARMAN

and operations statistics for 2023 is an example of how expansive and impressive those daily responsibilities can be. There were 190 new services completed from January 1–October 23 and another 133 in the process of construction, which does not include upgrades made to existing services. These totals are on par with the past four years of higher levels of construction. As mentioned, more lines are being moved underground. This year, we worked on 558 miles of underground lines along with 1,305 of overhead miles for a total of 1,863 miles. Despite our mountainous terrain, the efforts of our engineering and operations staff and lineworkers have kept our outage durations short. Electric power utilities use a reliability metric called System Average Interruption Duration Index. In 2022, MPE's SAIDI was 89.9 minutes. The average for the 12 reporting electric cooperatives across Colorado in 2022 was 134.819 minutes, according to the Energy Information Administration's recently released 2022 Reliability Report.

Looking back at this past year, momentous as it was, it only built upon MPE's mission to deliver safe, reliable, cost-effective, sustainable energy and services to better the lives of our members. As we ring in the new year, the positive momentum from 2023 is sure to carry over, if not accelerate, into 2024. I wish you all a very Merry Christmas and Happy New Year!

MPE IN THE COMMUNITY: RECENT DONATIONS



▲ (Left to right) Mountain Family Center's Aspen Bias, Alex Sidell, Missy Posey, Linda Crane, Stacy Starr, and Katie Stuvell receive funds for the Totes Weekend Food Program. Presenting the check are MPE Board Members Justin Fosha and Liz McIntyre, and MPE General Manager Virginia Harman.



▲ (From left) MPE Board Member Ty Wattenberg presents a check to North Park High School leadership class students Elizabeth Meza and Dezirae Gonzales with MPE General Manager Virginia Harman (right). The funds will go toward the school's new student lounge.

Mountain Parks Electric maximizes use of unclaimed capital credits to support donation requests for programs across the MPE service area. MPE is a Touchstone Energy Cooperative, which provides rebates, allowing MPE to sponsor community events. People in our communities who in need are also assisted through member contributions to Operation Round Up.

Recent MPE community contributions include a donation of \$10,000 to Mountain Family Center for its Totes Weekend Food program. A matching grant from CoBank's Sharing Success program brought the total donation to \$20,000. The Totes program serves youth ages 18 and under in East Grand, North Park, and West Grand school districts; the Winter Park Christian School; and all the libraries in Grand and Jackson counties. Mountain Family Center started Totes as a pilot program in the West Grand School District in 2014 to address the growing issue of weekend food insecurity among school-aged children. The program provides more than 30,000 totes annually to children across communities in Grand and Jackson counties.

According to Stacy Starr, executive director of Mountain Family Center, the Totes program is run primarily by volunteer support and requires an annual budget of more than \$125,000. "MPE and CoBank have graciously donated \$20,000 annually to support these efforts. Without their support, this program would not be possible at the current level," Starr said. "Thank you Mountain Parks Electric and CoBank for your continued support addressing food insecurity in our rural mountain communities."

MPE also recently donated to North Park High School's Leadership Class. The class needed funding for their new student lounge project and MPE donated \$2,500. The money will go toward a table, chairs, rugs, and other items to create a comfortable place for students to gather, sit, and relax. The space can also be used by the community for events, as approved by the school administration.

Other recent donations include funds to help buy sensory skill-building games and activities for Middle Park High School students; a bass clarinet for the East Grand Middle School band; a wrestling mat for North Park High/Middle School; and equipment and training for the Fraser Valley Mountain Bike Coalition Trail Stewardship Program.

This year, MPE event sponsorships included the Fraser River Valley Lions Club Golf Tournament, the Headwaters Center Rocky Mountain Yule Celebration, West Grand Booster Club Senior Photo Showcase, West Grand Homecoming Tailgate BBQ 5th Quarter, and North Park Heart and Soul Community Christmas Lighting Contest.

The Operation Round Up volunteer board of directors awarded three grant requests at its October meeting: East Grand Middle School was given \$7,320 for the purchase of new cheerleading uniforms to replace ones that had been used for 11 years; Granby Elementary School was given \$1,300 to purchase two rolling bike carts; and a family struggling with debilitating cancer treatments was given mortgage assistance.

If you need assistance for a community project or event, please find our Event Sponsorship, Donation Request, and Operation Round Up forms under the "Community" tab at www.mpei.com.

RISING POWER, OPERATIONAL COSTS FORCES MPE TO RAISE RATES IN 2024

As anticipated, Mountain Parks Electric has been notified by its power supplier, Tri-State Generation and Transmission, of an upcoming rate increase to begin in January 2024. Based on information received from Tri-State, MPE expects this increase to be 9%.

As such, during its August 10 meeting, the MPE board of directors voted to approve a rate increase beginning in January 2024 to offset the expected increased cost of power from Tri-State and the inflation of internal operating costs experienced since 2016. This rate increase will end a seven-year run of unchanged retail electric rates for MPE members.

The new rates will be divided between the monthly service availability, demand, and energy charges. This will result in a 9% increase to revenue. Full redline versions of tariff sheets for each impacted rate are available on our website at www.mpei.com/2024rates. For MPE residential members, the average monthly electric bill will increase by approximately \$10.97.

MPE's new rates that will begin in 2024 are comparable to the current rates of other Colorado co-ops with similar mountainous terrain. MPE's monthly service availability fee will be \$33.22, and the kilowatt-hour charge will be \$0.11737. Neighboring Yampa Valley Electric Association, headquartered in Steamboat Springs, has a monthly service availability fee of \$45 and a kWh charge of \$0.1110. Gunnison County Electric Association has a monthly service availability fee of \$35 and a kWh charge of \$0.13268.

"As a member-owned cooperative, our top priorities are to keep our rates as affordable as possible while still providing safe and reliable service. We recognize the financial pressures faced by many of our members and are thankful we have been

able to keep our rates flat over the last seven years, without increases, while inflation and other costs have risen," MPE Board President Liz McIntyre said. "We are now at a point that we must raise rates in order to ensure our operating expenses are covered, along with our continued commitment to excellent service."

Anticipating an increase in its wholesale power cost from Tri-State, the MPE Board and management started communicating to members in December 2022 regarding the need for upcoming rate increases. In February 2023, MPE communicated to members that the co-op would likely see mid- to late-year rate increases from Tri-State that would result in MPE raising retail rates prior to 2024.

Not only have the power supply costs increased for MPE since it last raised rates in 2016, but operational costs have also gone up by an average of more than \$1.8 million annually, or 13%. From 2020 to 2021 alone, MPE's non-power supply expenses jumped 7.5% due to the skyrocketing inflation affecting costs of materials and supplies.

"As we get closer to the effective date of our rate increase, I encourage any member who is struggling to pay their electric bill to reach out to our member services team. We can share information about energy assistance programs, efficiency tips, and potential weatherization steps that can help reduce your power usage," MPE General Manager Virginia Harman said. "We continue to take steps to ensure that we are conscientious of our controllable costs while still maintaining safe, reliable electric service. Additionally, we are still actively pursuing a new wholesale power supply contract in an effort to stabilize our cost of power, which is our single largest expense each year."

MPE will continue to share with members tips on how to save energy, cut costs, and find energy assistance resources for those in need. If you have questions or need more information, please contact MPE at memberservices@mpei.com or call 970-887-3378.



WAYS TO \$AVE

BY LINDSAY MCCANN
MEMBER SERVICE SPECIALIST

Holiday Home Savings

- When the baking is done, leave the oven door slightly open to release remaining heat into the kitchen.
- Turn down the thermostat when you have a house full of guests.
- Consider displaying outdoor decorations that don't use energy, such as wreaths, plastic lawn decorations, and snowmen.
- Turn off holiday lights at bedtime. Plugging them into a timer will do the job for you.

MPE RETURNS \$500,000 TO MEMBERS

This month, MPE will be returning \$500,000 to its members. MPE is a cooperative that is owned by the members we serve. We don't earn profits for investors, instead, we return our profits to YOU our member-owners. The \$500,000 reflects a portion of the margins earned from electric sales in 2022.

MPE strives to set rates to cover our costs of delivering power to your homes and businesses, to meet debt obligations, and to reinvest in our electric distribution system. Margins are created when our revenues exceed all operating expenses during the year. Each year, we allocate these margins back to the members as capital credits based

on how much electricity they purchased during that year. After capital credits are allocated, we retain them for approximately 20–25 years before they are returned to you through a capital credit retirement. These retained capital credits build equity for MPE, which is used for infrastructure improvements to ensure reliability and to keep rates low; equity helps minimize the amount of funds and loans needed to grow and maintain the grid.

Each year, the MPE board evaluates the financial health of the cooperative to determine what portion of capital credits should be returned to members through a retirement. Since 1977, MPE has retired

more than \$29,422,980 in capital credits to co-op members.

“Capital credit retirements are one of the many ways that MPE demonstrates the value of the cooperative business model. I encourage members who have any questions about their capital credit retirement to reach out to our member service department at 970-887-3378,” General Manager Virginia Harman says.

The capital credit retirements will be issued by check on December 1 if the amount is \$50 or greater, or on December billing statements as a bill credit for amounts less than \$50



ESSAY CONTEST

Attention High School Students: Boost Your College Applications

To enter the contest, submit an energy-related, 500-word or less essay, short video, or other project to memberrelations@mpei.com by **Friday, January 5, 2024**.

- 1st place prize: All-expense-paid, weeklong trip to Washington, D.C. (much more extensive than a traditional 8th grade D.C. trip)
- 2nd place prize: All-expense-paid, weeklong trip to Youth Leadership Camp in Clark, Colorado.

More information: mpei.com/scholarships-youth-programs.

Starting
January
2024

NEW NEWSLETTER



Plugged In will be a monthly newsletter distributed as a bill insert and digitally.

The newsletter will be replacing MPE's subscription to *Colorado Country Life*. This transition will be more cost efficient while still providing MPE news and updates to our members.