

San Luis Valley
Rural Electric
Cooperative & Cielo

Strategic Plan 2022-2027



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Introduction

To help ensure the delivery of reliable and cost-effective utility services, the San Luis Valley Rural Electric Cooperative and Cielo, a broadband services company, created a single five-year strategic plan for both operations. The plan affirms governance policies, sets corporate goals, and provides a roadmap for prioritizing projects and programs that will improve performance in an environmentally responsible manner.



Proud of Our History, Preparing for the Future

San Luis Valley REC

Founded in 1937, the San Luis Valley Rural Electric Cooperative (REC) is proud to be the second oldest electric cooperative in Colorado. We serve the counties of Rio Grande, Costilla, Saguache, Alamosa, Conejos, Mineral, and Hinsdale. More than 7,500 member owners work with our team to obtain power in their homes, schools, farms, and other small businesses. We maintain 81 miles of transmission lines, 2,147 miles of overhead distribution lines, and 531 miles of underground distribution lines.

The San Luis Valley is original to Colorado, surrounded by majestic mountain ranges cradling the state's most fertile valley at the headwaters of the historic Rio Grande — a spiritual center of indigenous American populations enhanced by a rich Hispano legacy; that today embraces a natural diversity as the essence of Colorado.

Today's consumers increasingly want to buy products and services from purpose-driven organizations that contribute to the greater good. That's a benefit some 42 million Americans receive as members of electric cooperatives, which always make the community their top focus.



Electric cooperatives, called co-ops for short, have a unique history and business model that sets them apart from other utility providers. In the United States, they began operating about 85 years ago when residents of rural areas struggled to get access to electric power. The existing privately-owned power companies lacked the financial incentive to run lines across long distances to areas with comparatively few customers. Therefore, with the help of federal loans, rural residents joined together to form their own electric providers—cooperatives—to generate, transmit, and deliver electricity to their homes, schools, farms, and other businesses all on a not-for-profit basis. In the simplest terms, a cooperative is a commercial enterprise that's owned by the community's residents, workers, and businesses.

By giving consumer-members an influential voice in their electric service, the cooperative model helps keep rates low. Excess annual revenue is held in reserves as capital credits. Those reserves are either re-invested in the cooperative for infrastructure, facilities, and other necessities, or they are returned to members over time.

Proud of Our History,
Preparing for the Future



Ciello Broadband Internet

To deliver to our members reliable internet connections to REC members and all Valley residents at cutting-edge speed, in 2012 the Board of Directors and CEO, Loren Howard, of San Luis Valley REC pursued their vision of further connecting Valley communities by developing a fiber optic broadband Internet service. After multiple feasibility studies throughout 2012 and 2013, Ciello initiated its first build in 2014 with the implementation of fiber-based Internet service to 20 homes. A vital economic development tool, Ciello's state-of-the-art network focuses on innovation and progress for our homes and businesses. Ciello offers high-speed fixed fiber optic broadband and wireless Internet service within 17 zip codes in the state of Colorado. The fiber service is currently available to approximately 10,000 homes and the wireless service is available to approximately 4,000 homes. In addition, there are numerous free public Wi-Fi hotspots throughout the Valley.

Proud of Our History, Preparing for the Future

Customer Engagement

When making decisions about resource allocation and service delivery, San Luis Valley REC and Ciello factor in the opinions and priorities of our customers. Over the years we have worked with industry experts to conduct focus groups and distribute surveys to better understand the community impact of our rate changes, customer services, and communications programs. These efforts are central to the development of our strategic plan and assisted in the development of our communication goals over the next five years.



Five-Year Strategic Plan

To help our Board of Directors and employees navigate the increasingly complex electric utility and Internet services marketplace, San Luis Valley REC and Ciello created a detailed five-year strategic plan. A team consisting of the Board of Directors and executive leadership team developed a roadmap for adapting to market conditions, infrastructure improvements, regulatory changes, and the evolving expectations of customers. Through the strategic planning process, the team examined our strengths, looked closely at our challenges and opportunities, and confirmed our mission and values.

San Luis Valley REC and Ciello believe we can play a more pivotal role in promoting the Valley as a premier destination for tourists and commercial activity, while maintaining our dedication to rural life. To continue our drive toward a reliable, sustainable future, the 2022-2027 strategic plan concentrates on four key strategic areas of focus:

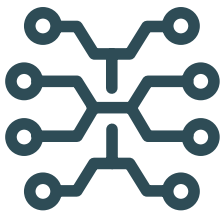
- 1. Workforce:** Attract, develop, and maintain a skilled workforce to promote growth and high performance
- 2. Reliability:** Reduce the impact of system interruption events
- 3. Financial:** Meet all financial metrics while providing affordable services
- 4. Communication:** Enhance trust and transparency through conversation and education

For each area of focus, the strategic plan sets specific goals. These goals include expanding our workforce development programs, integrating new technologies within system infrastructure, growing the Internet services customer base, and improving customer communication channels.

We are proud to be your cooperative! At San Luis Valley REC and Ciello, our core job is keeping the lights on and Internet services online and our passion is serving our members. Because we are a co-op, our purpose is to enrich the lives of our members and serve the long-term interests of our community. This service focus is at the heart of who we are.

Mission & Values

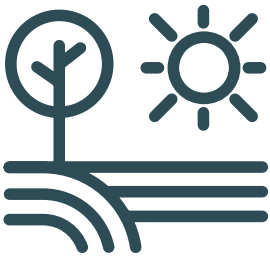
Central to San Luis Valley REC & Cielo delivering services and planning for the future is ensuring all efforts align with our enduring mission and values:



Technologically Innovative



Environmentally Responsible



Rural Life



Global Reach

Strengths, Limitations, Opportunities, & Threats

A key element of the strategic planning process is identifying San Luis Valley REC and Ciello's strengths in the marketplace, their limitations, and their opportunities through a SLOT analysis. The team balanced such issues as maintaining a forward-thinking culture, the challenges of attracting a workforce with advanced skills, the potential benefits of expanded EV use in the region, and the dangers of extreme weather to system infrastructure. A detailed analysis drove the development of the strategic areas of focus and business goals for San Luis Valley REC and Ciello.



Strategic Areas of Focus with Goals

To take advantage of its organizational strengths and address opportunities for growth and improvement, San Luis Valley REC and Cielo identified four areas of focus to serve as the framework for its strategic plan and established business goals for each of the four areas of focus.

STRATEGIC AREAS OF FOCUS	BUSINESS GOALS
Workforce Attract, develop, and maintain a skilled workforce to promote growth and high performance.	<ul style="list-style-type: none">• Hire a CEO by Q1 2023• Workforce development—leadership and technical training programs• Build a plan to promote the community and culture• Continue competitive compensation programs
Reliability Reduce the impact of system interruption events.	<ul style="list-style-type: none">• Implement risk mitigation plans for environmental, regulatory, and security• Advance infrastructure through the integration of technology• Implement an infrastructure monitoring program
Financial Meet all financial metrics while providing affordable services.	<ul style="list-style-type: none">• Implement a 4-year plan to fully allocate fixed and variable costs• Improve the equity to asset ratio• Pursue cost saving through internal efficiencies and external opportunities• Expand Cielo for positive net margin
Communication Enhance trust and transparency through conversation and education.	<ul style="list-style-type: none">• Improve customer communication channels, messaging, and interactions• Collaborate with local leaders to build a viable economic development program• Engage employees in process improvement and improve business acumen

Building Exciting Future on Foundation of Excellence

Above all, San Luis Valley REC and Cielo maintain the commitment to providing innovative, low cost, reliable, safe, and environmentally responsible electric and Internet services. We are expanding customer service programs, economic development efforts, financial management strategies, infrastructure, and employee training programs that ensure the organization is a top ranked cooperative. With the 2022-2027 Strategic Plan as the guide, San Luis Valley REC and Cielo will create action plans and chart a course for a successful long-term future.



Acknowledgments

On behalf of the members of San Luis Valley REC and Ciello, the Board of Directors provides guidance on overall direction and strategy. We thank the board members for their invaluable support of the organization and our community, and we thank our dedicated employees for their hard work and commitment to excellence.



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