

ANNUAL MEETING 2019



A big thank-you to Boy Scout Troop 307 for starting our Annual Meeting out right! The Presentation of Colors by the troop set the tone for a very informative and well attended meeting.

In attendance were 119 SLVREC members, with a total of 190 attendees. The following is a breakdown by director and county:

Carol Lee Dugan - Rio Grande County - 44 Members
Cole Wakasugi - Costilla County - 5 Members
Keenan Anderson - Saguache County - 41 Members
Kip Nagy - Mineral & Hinsdale County - 4 Members
Scott Wolfe - Alamosa County - 9 Members
Stephen Valdez - Conejos County - 6 Members

As this was an election year, both Mike Rierison and Wade Lockhart made their bids for the Member-at-Large director's seat. Ballots were tallied the day after the meeting and resulted in the seat going to Wade Lockhart.

We had wonderful presentations by both Anthony Lewis, last year's ASU Scholarship winner, and this year's recipient Aleceya Tolsma. These amazing students certainly make a compelling case for the San Luis Valley REC's scholarship program and for giving back to the community.



CEO Loren Howard presented on the new rate structure, and JoAn Waudby, CFO, reviewed the 2018 financials and projections for 2019.

There were many questions from the members on the new rate structure and various topics. We have included those questions and answers in this edition of the *Newsboy*.

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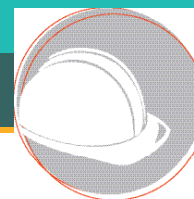
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ANNUAL MEETING FOLLOW-UP



Received statement date 5/15/19 service from 4/1/2019 – 5/1/2019 and was average \$40 over what I pay during that period. Says my average is \$0.54 ??? I have no dishwasher, dryer, air conditioner, washer. Just a hot water heater and refrigerator. All light bulbs are energy efficient. Oh, and I am only there 2 weeks a month. \$111.00 for 349 kWh?? ETS heater has been turned off from a low 60 degrees. Smart Meters? Thank you.

This requires one-on-one discussion with a comparison to review. Please call our office for further assistance at 719-852-3538.

You are taking approximately an additional ¼ million per month for line maintenance. You have done this for 2 months = ½ million. Does this additional 3 million per year legally have to be used for line maintenance??? Where have you used the ½ million you have taken already???

a. We are unsure how the 1/4 million per month is being calculated — those are not our calculations.

b. This is not a rate increase and not an overall increase in revenue. The wires and maintenance fee is now referred to as the customer charge which includes meters (costs & maintenance) and customer service. Costs change from time to time. The cost of service study looks at those costs and then reallocates appropriately.

Why are the rates increasing? Why are you charging premium on 15-minute peak usage? What happens with the money on the credit statement sent to the members?

a. Overall REC is not expecting to collect more revenue in 2019 than in 2018. For some members the bill went up and for some the bill went down.

b. In the industry, demand is generally calculated on a 15-minute period. Electric infrastructure has to be there to supply the demand at any moment. The 15-minute demand averages the peak demand of each meter on the system.

c. The credit statement referred to above outlines each member's equity in REC. It does not represent readily available cash. Capital credits are retired based on year-end margins.

How much new monthly/annual revenue has been generated since the roll-out of Ciello? How is the revenue being spent? (maintenance, growth, etc). What are the stated service standards for Ciello? Are they being met?

a. The total amount billed in May was \$261,841 so this is the anticipated revenue.

b. Any revenue is spent on maintenance and capital expenses for system build-out.

c. Peak usage is monitored to ensure that it does not exceed our backhaul capabilities.

Aren't some fixed costs unrelated to peak demand? Shouldn't some of fixed maintenance costs be assigned/added to usage charge?

a. No, infrastructure is built to handle demand at any given time. That equipment is sized and fixed for system demand.

b. No, we would not assign fixed costs to energy charges. Energy charges cover consumption.

How do I get the new billing rules as were outlined a couple newsletters back? I couldn't find the details online.

www.slvrec.com/content/electric-rates-rate-classes This will take you directly to the current rate tariffs.

When will we have access to broadband (fiber optics) in Capulin? At this time, we do not have an estimated date. We are working to build out our service as fast as we can.

Does co-op have any liability similar to PG&E in case of wildfire started by lines/workers/etc?

We have the appropriate liability insurance coverage. We also have a strong vegetation management program.

Our ETS heater now has a 10-hour period when it can not charge. What do we do on a cold winter day when the core level goes down to 0%?? Suggestions?

a. We are investigating some commercial demand controllers that have the ability to manage demand that may be helpful to those with ETS heaters.

b. Make sure that the heater is sized properly for the area you are trying to heat.

I am 1 of 5 parties that made reservations prior to the meeting but our names weren't on the "list" used by 2 people to verify "RSVP's". I suggest to Loren Howard that future reservations be made by ourselves on-line rather than spending manpower to make the verbal effort, which is prone to errors.

Our apologies for this confusion. We'll work on improving our efforts and are glad that you were able to attend the meeting.

Why would Keenan Anderson, our SLVREC rep, only meet with us if Loren were also present?

Mr. Anderson was simply trying to ensure that any of your questions could be reasonably answered. Mr. Anderson is always willing to meet with members at a mutually agreed-on time.

Are electric bills now figured on highest use during month? We use LED bulbs and energy efficient appliances. Bill is figured on dryer and water heater on at same time.

Yes, demand is billed on the highest 15-minute demand usage. Again, we are investigating a commercially available demand controller that can help control your demand based on settings the end-user establishes.

How is the new line item charge on our residential bill calculated? If I use my washer and dryer or dishwasher at the same time now, does it cost more?

a. Demand is calculated on the highest usage in a 15-minute period.



LOREN HOWARD

Help Us Keep Our Crews Safe!

Working with electricity can be a dangerous job, especially for lineworkers. In fact, USA Today lists line repairers and installers among the most dangerous jobs in the U.S. That's why for San Luis Valley REC, safety is the number-one priority. This is not empty talk. Over time, we have created a culture of putting our crews' safety and that of the community above all else.

Our mission is to provide safe, reliable and affordable energy to you, our members. Yes, we strive to deliver affordable and reliable electricity to you, but equally important, we want our employees to return home safely to their loved ones. This requires ongoing focus, dedication, vigilance — and your help!

Distractions Can Be Deadly.

While we appreciate your kindness and interest in the work of our crews, we ask that you stay back and let them focus on their task at hand. Even routine work has the potential to be dangerous, and it takes their full attention and that of their colleagues, who are also responsible for the team's safety. Distractions can have deadly consequences. If a lineworker is on or near your property during a power outage, for vegetation management or for routine maintenance, please allow

them ample room to work. These small accommodations help protect our crews — and you.

If you have a dog, try to keep it indoors while lineworkers are on or near your property. While most dogs are friendly, some are defensive of their territory and can't distinguish between a burglar and a utility worker. Our crews work best without a pet "supervising" the job.

We recognize that for your family's safety, you want to make sure only authorized workers are on or near your property. You will recognize SLVREC employees by their service trucks with our name and logo on them. You may also recognize our lineworkers because they live right here in our local community.

Slow Down and Move Over.

In addition to giving lineworkers some space while they are near your property, we also ask that you move over or slow down when approaching a utility vehicle on the side of the road. This is an extra barrier of safety to help those who help all of us.

BOARD OF DIRECTORS

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Your email will be forwarded based on the direction you provide in your subject line.

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b. The more appliances you run at the same time will create a higher demand.

What constitutes “liability”? Has there been many large changes in the commercial portion of the customer base? What constitutes a kWh load of “commercial”? What is general service time-of-day account? Claire

- a. We are unsure of what the context of liability is referring to in this question.
- b. No, the commercial customer base has seen very small growth.
- c. A commercial kW load would be load over 25 kW in accordance with our tariffs.
- d. This is a program the utilizes on and off peak management of electric usage. The Time-of-day rate is now available to all members under the general service and irrigation tariffs.

The radio said last week that Tri-state rates are 212% higher than competition. Can we by from a different supplier? That information is not accurate. SLVREC’s current contract provides that we purchase at least 95% of our wholesale power from Tri-State.

For more than 30 years, electric power utilities (including SLV REC) have been encouraging and subsidizing (through various rebate programs) that use of Energy Star rated and other reduced consumption electric components and appliances like CFL and LED light bulbs, more efficient and on-demand electric water heaters, and off-peak electric thermal storage heaters. In general, the purchase of these components and appliances was justified based on their service life and payback period – based on initial cost and savings over the life of the product.

Grid-tied Solar Photovoltaic systems were also encouraged through various local, state and federal programs, including substantial tax credits.

The recent changes to the SLV REC rate structure effectively obliterates the justification for all of these products by significantly reducing the cost of electric consumption and replacing this with a difficult to understand and manage peak demand fee. The payback period of Grid-tied solar Photovoltaic systems and Energy Star and other reduced consumption electric components and appliances has more than doubled. How can the management of SLV REC justify the new rate structure in light of the years of incentives and encouragement to reduce consumption?

We believe this will reduce demand and consumption. Demand is one of the largest drivers for building new transmission and generation. We, as users of electricity, will help minimize the installation of new generation and transmission by lowering demand which will help keep cost increases down.

Why are homeowners with PV systems being told to use electricity during the day when the sun is shining to avoid demand charges when other homeowners are told to use electricity in the evening when the overall demand is lower?

An installed PV system has the ability to manage demand. Peak times are noon to 10 p.m. and we encourage the least amount of demand/consumption during those times.

Is there internet access to Capulin yet?

Not at this time. We are working to build out our infrastructure as fast as we can.

Why not simply increase the kw rate – the demand charge does not encourage conservation?

See answer to #16. Same principles apply.

What is Phase 1 & 3-Phase, etc.? Can you give customers information in lay language?

Most residential accounts are single phase and large loads (above 25kW) accounts are typically three-phase. Three-phase power is more efficient in delivering electricity to larger loads.

How are customer service/billing/admin costs segregated between REC and Cielo?

Cielo and REC are accounted for separately.

Smart Meters – Why don’t gatekeepers or data collectors that meter reports to, not upload? Readings sometimes skip several days... How does that affect new billing?

Meters are scheduled to upload data every 6 hours. If a gate keeper is down, the meters continue to collect information and upload when they can. The fact that the meter might not upload every 6 hours does not affect billing. Energy is based on a reading at the beginning of the month and the end of the month and demand is based on the highest reading during the month which is maintained in the meter.

Hi! Question: Please explain your logic in demand metering. Explain how I’m being charged more and the only benefit is the REC doesn’t have to spend cash on infrastructure. Sounds like it is a big negative to the members.

a. Rates with a demand component more accurately allocates the cost between members.

b. On an annual basis, REC spends a lot of money on infrastructure maintenance replacing poles, wires, and transformers.

How will you explain to the membership the practice of allowing members to pre-pay accounts at year end with a credit card which does result in an expense to the membership? i.e. large farm accounts.

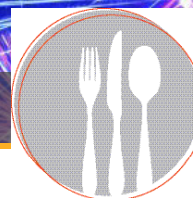
In today’s world, paying by credit card is a modern convenience offered by most businesses. Our company has negotiated a flat fee per credit card transaction instead of the typical percentage fee.

Can a member of the co-op sell energy back to the company through green technology? Private wind and solar?

Net metering is intended to off-set your own household usage.

Colorado legislation says REC must account for any excess generation and shall credit such excess generation to the customer-generator in a manner deemed appropriate by the cooperative.

RECIPES OF THE MONTH



INGREDIENTS

3 tbsp. chili sauce
3 tbsp. mayonnaise
1 tbsp. yellow mustard
1 tbsp. sweet pickles, chopped
1 (2-lb.) bag frozen potato tots
1 1/2 tbsp. olive oil
1 1/2 tsp. garlic powder
1/2 c. Parmesan, grated

Parmesan Tots With Dipping Sauce

Combine chili sauce, mayonnaise, yellow mustard, and chopped sweet pickles. Toss potato tots, olive oil, and garlic powder on a baking sheet; roast at temperature specified on package for 25 minutes. Toss with Parmesan; roast 3 to 4 minutes longer. Serve with sauce.

INGREDIENTS

1 tbsp. olive oil
2 cloves garlic, pressed
1 tbsp. chili powder
1/4 tsp. cayenne pepper
1 c. ketchup
3/4 c. bourbon
1/4 c. molasses
1/4 c. cider vinegar
2 tbsp. dark brown sugar
2 tbsp. Dijon mustard
1 tsp. Worcestershire sauce
Kosher salt
Freshly ground black pepper
8 1-inch-thick bone-in pork chops
(about 3 pounds total)

Bourbon BBQ Glazed Pork Chops

Heat oil and garlic in a medium saucepan over medium heat, stirring occasionally, until garlic sizzles (do not let brown), about 1 minute. Add chili powder and cayenne. Cook, stirring constantly, 1 minute.

Add ketchup, bourbon, molasses, vinegar, sugar, mustard, and Worcestershire sauce. Simmer, stirring occasionally, until slightly thickened, 12 to 15 minutes. Season with salt and pepper.

Heat grill to medium-high. Season chops with salt and pepper. Grill, turning once, until a thermometer inserted in the thickest part (avoiding the bone) registers 135°F, 10 to 14 minutes, basting with glaze (about 2/3 cup) during the last 4 minutes of cooking. Transfer to a platter and baste again. Serve with remaining glaze.



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POWERING A VITAL VALLEY

P.O. Box 3625
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July 2019



POWERING OUR COMMUNITY



SLVREC's office is open from 7 a.m. to 5 p.m.
Monday through Thursday.
The office is closed Friday through Sunday.

ENERGY ASSISTANCE

866-HEAT HELP (866-432-8435)

www.energyoutreach.org

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SCHEDULED MEETINGS

Board Meeting: July 30, 2019 @ 9:30 a.m.

The REC Board of Directors meets the last Tuesday of each month unless otherwise stated. Members are welcome.

This institution is an equal opportunity employer.

July 