

Energy

WISE

SAN MIGUEL POWER
ASSOCIATION, INC.

Your Electric Co-op Member Newsletter | December, 2009 | Issue #0004

In This Issue

- Notables: Budget - Where Your Dollars Are Spent..... 1
- LED Holiday Lighting 1
- SMPA Buys Local Hydro Power 2
- Summer Activities for Teens 2

Reminder to Members

New Office Hours

Nucla

Mon. - Thurs.
7am - 5:30 pm

Ridgway

Tues. - Fri.
7am - 5:30 pm

Look for our Holiday
hours in the Calendar
of Events on page 2.

Contact Us:

Nucla

170 W. 10th Ave
PO Box 817
Nucla, CO 81424
(970) 864-7311
Monday - Thursday; 7:00 am - 5:30 pm

Ridgway

720 N. Railroad St.
PO Box 1150
Ridgway, CO 81432
(970) 626-5549
Tuesday - Friday; 7:00 am - 5:30 pm

Toll Free: 1-877-864-7311

www.smpa.com

In the case of a power outage, contact your local SMPA office. If it is after hours you will be automatically transferred to dispatch.

Questions or comments?

Contact:

Becky Mashburn
Communications Executive
(970) 626-0212
energywise@smpa.com



SAN MIGUEL POWER ASSOCIATION

Exclusive Energy Cooperatives
The Power of Home Ownership

Notables: Budget - Where Your Dollars are Spent



BY KEVIN RITTER, SMPA GENERAL MANAGER

Employees at San Miguel Power are in the thick of budget season, taking the time to make sure your dollars are spent wisely. Yes, I mean YOUR dollars. San Miguel Power is a member owned, locally controlled electric co-op. That means that each and every member is part owner. Our assets are your assets. Our expenses are your expenses.

Who's a member? Anyone that receives electricity from San Miguel Power is considered a member. As a member of San Miguel Power, you can choose to run for a board seat. The Board is elected from the membership and charged with representing the needs of all co-op members. Therefore, the board is composed of the people that live and work in the very territory that San Miguel Power serves. That means that San Miguel Power is governed by our members and works for our members. As such, maintaining a balanced budget that reflects the needs and interests of our membership is essential.

As management begins to set the budget for 2010, it's important our members know the shape of SMPA's finances in 2009. First things first, we are definitely under budget. As of Sept. 30, 2009, our expenses are \$1.7 million lower than anticipated. Why? Obviously, the current economy plays a role. Staff was asked to carefully evaluate major purchases in order to conserve our members' resources, and there are vacant positions we elected not to fill. We also had fewer new members and fewer large projects than planned. In addition, our kilowatt hour sales are down, which leads to reduced wholesale power costs.

As with many businesses, our sales are down considerably for 2009. Through September 30 we sold 4.1 million kilowatt hours less than what we sold in 2008. That means that you, the member, used less electricity – a lot less. The economy could have caused members to cut back and change their lifestyles. We also believe the mild weather played a big part in the reduced usage. A mild winter kicked off 2009 throughout our service territory, and for the most part, that temperate weather stayed put. We'll soon see what this winter has in store. Another factor could be that our members and society are becoming more aware of the way they use electric power, moving toward energy efficiency and conservation.

Our revenues are down, but so are our expenses, and we're in good shape as we head into 2010. Our operating margins at the end of September are \$853,000 ahead of budget. While the last quarter of the year typically sees increased expenses, we are still confident the margins will stay ahead of budget through the end of 2009.

So, what's our budget plan for 2010? Good news - there is no anticipated rate increase. Our power supplier, Tri-State, has announced no rate increase, which made that possible for SMPA. The Board of Directors will review staff's proposed budget at a special meeting on December 7, 2009, with action scheduled for December 16. Some suggested 2010 budget items include setting aside \$400,000 for local renewable and energy efficiency projects and programs, equipping our lineman trucks with GPS and mapping technology, and updating an antiquated phone system. Remember, you have a say in where your dollars are spent. Contact your director representative and let them know what you'd like to see in 2010.

Brighten Your Holidays Wisely

Whether you're the neighborhood Clark Griswold or a modest decorator, when you're pulling out the holiday decorations this year, think about replacing your traditional holiday lights with something new – energy saving LEDs.

LED holiday lights use up to 75% less energy than the conventional incandescent strands. A product of the space-race, LED technology has long been used in common items such as digital clocks and traffic lights. They are composed of a solid, semi-conductive material (diode) that, when energized, gives off light. Hence the name, light-emitting diode.

Readily available, LED light strands are on the shelves at most local retail stores. A multi-colored 24 ft. strand will cost you just under \$30. Although incandescents run slightly cheaper, you'll make your money back in energy savings and life span. Incandescent strands last roughly 2,000 hours, and that's if you actually manage to avoid crushing a few bulbs under your feet while untangling the basketball sized knot. In contrast, LED strands are estimated to last 100,000 hours.

Another benefit to LEDs is their heat production, or rather, the lack thereof. LED lights strands are cool to the touch, reducing fire risk. The National Fire Protection Association reports an average of

250 Christmas tree fires and 170 home fires resulting from holiday or decorative lighting per year. Replacing incandescent strands with LEDs is just one way you can celebrate a safer holiday season.

Where can you buy LED holiday lights? The lights are readily available at most local retail stores, and you can find them in the holiday section of Home Depot, Wal-mart and Target. Check with your local stores first, as they may be able to place a custom order just for you. The New Community Coalition will also be selling LED holiday lights in partnership with local youth organizations. Visit their website, www.newcommunitycoalition.org, for more information.

LED's are easy to find, pocketbook friendly and energy efficient. So shine on all you Clark Griswolds, shine on.



LED holiday lights come in all shapes and sizes. They blink, chase and twinkle just as good as traditional lights while using 75% less energy.

SMPA Buys Local

SMPA Inks Contract with Local Hydro Power Facility

Snuggled between Ridgway and Ouray, CO is the small hydroelectric power plant, Coal Creek Hydroelectric, LLC. The plant has been in operation since 2000, putting locally generated renewable energy onto the grid for San Miguel Power (SMPA) members for the past nine years.

The power plant transferred hands in the fall of 2008, when Telluride locals, Shawna and Trevor LaBorde took over. That's not the only recent change. On October 1, 2009, SMPA signed a ten year contract with Coal Creek Hydro, designating the co-op as the primary power purchaser. Up Until September 30, 2009, Coal Creek Hydro sold its output to Tri-State Generation and Transmission – SMPA's wholesale power provider.

Essentially, the new contract eliminates the middle man. Instead of local energy being purchased by Tri-State and then transferred to SMPA, it will go straight to SMPA. On average the plant produces 340,000 kilowatt hours per year, but has been known to peak at 550,000 kWh in the past. The variation in production levels is due to many factors. Hydro power is often considered seasonal, and although Coal Creek produces year round, fall brings low water levels to Coal Creek, slowing electricity production. That trend will continue until runoff from the winter snowpack begins. Debris, such as leaves, tree limbs and even moss, can also impede production if it disrupts water flow through the intake valve.

The LaBorde's can't prevent the changes in seasons, but they can address the issues surrounding Coal Creek Hydro's intake valve. The couple recently upgraded the intake system in hopes of boosting production. The new system employs coanda screens, which use a tilted design that causes debris to fall from the screens without manual cleaning. Basically, that means the intake valve won't get clogged up as easily. There will be better water flow, which will mean better power production.

The contract between SMPA and Coal Creek Hydro states that the co-op will purchase all of the plant's electricity for the next ten years. In conjunction with this, SMPA also signed a 10 year agreement with Tri-State, which allows SMPA to purchase locally generated renewable electricity under their Policy 115. SMPA has a 100% Power Purchase Agreement with Tri-State, but Policy 115 authorizes SMPA to purchase up to 5% of their electricity from local sources.

SMPA will receive possession of all the Renewable Energy Credits produced by the Coal Creek facility, which will be applied to their Colorado Renewable Energy Portfolio Standard (RPS) requirements. The RPS for all Colorado cooperatives requires utilities to provide a certain percentage of renewable energy and/or recycled energy to members according to the following timeline:

- 1% of its retail electricity sales in Colorado for the years 2009-2011;
- 3% of its retail electricity sales in Colorado for the years 2012-2015;
- 6% of its retail electricity sales in Colorado for the years 2016-2020;
- 10% of its retail electricity sales in Colorado for the year 2021 and each following year.



Above: The new intake system at Coal Creek Hydro was installed in October, 2009 in hopes of boosting production and cutting down on manual cleaning. The new system uses self cleaning coanda screens that eliminate the need to scrape rocks and leaves out of the intake valve manually.

Calendar of Events

- **December 7, 2009**
Board of Directors Special Meeting
9:00 am, Ridgway, CO
- **December 16, 2009**
Board of Directors Regular Meeting
9:00 am, Ridgway, CO
- **December 24, 2009**
Christmas Eve
Nucla Office Closed
- **December 25, 2009**
Christmas Day
Ridgway & Nucla Office Closed
- **December 31, 2009**
New Year's Eve
Nucla Office Closed
- **January 1, 2010**
New Year's Day
Ridgway & Nucla Office Closed

Summer Trips for Teens

San Miguel Power Sponsors Summer Retreats for High School Juniors

The search is on. San Miguel Power is looking for local high school junior students interested in spending a week this summer in our nation's capital or nature's playground.

Each year SMPA sponsors one high school junior to attend the National Rural Electric Cooperative Association (NRECA) Rural Electric Youth Tour in Washington D.C. We also send one high school junior to the Colorado Rural Electric Association (CREA) Cooperative Youth Leadership Camp at Glen Eden Resort, near Steamboat Springs, CO. Each trip is a seven day adventure that focuses on helping the teens develop life-long leadership skills through experience and fun.

During the NRECA Rural Electric Youth Tour over 1,400 students from across the nation spend seven days touring our nation's capital, visiting historic landmarks and meeting their U.S. Senators and Representatives. They learn about the legislative process and issues facing

electric cooperatives. To cap off the trip, the teens dance the night away on a dinner and dance cruise down the Potomac River.

In stark contrast from the hustle and bustle of Washington D.C., the CREA Leadership Camp is held at Glen Eden Resort in Clark, CO. The mountain retreat is nestled just outside of Steamboat Springs in the Elk River Valley.

Here, students from Colorado, Wyoming, Kansas and Nebraska come together to learn about the cooperative business model. The teens form their own cooperative, electing board members and voting on various issues. NRECA representatives also host a role-playing activity where the students test their skills at being an elected official. Downtime is aplenty, allowing students ample time for play - volleyball tournaments, hiking trips, campfires and dances.

NRECA Rural Electric Youth Tour
Date: June 11 - 17, 2010
Application Deadline: December 15, 2009

CREA Cooperative Youth Leadership Camp
Date: July 11 - 16, 2010
Application Deadline: December 21, 2009

Download Your Application
www.smpa.com/community/programs.cfm

Interested students must complete an application and brief essay to be considered for either trip. Applications and a list of possible essay topics are available at your local SMPA office or online at www.smpa.com/community/programs.cfm. Students may apply for both trips; however a different student will be chosen for each program. For more information contact, Becky Mashburn, Communications Executive at (970) 626-0212 or becky@smpa.com.