

Proud of our past.



Prepared for our future.

**SAN MIGUEL POWER
2013 ANNUAL REPORT**

On the cover...

The people behind your power: For seventy-five years San Miguel Power has worked to bring affordable electricity to the rural communities in southwestern Colorado. Our power lines criss cross mountain passes, river valleys, alpine plateaus and desert canyons. But we're so much more than poles and wires. We're the hard working men and women below. We're your friends, neighbors and family members. We're coaches, volunteer firemen and ranchers. We're the people behind your power. And we want to say thank you for being our members. We're looking forward to another successful 75 years.





Message to the Membership

General Manager & Board President



Rube Felicelli
President



Kevin Ritter
General Manager

In 1938, George Wilson purchased the first membership in San Miguel Power for \$5. In the 75 years since then we've grown from one member to more than 13,000 accounts. Our power lines light up 3,600 square miles of rugged, rural western Colorado. And our membership has expanded from ranching and mining to include outdoor recreation and tourism.

We're proud of what we've accomplished in the past 75 years, but we know that the next 75 will prove just as challenging and fulfilling. Our founders persevered over investor-owned utilities that denied them service. They fought to plant our first pole in the ground. They banded together to lay the foundation for the San Miguel Power that exists today. We couldn't be more proud of our past. And we couldn't be more aware of the responsibility we have to be prepared for our future. In 2013 we continued to make progress while staying true to the cooperative spirit of putting our members first.

After successfully completing an equity management plan our board felt SMPA's financial condition was strong enough to allow us to begin returning capital credits again. We returned \$764,000 in capital credits to our members for the first time since 2000.

Our SMPA Community Solar Array hit its first full year in operation, producing almost 2 million kilowatt hours. The project also received national acclaim from Solar Power Generation USA. They awarded SMPA and our project partners the 2013 Best Solar Collaboration Award.

On a bittersweet note, SMPA's Board of Directors established a new academic scholarship in memory of former board member Wes Perrin who passed away from cancer in the spring of 2013. The Wes Perrin Memorial Scholarship will be awarded for the first time to Tanner Nelson, a 2014 Nucla High School graduate. The \$2,500, four-year, renewable scholarship is set up to fund the educational efforts of a deserving student who plans to pursue a college major and career in the energy industry. It is worth up to \$10,000 over a four year period.

Our members maxed out our renewable rebate program two months prior to the end of the year. SMPA was able to replenish the fund with a \$50,000 matching grant from the Clean Energy Collective, opening up an additional \$100,000 for our members for the rest of the year.

Those are just a few of the highlights from 2013. We also continued our work to cultivate open communication with our members, maintain a reliable and efficient electric grid and sustain a financially stable cooperative. SMPA again received national recognition for our communication programs. We will continue this work as we move past our 75th birthday and look to the future. San Miguel Power and its employees and board members are ready for all the opportunities headed our way.

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Your Board of Directors

San Miguel Power is a member-owned cooperative, meaning that you have a say in how we run our business. You are represented by a democratically elected representative who sits on San Miguel Power's Board of Directors. Your director is given the task of representing your needs and interests. He or she votes on issues such as rates, power contracts and company policies and helps set strategic goals. Directors serve four-year terms and elections are held annually for different districts. This year's annual meeting on June 17, 2014 will conclude the elections for the director seats in districts 3 and 6.

From L to R: Bob Justis D2, Jack Sibold D4, Marcus Wilson D6, Dave Alexander D3, Rube Felicelli D5, Doyleene Garvey D1. Not pictured Terry Rhoades D7.

Your co-op at a glance

	2010	2011	2012	2013
Meters	12,895	13,017	13,065	13,103
Miles of line	1,904	1,904	1,907	1,880
Meters per mile	6.77	6.84	6.85	6.97
Employees	63	60	60	60
Kilowatt hour charge	\$0.13023	\$0.13023	\$0.13023	\$0.13756
Avg. kWh per residence	806	835	774	820
Total kWh sold	194 million	195.6 million	186.4 million	194.5 million
Net metered accounts	91	112	137	154
Peak demand	48,518 KW	46,482 KW	45,370 KW	32,660 KW
Net margins	\$1,776,631	\$1,984,041	\$1,131,348	\$2,494,979

A Look Back at 2013

Paying it back

2013 marked the first time since the year 2000 that San Miguel Power was able to pay back capital credits to our members. SMPA is a member-owned rural electric cooperative, meaning that those who receive electric service from the co-op actually own a portion of the business. This entitles them to a portion of the co-op's margins and profits. Capital credits are one of the biggest factors that distinguish cooperatives from traditional for-profit utilities where profits are awarded to a set of investors or shareholders. In our case, our profits are allocated back to our members and are paid out on a delayed rotation when our financial position allows. In the past, SMPA's board has chosen to reinvest excess margins in the cooperative in order to improve and expand our electric system and build equity. Those decisions strengthened SMPA and put us in the position to return \$764,000 in capital credits in 2013.

Staying young at heart

Supporting our local youth through scholarships, educational programs and sponsorships is just how we do business. In 2013 we found a few new ways to keep this tradition going. In memory of long-time board member Wes Perrin who passed away from throat cancer in the spring of 2013, SMPA's board of directors established the Wes Perrin Memorial Scholarship. Perrin served on SMPA's board for 14 years, three of those as president. The Wes Perrin Memorial Scholarship is a \$2,500, four-year, renewable scholarship that is awarded to one deserving candidate who is pursuing a degree and career in the energy industry. The scholarship will be awarded to the winning applicant each year during the course of their studies, up to \$10,000.

We also worked closely with the Ridgway Elementary Positive Energy Committee helping them launch an energy research project. The committee tracked energy use in three elementary classrooms in an effort to identify the most effective ways for the school to save energy. SMPA was able to support their efforts through a donation to purchase LED lightbulbs and by helping the committee evaluate data.

Reaping the renewables

2013 marked the first full year of production for SMPA's Community Solar Array. The one-megawatt array is located in Paradox Valley, CO and boasts 4,784 panels. In 2013 it produced 1,999,158 kilowatt hours of electricity - enough energy to power approximately 215 average SMPA member homes. The array is community-owned, meaning that any SMPA member can opt to buy a panel (or multiple panels) and have their bill credited for the energy it produces. As of December 31, 2013, 28% of the array had been sold to our membership.

In stark contrast to the relatively new concept of community-owned solar, SMPA also purchases local energy from one of the oldest renewable sources around, hydropower. SMPA purchases the energy from Bridal Veil Hydro in Telluride, Coal Creek Hydro in Ridgway and Ouray Hydro in Ouray. Bridal Veil was built in 1907 and Ouray Hydro was pumping power to our region as early as 1885.



SMPA lights up the 2013 Elfin' Eve Parade.



Ridgway Elementary Positive Energy Committee.



Crews learn about new AMI equipment in the field.



SMPA Community Solar Array, Paradox Valley

Improving member engagement

Communicating with members used to be easy. Word-of-mouth and a few flyers were all we needed to spread information. But it's not 1938 anymore, and SMPA is continually working to expand the ways in which we talk to our members. In addition to our more traditional member newsletter and newspaper ads, SMPA has added a wide range of electronic communication. An improved website with online bill pay options, an active Facebook page, increased participation in local events and a more personal key accounts program are just a few of the ways we're working to keep you informed.

Building on our foundation

Throughout most of 2011 and 2012 SMPA was busy completing a territory-wide replacement of our meters. We swapped out our traditional electric meters for advanced meters, setting in place a foundation that allows us to use new technology to improve our distribution system. In 2013 we began building on that foundation. The advanced meters, also called AMI meters, now allow SMPA to remotely read meters for the majority of our members.

But the biggest impact our AMI meters had in 2013 was on you, our members. Our customer service representatives and member services personnel have been able to help members better understand when they are using electricity. The AMI meters provide hourly snapshots of how much energy is being consumed at a given location. Using this information, we've been able to work with members who have concerns about their energy use. We've helped them identify when they are using energy and provided solutions that can ultimately save them money.

Connecting with businesses, big and small

In 2013 we also saw a revival in our business community. Our commercial members, including big and small business and town and county governments, were interested in making their facilities as energy efficient as possible. With the advancement of technologies and the reduction in cost for products, commercial members were able to realize measurable economic benefits while saving energy.

SMPA advised local businesses on quality products and provided financial assistance in the form of rebates. More than \$15,000 was given to commercial members in the form of energy efficiency rebates in 2013. In addition, many of these members took their work a step further by educating their employees and consumers on using electricity responsibly.

2013 Rebate Report

Earnings through efficiency

San Miguel Power offers a variety of rebates that help offset the cost of making our members' homes or businesses more energy efficient. We also provide incentives that reduce the cost of installing renewable energy systems. In 2013 we awarded the following rebates.

Rebate	# Issued	Total \$
Water Heaters	11	\$1,100
Water Heaters lifetime warranty	3	\$825
Refrigerators	80	\$6,400
Freezer	2	\$160
Refrigerant Disposal	82	\$5,335
Dishwasher	73	\$4,380
Washing Machine	80	\$6,400
LED Tube Light	78	\$2,716
LED Bulbs	425	\$4,245.36
LED Small Bulb	38	\$190
Electric Vehicle	1	\$250
Motor	1	\$1,725
Variable Speed Dr.	11	\$5,300
Energy Audits	4	\$600
Insulate & Air Seal	8	\$16,388.20
Solar PV Residential	15	\$45,675
Solar PV Commercial	3	\$18,047.50
Community Solar	24	\$89,807.86
Solar Hot Water	3	\$4,210
Total Paid Back to Members		\$213,754.92



Matching funds for many of our rebate programs are provided by our wholesale power supplier, Tri-State Generation & Transmission Association.

GLANCE AT THE PAST

1935-2013

1935: Only 10% of American farms are electrified. President Franklin Delano Roosevelt signs the Rural Electrification Act, establishing the Rural Electrification Administration. The REA provided low interest loans to cooperative utilities for the construction of electric distribution systems in the rural U.S.



President Franklin Delano Roosevelt.
Library of Congress

Vanadium mill is built in Naturita.

1936: Grand Valley Power becomes the first electric cooperative in Colorado under the REA program.

1938: San Miguel Power is officially established with its headquarters in Nucla, CO to supply power to the farms and dwellings in the San Miguel Basin area. George Wilson purchases the first membership for \$5.



SMPA's original headquarters in Nucla, CO.

The first official board of directors meeting is held October 19.

Uravan is built as a model town by U.S. Vanadium Corporation.

1939: World War II begins. The Paradox Valley and San Miguel Basin are producing 60% of the world's supply of vanadium.

SMPA borrows \$139,000 to finance the construction of 116 miles of power lines in the rural areas of Montrose and San Miguel counties. Work commenced in January of 1940.

SMPA sets rates at \$3.25 for 40 kilowatt hours (kWh) or less. Next 40 kWh were \$0.05/kWh; next 120 kWh were \$0.025/kWh and more than 200 kWh was \$0.0175/kWh.

1940: Union Carbide and Carbon, a uranium and vanadium mining company, is founded in Nucla.

SMPA energizes the recently completed 116 miles of line.

1941: The U.S. enters World War II after Pearl Harbor is attacked. As a result, uranium and vanadium mining booms again along the Uravan



U.S. Navy battleships at Pearl Harbor on 7 December 1941.
U.S. National Archives & Records Administration

mineral belt as the government begins stockpiling uranium for nuclear weapons research.

San Miguel Power elects our first female board members: Imogene Fagan, Myrtle Cooper, Margaret Murphy and Vera Gamarra.

Pay for an SMPA chief lineman is \$0.80/hour

The power generation and transmission cooperative Colorado-Ute Electric Association is organized, but unable to move forward with its plans due to WWII. They cannot buy generation and transmission equipment during the war years. SMPA is one of the four founding members.

1943: The Manhattan Project, in strict secrecy, builds a new mill in Uravan to process vanadium tailings into uranium oxide or yellowcake. The yellowcake is sent to other parts of the U.S. and enriched into atomic bomb material.



The Manhattan District Uranium Mill site in Uravan, 1944.

Image used with permission from the Rimrocker Historical Society of Western Montrose County. All rights reserved.

SMPA joins the National Rural Electric Association (NRECA).

SMPA purchases the San Miguel Light and Power system of Norwood and connects it to their REA lines on August 2.

SMPA is one of 22 Colorado cooperatives that form the Colorado State Association of Cooperatives, later to become known as Colorado Rural Electric Association.

1950: Western Colorado Power agrees to sell San Miguel Power all the energy it needs to supply its membership. Initially Western Colorado Power had only agreed to provide 90 kilowatts, which was not enough to support the homes and mines in the San Miguel Basin.

1951: SMPA joins other co-ops to protest a rate increase from Western Colorado Power.

1952: Tri-State Generation and Transmission Association is formed by 26 rural electric co-ops.



SMPA officially joins Colorado-Ute Electric Association.

1953: Mining on the Colorado Plateau continues to boom, mostly due to the glamour of the uranium industry. However, hardrock mining is also proving profitable. Telluride and Rico, CO are enjoying peak silver and gold production.

SMPA partners with other Colorado co-ops to publish a statewide magazine that included SMPA news called Colorado REA News. The magazine would later become known as Colorado Country Life.

1954: SMPA adds 300 new

1955: Most of San Miguel Power is transferred to the Nucla Station power plant, centralizing near Nucla and the active uranium industry. Also, uranium properties in the early exploration or mining stage, there are a few active uranium operations in Naturita, Uravan and Rifle, CO.

SMPA experiences its first major loss as a result of a truck accident in

1959: Colorado-Ute Electric Association's Nucla Station power plant begins producing electricity.

1960: Telluride, CO is discovered by what the locals then referred to as "hippies" for its outdoor recreation. The area undergoes a transformation to a tourist area.

1961: Colorado co-ops are part of the Public Utilities Commission.

1968: Joseph Zoline founds SMPA, which opens four years later.

1970: SMPA is asked to contribute to the Montrose Electric Association.

SMPA holds beauty pageant. Karon Alexander is named Miss SMPA.

1972: Western Colorado Power and Light after struggling with power lines crossing mountains, agree to provide San Miguel Power with power.

First ski lifts open in Telluride.

Black Friday occurs: On December 10, the Department of Agriculture closes the loan program. NRECA succeeds in closing the loan program but interest rates are set with 2% hardship loans.

1973: SMPA changes bylaws to increase number of board directors to 11; 8 directors and 3 representatives.

1975: Utah Power and Light is forced to sell portions of Western Colorado Power's territory. San Miguel Power purchases the portion of the easement around Telluride, Rico, CO, Silverton, Ridgway and Colorado Springs.

1976: SMPA lineman wage is set at \$6.75/hr.

1979: SMPA studies possibility of merger with Grand Valley Power.

SMPA board approves an Energy Conservation Policy that encourages and promotes energy conservation.

members.

Power's members are cen-
Paradox Basin due to the
ng with hundreds of active
exploration, development
also five uranium mills in
n, Durango, Grand Junction

ork related fatality as a
Placerville Canyon.



Nucla Power Station.

ion, kick-starting the town's
and recreation destination.

put under the jurisdiction
ission (PUC).

s the Telluride Ski area,
r in 1972.

nsider merging with Delta
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t at their Annual Meeting.
Miss San Miguel Power.

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ain territory and failing to
with enough energy.

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sts rates increase to 5%

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district and 3 at-large

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ower. **A valley near Ridgway,
CO. SMPA aquired the
Ridgway area in 1975.**

nergy
nches SMPA's work to
n, energy efficiency and



advise members on heating, cooling and insulation.

1982: SMPA sells 730 acres of coal lands to Colorado-Ute Electric Association.

A local control bill passes that allows rural co-ops to hold elections to deregulate from the PUC. SMPA chooses not to hold an election at this time.

1984: SMPA changes bylaws so that all districts have an equal number of members.

SMPA holds May election to deregulate. SMPA members vote to not deregulate.

1985: Due to economic conditions, SMPA raises rates by 10%, cuts expenses by 10% and lays off workers.

1986: SMPA holds second election to deregulate from PUC in September. This time it is successful.

Uravan officially closes on New Year's Eve and becomes a superfund cleanup site, requiring the town to be completely destroyed. The project costs \$127 million.

Nucla Power Station is modernized with new technology called circulating fluidized bed combustion. Plant capacity is also increased to 100 megawatts.

1988: SMPA celebrates 50th anniversary at Annual Meeting. 263 members are present.



SMPA's 50th Annual Meeting of Members, Ridgway, CO.

1989: SMPA begins 4-day work week for employees.

1990: SMPA bylaw change cuts down number of directors to 8, eliminating the 3 at-large positions.

SMPA passes along a 7.9% rate increase from Colorado-Ute to its members in the cost of service charge, increasing it from \$8 to \$18.50.

An SMPA team competes at the first annual Lineman's Rodeo in Grand Junction, CO.

Colorado-Ute voluntarily files for bankruptcy.

1991: An SMPA board member, Jim Bedford, suggests there be no smoking in the board room. He receives no opposition.

1992: SMPA officially becomes a member co-op of Tri-State Generation and Transmission Association after Colorado-Ute is reorganized by Tri-State, Public Service of Colorado and PacificCorp.

Eric Jacobson purchases the Ouray Hydro Plant from Colorado-Ute for \$10.



Ouray Hydro Plant

SMPA sells property in Ouray and purchases property for facilities in Ridgway.

1993: The REA is restructured as the Rural Utilities Service (RUS) under the U.S. Department of Agriculture.

Tri-State dedicates the New Horizon mine in Nucla, CO. The mine delivers 400,000 tons of coal to the Nucla Power Station each year.

2009: With the help of SMPA, Tri-State, the Governor's Energy Office, and Beta LED, Ouray, CO becomes the first city in Colorado to have 100% LED street lighting.



SMPA journeyman lineman Jeff Shea installs an LED street light in Ouray.

SMPA makes changes to employee work schedules to keep doors open 5 days a week. Ridgway office begins working Tuesday through Friday and Nucla remains open Monday through Thursday.

2010: SMPA studies feasibility of merging with Delta Montrose Electric Association. Consolidation efforts are suspended in October.

2011: SMPA releases RFP for large-scale renewable energy project in the spring. The board selects the Clean Energy Collective to pursue a community-owned solar facility.

SMPA begins installing new Advanced Metering Infrastructure across its service territory, including new meters for its members. The co-op addresses numerous member concerns about health and security.

2012: SMPA and the Clean Energy Collective build one of the largest cooperative community-owned solar arrays in the nation. The one megawatt array is located on 5 acres in Paradox Valley, CO.



SMPA Community Solar Array

Darcy Weimer, an SMPA employee, becomes the only female cooperative journeyman lineman in the state of Colorado.

SMPA secures a power purchase agreement with Idarado Mining Company to buy the energy produced by Bridal Veil Falls Hydro in Telluride, CO.

2013: SMPA reaches 75 years in operation!



Tri-State Energy Cooperatives
The Power of Being Community-Owned

Scholarship Recipients

Every year SMPA awards academic scholarships to students who are served by the cooperative and are pursuing higher education. The scholarships are awarded based on overall academic performance, community involvement, student need and a brief essay. Recipients are selected by a panel of volunteer educational professionals through a blind selection process. The recipients for the 2013-2014 academic year are listed below.

San Miguel Power Scholarship

SMPA awards one, \$2,000 scholarship to one graduating senior from each of our area high schools.

Student	School
Morgan Rummel	Norwood
Tanner Nelson	Nucla
Bonnie Hansen	Ouray
Daxanna Pettit	Ridgway
William Custer	Silverton
Carson Brumley	Telluride

Tri-State Scholarship

Tri-State Generation & Transmission Association, SMPA's wholesale power supplier, allows SMPA to award two, \$500 scholarships to academically deserving students from across our service territory.

Student	School
Cirkine Sherry	Telluride
Tristan Purdy	Telluride

Basin Electric Scholarship

As a member of Tri-State, SMPA is also a member of Basin Electric Power Cooperative in Bismark, ND. Basin allows SMPA to select one student from across the service territory and award a \$1,000 scholarship.

Student	School
Morgan Rummel	Norwood

Wes Perrin Memorial Scholarship

In memory of late board member Wes Perrin, SMPA awards one, \$2,500, four-year, renewable scholarship to a deserving graduate from our service territory who is pursuing a degree and career in the energy industry.

Student	School
Tanner Nelson	Nucla

SMPA Scholarship



Morgan Rummel
Norwood



Tanner Nelson
Nucla



Bonnie Hansen
Ouray



Daxanna Pettit
Ridgway



William Custer
Silverton



Carson Brumley
Telluride

Tri-State Scholarship



Cirkine Sherry
Telluride



Tristan Purdy
Telluride

Basin Electric Scholarship



Morgan Rummel
Norwood

Wes Perrin Memorial



Tanner Nelson
Nucla

Our Employees

Years of Service as of 12/31/13

40 Years

David Kelly, System Planner

30 Years

Duane DeVeney, Construction/Maintenance Supervisor

25 - 30 Years

Rick Gabriel, Purchasing/Stores Supervisor

Paul Enstrom, Operations Superintendent

Sherry Spor, Accounts Payable Accountant

20 - 24 Years

Scott Davidson, Journeyman Line Technician

Frances Lendin-Graybeal, Customer Service Representative

Clint Colson, Lead Line Technician

15 - 19 Years

Claude Barrett, Journeyman Line Technician

Shawna Sinks, GIS Specialist

Lester Oltjenbruns, Systems Technician

Tammi Magallon, Plant Accountant

Marvin Walisky, Service Planner

Leif Karo, Lead Line Technician

Daniel Hubert, Journeyman Line Technician

Gay Carver, Billing Representative

Carla Reams, Manager of Administration & HR

Keri Kling, Staff Secretary

Dana Souther, Billing Representative

Renee Koski, Facility Maintenance/Custodian

Mark Castle, Journeyman Line Technician

10 - 14 Years

Gary Crawford, Mechanic

Grant Kennedy, AMI Technician

Jonathan Puderbaugh, Journeyman Line Technician

Preston Joseph, Journeyman Line Technician

Cal Rutherford, Manager of Finance & Accounting

Johnathan Smith, Journeyman Line Technician

5 - 9 Years

Penny Gabardi, Customer Service Representative

Mike Morlang, Equipment Technician

KJ Johnson, Journeyman Line Technician

Sam Purcell, Journeyman Line Technician

Bart Reams, Journeyman Line Technician

Eric Pottorff, Journeyman Line Technician

Brad Boulden, Lead Line Technician

Bob Coulson, Facility Maintenance Technician

Kim Nickolaus, AMI Technician

Jackie Sinclair, GIS Specialist

Coleman Summers, Journeyman Line Technician

Toni Bertorello, Executive Assistant

Tom McLeod, Journeyman Line Technician

Byrd Williams, Journeyman Line Technician

Darcy Weimer, Journeyman Line Technician

Kevin Ritter, General Manager/CEO

0 - 4 Years

Jeff Shea, Lead Line Technician

Becky Mashburn, Communications Executive

Brad Zaporski, Manager of Member Services & Marketing

Amy Sickels, Customer Service Representative

Terry Daley, Manager of Engineering & Operations

Scott Reed, Journeyman Substation Technician

Bill Riley, Staff Engineer

Becky Blankmeyer, Customer Service Representative

Ken Haynes, Key Accounts Executive

Cortney Loyd, Customer Service Representative

Joshua Hainey, Human Resources Assistant

Wiley Freeman, Energy Services Technician

2013 Retirements



Kevin Broderick began his 35-year career at SMPA in 1978 as an apprentice lineman. In 1984 he became a journeyman lineman and then a line foreman in 1988. He transitioned his career path in 1993 by assuming a role as a service planner. In 2001 he became the supervisor of service planning and remained in that position until his retirement. Kevin worked his career based out of the Telluride area and formed many lasting relationships along the way.



Patsy Tankersley began her 33-year co-op career as a meter reader at Intermountain Rural Electric Association (IREA) in Sedalia, CO in 1980. She worked at IREA for 14 years and spent another 12 at Gunnison County Electric Association, serving as both staking supervisor and interim engineering manager. Patsy joined SMPA in 2006 as a service planner and spent her 7-year tenure based out of the Ridgway office.

2013 Financials

Statement of Operations

Revenues	2013	2012
Residential	\$16,322,635	\$14,434,853
Commercial	\$11,759,403	\$10,858,447
Large Power Primary	\$0	\$0
Irrigation	\$138,014	\$133,199
Street Lights	\$66,504	\$60,654
Other Revenue	\$127,398	\$77,380
Total Operating Revenue	\$28,413,954	\$25,564,533
Expenditures		
Cost of Purchased Power	\$15,148,002	\$13,844,925
Transmission Expense	\$102,760	\$127,013
Distribution Expense	\$4,084,069	\$3,830,692
Consumer Accounting Exp.	\$1,167,693	\$1,209,701
Consumer Service & Informational Exp.	\$233,083	\$179,057
Sales Expense	\$389,969	\$359,139
Administration & General Exp.	\$2,177,235	\$2,298,941
Depreciation	\$2,349,350	\$2,314,063
Tax Expense	\$0	\$0
Interest Expense	\$1,271,028	\$1,374,143
Other	\$33,970	\$23,933
Total Cost of Electric Service	\$26,957,159	\$25,561,607
Margins		
Operating Margin	\$1,456,795	\$2,926
Non - Operating Margin	\$87,282	\$425,590
Capital Credits	\$1,164,282	\$702,832
Extraordinary Items	\$0	\$0
Net Margin or Patronage Capital	\$2,708,359	\$1,131,348

Where Your
Revenue Dollars
Come From



1.17%
Streetlights
Irrigation
Other

Comparative Balance Sheet

Assets	2013	2012
Total Utility Plant	\$73,443,704	\$75,516,647
Less: Reserve for Depreciation	\$24,635,552	\$25,396,901
Net Utility Plant	\$48,808,552	\$50,119,746
Capital Credit Investments	\$18,169,892	\$17,570,007
Other Investments	\$130,982	\$133,408
General Funds	\$4,218,149	\$2,905,469
Special Deposits	\$534,280	\$2,765,421
Accounts Receivable	\$3,123,304	\$2,857,492
Material Inventory	\$1,091,944	\$1,062,185
Prepayment & Other Assets	\$80,670	\$119,193
Total Assets	\$76,157,373	\$77,532,921
Liabilities & Equities		
Total Equities & Margins	\$41,969,569	\$39,978,278
Total Long Term Debt	\$27,145,266	\$26,579,712
Notes Payable	\$0	\$0
Current & Accrued Liabilities	\$5,365,843	\$5,902,798
Deferred Credits	\$1,676,695	\$5,072,133
Total Liabilities & Equities	\$76,157,373	\$77,532,921

56.19%
Cost of Power

15.53%
Operation & Maintenance

8.72% Depreciation

7.6% Admin. & General

5.20% Customer Accounting

4.71% Interest

2.06% Other, Directors Cost

Where Your
Revenue Dollars
Were Spent



Annual Meeting Minutes

June 13, 2013

1. Call to Order: The 74th Annual Meeting of the San Miguel Power Association members was called to order by Board President Rube Felicelli at 6:00 p.m. at the San Miguel Power Association offices located at 720 North Railroad Street, Ridgway, Colorado.

2. Introduction of Guests: President Felicelli introduced honored guests in attendance and the two director candidates from District 7. The SMPA Board of Directors, the General Manager/CEO, and General Counsel were introduced.

3. Determination of a Quorum: President Felicelli announced that a quorum of at least 50 members is required to conduct business. SMPA staff advised President Felicelli that 77 members were registered and in attendance at the meeting.

4. Reading of the Notice of the Meeting and Proof of Publication and/or Mailing thereof: Secretary/Treasurer Dave Alexander read the notice of the 2012 meeting and advised members that the appropriate legal notices regarding the meeting had been published in all newspapers within the service territory. He advised members that the notices were available for inspection if a member so wished.

5. Reading of the unapproved minutes of the 2011 Annual Meeting of the Members and the taking of necessary action thereon: The 2011 annual meeting minutes were published in the annual report. A motion was made and seconded from the floor to dispense with the reading of the minutes. The motion was voted and carried.

6. Treasurer's Report: The Treasurer's financial report was detailed in the annual report that was provided to all members in attendance. The report is also available to all members on the SMPA website. A motion was made and seconded from the floor to forgo the reading of the treasurer's report. No discussion was presented. The motion was voted on and carried.

7. President's Report, Rube Felicelli: President Felicelli welcomed members to the 74th annual meeting. He shared the theme of the annual meeting, "Livin' la Vida Local," emphasizing neighbors, friends and co-workers. He reported that the Board of Directors sets strategic goals each year and during their strategic planning session they came up with these three key areas they felt were very important from the responses of the member survey and management input: cost containment and rate stability, internal relationships and communication, and technology. He then gave an outline of the plans to achieve those goals.

President Felicelli then talked about the \$764,000 capital credits that were returned to members who had service in 1980, 1983, 1985, 1997 and 1998. The last time capital credits were retired was in 2000.

A video, "A Tribute to Linemen," was played as part of our employee thank you for keeping the lights on.

8. General Manager's Report, Kevin Ritter: Manager Ritter's report focused on the functionality and the condition of the co-op. He reported on the company's financial health and that for the first time, we missed our Operating TIER (Times Interest Earned Ratio) by 0.1 this year. The main reason for this was the significantly reduced kWh sales this year, most likely due to the mild weather. He reported that our internal expenses were down \$31,000 from 2011. He spoke about the rate changes implemented January 1, 2013, the increase of our access charge and how the cost of service study impacted the decision for those increases.

Manager Ritter talked briefly about our electric system and how our crews are constantly working to improve

reliability. He reported that the Nucla-Telluride transmission line was completed in December 2012 and the \$3,000,000 collected from the surcharge will be used to pay down the cost of the work order. He reported on the Construction Work Plan projects throughout the system and the process of transferring all high side facilities to Tri-State. SMPA received a notice from the U.S. Attorney that \$1.8 million will need to be reimbursed for fighting the Beaver fire near Norwood. This has been turned over to our insurance and SMPA has retained an attorney.

Technology enhancements continue and are part of our strategic goal. The Advanced Metering Infrastructure (AMI) installations are finished and staff is now focusing on the member benefits of this system. We continue to broaden our SCADA (Supervisory Control and Data Acquisition) system which allows us to control our electric system, gather data and help with outage response, safety and operations. We are working on expanding fiber communication network links between offices to improve our internal communications. Staff is researching an interactive voice response system for our internal phone system. This will allow members to easily make payments over the phone and access account data, as well as receive automatic notifications for planned outages and notifications of past due accounts. He also reported on our local green programs, energy efficiency programs and local renewable energy.

9. Colorado Rural Electric Association (CREA), Kent Singer: Kent Singer, CREA Executive Director, introduced himself and gave a brief overview of CREA. Their mission is to protect the interests of electric co-ops across the state of Colorado. They provide services to 22 electric distribution co-ops in Colorado that serve 70% of the state's land mass. The four basic functions of CREA are legislative, publications, safety and education. Mr. Singer described their different departments and pointed out the importance of the Loss Control and Safety Training Department which assists cooperatives in preventing injuries, saving lives, and complying with governmental regulations. CREA also monitors all state and national legislative activities and the Colorado Public Utilities Commission.

10. Unfinished Business: None presented.

11. New Business, Question and Answer Session: Questions were taken from the audience regarding Tri-State's energy costs, Tri-State's renewable energy contract, kWh sales forecast for 2013, and the access fee increase.

12. Meter Lamp Presentation to Director, Jerry Hoffer: President Felicelli presented an award to retiring district 7 Director Jerry Hoffer and thanked him for his 8 years of service as a director.

13. District 7 Election Results: Attorney Jim Link announced the district 7 election results. All ballots were verified and counted by the teller committee. Total ballots cast were 434. The results were Keith Meinert with 189 votes and Terry Rhoades with 227 votes and 18 ballots were spoiled.

14. Scholarship Award Announcements: Scholarship winners were announced.

15. Adjournment: A motion to adjourn the meeting was made and seconded from the floor. The meeting was adjourned at 7:10 p.m.



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