



Landscape of Opportunities

2025 ANNUAL REPORT

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Nucla

📍 170 W. 10th Ave., P.O. Box 817
Nucla, CO 81424
☎ 970-864-7311
TOLL FREE 1-877-864-7311

Ridgway

📍 720 N. Railroad St., P.O. Box 1150
Ridgway, CO 81432
☎ 970-626-5549
TOLL FREE 1-800-864-7256

Both offices open

Monday - Thursday 7:00 a.m. - 5:30 p.m.

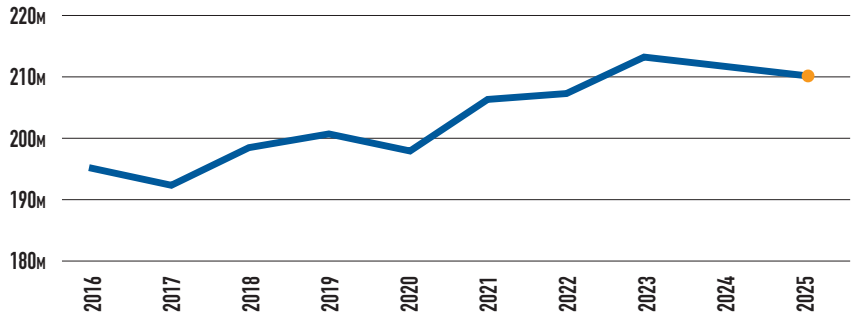
Online

🌐 www.facebook.com/SanMiguelPower
🌐 www.smpa.com

SMPA Mission:

It is the Mission of the San Miguel Power Association, Inc. to provide our members with safe, reliable, cost-effective, and environmentally responsible electrical service, while demonstrating both cooperative responsibility and support for the communities we serve.

SMPA Annual Sales kiloWatt-hours (kWh)



2025 SMPA At-A-Glance

15,499 🏠 Meters	164 📈 Avg On-Peak Residential kWh
58 👤 Employees	556 📈 Avg Off-Peak Residential kWh
1,890 🗺 Miles of Line*	802 🚗 Net Metered Accts
8.2 🗺 Meters Per Mile*	46,514 📈 Peak Demand (kW)
\$0.22 ⚡ On-Peak Residential kWh	1938 📅 Year Incorporated
\$0.11 ⚡ Off-Peak Residential kWh	Tri-State 📍 Power Supplier
\$28 🛠 Access Charge	7 📍 Counties Served:
213.6 ⚡ Million kWh Sold	Dolores, Hinsdale, Mesa, Montrose, Ouray, San Juan, San Miguel

*Varies depending on calculation method

Notice of the Annual Meeting of San Miguel Power Association, Inc

The 87th Annual Meeting of the Members of San Miguel Power Association, Inc. (SMPA) will be held at the SMPA Nucla office (170 W. 10th Ave. Nucla, Colorado) on the 4th day of June 2026. Members may attend in person or via virtual interface. A registration link will be provided on the association website, www.smpa.com. The business meeting will begin at 5:30 p.m. This meeting will be held for the following purposes:

- 01** The announcement of elected directors to the Board of Directors for District #3, covering parts of Montrose, San Miguel, Ouray, Dolores and San Juan Counties including Dunton, Norwood, Placerville, Rico and Sawpit; and for District #6, covering part of Ouray County including Ridgway and much of Loghill Village.
- 02** The reports of Officers, Directors & Committees.
- 03** Any other business that may properly come before the meeting.



2026 Message to Members

Across our service territory, the landscape stretches from high desert mesas to alpine peaks — diverse, resilient, and ever-changing. In many ways, today's energy industry mirrors that terrain. It is dynamic and complex, shaped by new technologies, evolving regulations, and shifting demands. At San Miguel Power Association (SMPA), we embrace this varied landscape with confidence. By leveraging new opportunities and thoughtful planning, we are working to secure not only reliable power, but a beautiful life on Colorado's Western Slope for generations to come.

In 2025, we concluded our third year of a strategic planning cycle. We are now scheduled to review and refresh the strategic plan to cover the next three years. Our strategic plan is a

disciplined framework that ensures we remain proactive rather than reactive. This approach allows us to assess long-term risks, prioritize investments, and align our work with the values of the members we serve. Strategic planning is not a one-time exercise; it is an ongoing commitment to transparency, accountability, and steady progress.

Reliability and resiliency remain at the forefront of our efforts. One of the most significant milestones of 2025 was completing our long-term vision for the Nucla to Norwood Tie Line. What began as a forward-looking concept has now become a reality. This critical infrastructure project will strengthen system redundancy, reduce outage durations, and enhance flexibility across our territory. At the same time, we intensified our grid hardening and wildfire mitigation work. From vegetation management to system upgrades designed to prevent wildfire ignition, these investments are about protecting lives, property, and the continuity of service our members depend on. (See pg. 4)

Financial stewardship has also been central to our success. As serving power has become more expensive, partially due to a substantial increase in rates from our largest single expense, the purchase of wholesale power, and partially due to extraordinary local circumstances, including a record-warm winter which led to a sharp drop in revenue, our preparedness has paid off. See pgs. 5 and 6 to see how careful budgeting, prudent use of deferred revenue, and matching fixed costs with fixed revenues have positioned SMPA to navigate uncertainty without compromising reliability or service.

Perhaps the most impactful move in creating financial stability was the introduction of a Time-of-Use rate structure that assesses different rates

for the recognized "Peak" and "Off-Peak" time periods, accounting for the demand-driven value of electricity during each period. Learn how SMPA, as well as its members, can use strategic timing of energy consumption to realize individual and system-wide benefits on pg. 8.

Looking ahead, grid modernization will remain a high priority. SMPA is committed to remaining at the forefront of new technology integration. Last year, we introduced On-Bill-Repayment options to help members finance energy improvements in an accessible and cost-effective way. We continue developing community microgrid opportunities that enhance local resiliency and provide backup power where it matters most. (Learn about it on pg. 7.) And we are continuing to pursue the prospect of building a local, utility-scale solar facility—balancing affordability, reliability, and environmental responsibility as we diversify our energy portfolio.

Beyond infrastructure, our cooperative is deeply rooted in community partnerships. We are proud to support initiatives that promote well-being across our region, from economic resilience to public health and wellness. On pg. 9, you can see how we are equally committed to youth opportunities that inspire growth and vision. By investing in young leaders today, we help ensure the Western Slope remains vibrant tomorrow.

As we move through 2026, we do so with gratitude for your trust and engagement. Together, we will continue navigating the evolving energy landscape — grounded in cooperative principles, strengthened by preparation, and inspired by the remarkable communities we serve.

The SMPA Board of Directors:

SMPA directors are elected from the membership, by the membership. They employ the CEO, set the strategic direction of the cooperative, and represent their fellow members in a fair and impartial manner.

DISTRICT **01** Tom Loczy

DISTRICT **02** Kevin Cooney

DISTRICT **03** Dave Alexander

DISTRICT **04** Toby Brown

DISTRICT **05** Rube Felicelli

DISTRICT **06** Valentine Szwarc

DISTRICT **07** Jake Kurzweil





The Landscape We Love (and the Technology that Protects it.)

Here on the Western Slope, breathtaking forests, alpine peaks, and open rangeland define both our quality of life and our responsibility. At San Miguel Power Association (SMPA), protecting that landscape means embracing innovation to reduce wildfire risk.

One powerful tool in that effort is SMPA's drone program. Originally launched to enhance system reliability and resiliency, drones also play a critical role in wildfire mitigation. Their speed, maneuverability, and relatively low operating cost allow our certified pilots to conduct multi-perspective line patrols, monitor tree encroachment, and use thermal imaging to detect overheating connections before they become hazards. Drones also provide rapid damage assessment and even early wildfire identification.

To further improve early detection, SMPA has also partnered with the Telluride Fire Protection District to deploy an advanced wildfire detection system, called PANO AI. This system utilizes four high-definition, 360-degree cameras, mounted at strategic high-altitude locations, to continuously scan vast stretches of county, state, and federal lands. Artificial intelligence identifies anomalies that may indicate smoke or fire. When detected, alerts are rapidly verified and shared with local fire authorities and regional dispatch centers—often before the first 9-1-1 call is placed. Recent updates allow for SMPA to verify incident proximity to our assets, including weather monitoring functions and wildfire warnings.

SMPA Operations is also testing other tools incorporating artificial



intelligence, which may be used to identify maintenance needs on SMPA infrastructure and to help in optimal planning of vegetation management priorities.

In addition to detection and planning, SMPA's technological investments include safer grid hardware. Non-expulsion (current-limiting) fuses are replacing traditional expulsion cutouts in fire-prone areas. Unlike conventional fuses that release hot gases and debris when clearing a fault, these devices limit fault energy and eliminate external discharge, significantly reducing the risk of ignition.

Together, advanced aerial inspections, AI-enabled fire detection and analysis, and modern protective equipment form a layered defense strategy—helping safeguard the landscape we love and the communities who call it home.



A Landscape of Opportunities

In addition to natural beauty, the landscape of the Western Slope offers its residents a less obvious benefit: the opportunity to provide power! We are living in a time when the energy contained in sunlight that bathes the open land, water that cascades down the rock faces and even underground vents that heat local springs, can all be harnessed to help supplement our energy needs.

Each of these technologies have an impact, and we—as stewards of our environment—must proceed with diligent research, and respect for each others' values. Nonetheless, the potential is here. As your electric cooperative, SMPA remains engaged with local organizations such as the Sneffels Energy Board,

EcoAction Partners and local geothermal initiatives.

Keep up with the discussions by keeping an eye on SMPA news at www.smpa.com and by reading Energywise, the newsletter that accompanies your monthly bill.





Solid Foundations: Grid Hardening with SMPA Operations and Engineering

San Miguel Power Association (SMPA) is continually investing in targeted upgrades that strengthen — or “harden” — the local electric grid against extreme weather, wildfire risk, and everyday wear and tear. Three important tools in that effort are enhanced fault protection, strategic conductor replacements, and the addition of mobile substation devices.

Fault protection acts as the grid’s rapid-response system. When a tree branch contacts a line or equipment begins to fail, advanced protective devices detect abnormal current and isolate the problem within fractions of a second. By quickly de-energizing only the affected section, SMPA reduces the likelihood of sparks that could ignite dry vegetation, while also minimizing the number of members impacted by an outage. One example protective device is the G&W Trident, a pad mounted vacuum interrupter that greatly improves our sectionalizing capabilities on SMPA’s circuits while



reducing the number of members impacted by underground faults.

Conductor replacements are another key hardening strategy. Over time, aging wire becomes more susceptible to breakage, sagging, and heat-related stress. SMPA is replacing older lines

with stronger, more resilient conductors designed to better withstand high winds, heavy snow, and temperature extremes. Newer materials also improve carrying capacity and reduce line losses, enhancing both reliability and efficiency while lowering wildfire risk associated with worn infrastructure.

Finally, **mobile substation regulators** add flexibility and resilience to the system. These transportable units can be deployed quickly during maintenance projects or unexpected equipment failures, maintaining stable voltage and keeping power flowing while permanent repairs are completed. In remote and mountainous terrain, that capability is especially valuable, ensuring critical services for communities as they experience fewer and shorter outages.

Together, these investments strengthen SMPA’s grid from the inside out — reducing risk, improving reliability, and safeguarding the landscape and communities members depend on.



Safety on the Roads

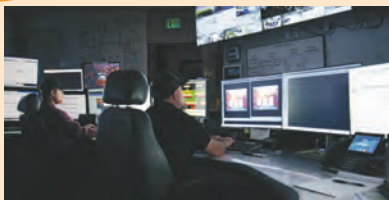
Part of maintaining a culture of safety, is remembering to celebrate when bad things *haven’t* happened. In this case, we recognize a safety milestone that affects not only SMPA employees, but all drivers and passengers who traverse the, sometimes dangerous, roads that wind through our varied landscape—nearly 360,000 fleet miles traveled in 2025 without accidents or major repairs! Credit goes to all drivers who take safe driving practices seriously, but also to the mechanics who keep up-to-date with important vehicle maintenance tasks and updates. We can’t count on the roads to always be safe; so, we have to count on each other. Great job, all!

Resiliency Realized: The Nucla-to-Norwood Tie Line Completion

The completion of SMPA’s long-planned Nucla-Norwood Tie-Line strengthens electric reliability in Norwood and western Montrose County. First envisioned in the early 90’s and built in phases to manage costs and permitting, the project replaces older copper wire with larger steel-reinforced aluminum conductor, improving capacity, safety, and durability. Most importantly, the upgraded line allows the Nucla and Norwood substations to back each other up during outages, reducing downtime and easing pressure on crews. The milestone reflects decades of planning, collaboration with contractors and members, and SMPA’s commitment to resilient, cost-effective service.



SCADA Improvements Create a Smarter, Faster, & More Resilient Grid



Operators at the 24/7 Regional Dispatch Center monitor SMPA’s network of power distribution devices at all times.

SCADA stands for **Supervisory Control and Data Acquisition**. It is a computer system that helps a power company watch and control the electric grid from a central location.

In 2025, SMPA made three major improvements to its SCADA system. **Feeder-level monitoring** lets operators see what’s happening on individual power lines, so they can

spot problems faster. **Remote access to substation relays** allows engineers to check equipment and fix settings without driving to the site. **Real-time control** lets operators turn switches on or off from a distance to reroute power during an outage. Together, these tools help restore electricity more quickly, improve safety, and make the power system more reliable.

2025 Financial Reports

Statement of Revenue, Expenses & Patronage Capital

REVENUES		2025	2024
Residential	58.65%	\$20,052,459	\$19,263,682
Commercial	37.50%	12,821,590	12,904,935
Irrigation	0.66%	226,239	213,118
Street Lights	0.17%	56,849	52,091
Other	0.59%	201,267	166,713
Deferred Revenue / (Revenue Deferral)	2.43%	830,000	430,000
TOTAL OPERATING REVENUE	100.00%	\$34,188,403	\$33,030,539

EXPENDITURES		2025	2024
Cost of Purchased Power	52.27%	\$17,366,969	\$17,186,395
Transmission Expense	0.28%	108,135	92,071
Distribution Expense-Operation	11.11%	3,705,941	3,653,644
Distribution Expense-Maintenance	6.59%	2,491,887	2,168,355
Consumer Accounts Expense	4.41%	1,444,901	1,448,835
Customer Service & Informational Expense	2.30%	784,658	757,841
Administrative & General Expense	10.43%	3,493,152	3,429,036
Depreciation & Amortization Expense	8.22%	2,802,290	2,702,123
Interest on Long-Term Debt & Other	4.35%	1,812,145	1,431,060
Other Deductions	0.03%	15,313	10,129
TOTAL COST OF ELECTRIC SERVICE	100.00%	\$34,025,391	\$32,879,489

MARGINS		2025	2024
Operating Margins		\$163,012	\$151,050
Non-Operating Margin		392,255	492,842
Capital Credits		973,568	1,415,399
PATRONAGE CAPITAL OR MARGINS		\$1,528,835	\$2,059,291



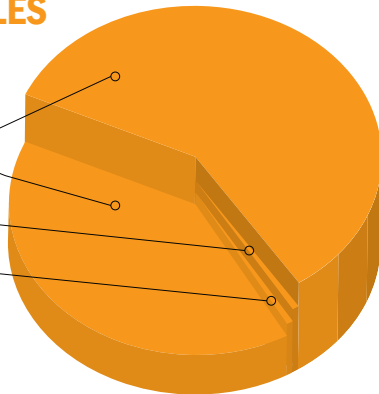
Comparative Balance Sheet

ASSETS	2025	2024
Total Utility Plant	\$128,252,207	\$115,831,959
Less: Reserve for Depreciation	(43,160,160)	(40,953,283)
Net Utility Plant	85,092,047	74,878,676
Reserve Funds & Investments	20,070,590	20,171,551
General Funds	1,965,654	2,485,538
Special Deposits	577,902	503,536
Accounts Receivable	3,567,497	3,575,972
Material Inventory	2,811,875	2,795,615
Prepayments & Other Assets	279,082	185,191
Deferred Charges	103,807	112,419
TOTAL ASSETS	\$114,468,454	\$104,708,498

LIABILITIES & EQUITIES	2025	2024
Total Equities & Margins	\$50,750,194	\$48,791,639
Total Long Term Debt	49,244,542	41,828,163
Current & Accrued Liabilities	10,212,950.00	8,784,154.00
Deferred Credits	4,260,768.00	5,304,542.00
TOTAL LIABILITIES AND EQUITIES	\$114,468,454	\$104,708,498

ELECTRIC SALES REVENUE

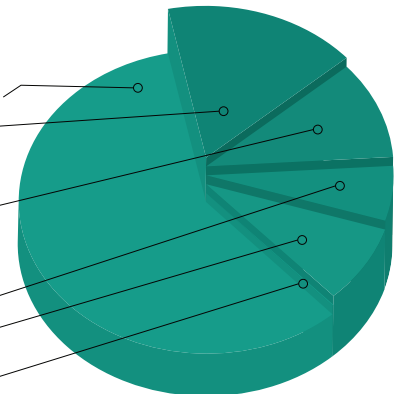
- 60.10% Residential
- 38.40% Commercial
- 0.70% Irrigation
- 0.80% Outdoor Lights & Other



Revenues by class. Values shown do not consider revenue deferral.

COST OF ELECTRIC SERVICE

- 52.27% Cost of Purchased Power
- 17.70% Distribution Expense-Operation
- 10.43% Administrative and General Expense
- 0.28% Transmission Expense
- 12.61% Other Deductions
- 6.71% Customer Service and Informational Expense





Electrify and Save

New On-Bill Repayment (OBR) Program Helps Members Switch to a High-Efficiency Lifestyle



Have you seen how new technologies like heat pumps, home batteries, smart thermostats and electric vehicle chargers are helping electric consumers attain greater energy value and flexibility? Have you heard stories about how clever consumers are using automation to shift their consumption to cheaper, off-peak hours? Do you think such technologies are out of reach for you? They're not! With SMPA's new On-Bill-Repayment (OBR) program, any member can access these tools.

SMPA, through partnerships with wholesale power supplier, Tri-State Generation and Transmission Association and the Colorado Clean Energy Fund (CCEF), is offering an on-bill repayment program to residents or business owners to install certain energy upgrades to their property at no upfront cost.

These upgrades are repaid via a voluntary tariff on their monthly utility

bill. The term "repayment" denotes that a third party, in this case CCEF, provides the upfront funding for the installation. In turn, SMPA will bill customers on a monthly basis to recover CCEF's costs over an agreed-upon timeframe. In many cases, the energy savings achieved through the newly installed measures is greater than the monthly repayment obligation, thereby saving customers money on their utility bill every month!

Not-for-profit utilities, SMPA and Tri-State Generation and Transmission Association, and 501(c)(3) nonprofit Colorado Clean Energy Fund are committed to giving Coloradoans access to energy efficient technologies and upgrades. Our OBR program addresses gaps in loan availability or approval, so members can access the funding they need to make clean energy improvements in their homes and businesses. We're empowering consumers to reduce their emissions and energy costs. Together, we'll Electrify and Save™!



SMPA Microgrid Initiatives - Reliability & Cost Management

San Miguel Power Association (SMPA) is deploying microgrids to enhance system resilience and manage power costs. A microgrid is a localized energy system that can operate independently from the main grid, allowing critical loads to remain energized during outages.

Beyond resilience, microgrids provide daily operational value. By pairing solar generation with battery storage, SMPA can store off-peak energy and dispatch it during peak demand periods. This peak-shaving capability reduces reliance on higher-cost wholesale power and helps stabilize member rates.

SMPA has installed microgrids at its Ridgway and Nucla facilities, where they support critical operations and reduce peak demand. Additional projects are being evaluated for communities such as Rico, Ridgway, and Silverton, with a focus on improving reliability in remote areas while delivering long-term cost savings.

These initiatives reflect SMPA's commitment to resilient, cost-effective energy solutions for its members.



REBATES	ISSUED 2025	TOTAL \$ 2025	ISSUED 2024	TOTAL \$ 2024
Electric Commuter Bicycle	22	\$3,300	27	\$4,050.00
Electric Water Heater Rebate	8	\$5,150	10	\$6,525.00
Energy Audit Rebate	7	\$700	2	\$200.00
EV Charging Equipment Rebate	21	\$8,059.64	27	\$9,479.60
Fridge/Freezer Disposal Rebate	9	\$780	12	\$855.00
Heat Pump Dryer Rebate	5	\$900	6	\$1,080.00
Heat Pump Rebate	50	\$98,364.50	38	\$61,822.70
Induction Cooktop Rebate	17	\$6,200	16	\$5,500.00
Outdoor Electric Power Equipment Rebate	46	\$8,362.68	65	\$10,722.35
Home Battery Rebate	7	\$5,250	3	\$2,250.00
Smart Thermostats Rebate	15	\$925	9	\$400.00
Solar PV Rebate	28	\$7,000	19	\$7,780.00
Thermal Storage ETS Rebate	1	\$180	1	\$216.00
Timer Rebate	1	\$125	n/a	n/a
Whole House Fans Rebate	1	\$200	2	\$400.00



The Silver Lining

Meet one of YOUR neighbors...



Meet your neighbor, John Sturdevant, who owns the Coal Creek Hydropower plant between Ouray and Ridgway and co-operates the historic Ouray Hydro plant with Eric Jacobson. John's early career built skills in welding, construction, and backcountry safety before he joined Jacobson. In 2014, he moved to Ouray to run both plants.

The Coal Creek plant, built in the 1990s using a turbine and generator from Utah, was refurbished by John and Eric to run year-round. It has 800 feet of head (the height water falls) and a capacity of 150kW. The Ouray plant, located in the Uncompahgre Gorge, uses highly acidic water from Red Creek that "eats the pipes before your eyes", Sturdevant notes. This larger 800kW system requires constant monitoring and maintenance.

Both plants avoid drawing water from fish habitats, minimizing environmental impact. Together, they generate enough renewable electricity for 400-500 homes, with peak production matching local demand—something solar without batteries can't achieve. Local generation reduces energy loss from long-distance transmission and supports the regional economy, as John relies on local businesses and expertise.

Monthly contributions from participants in the Totally Green and Green Blocks programs fund the SMPA Green Fund, which supports local renewable projects like John's and Eric's hydro plants, helping build a cleaner, more sustainable energy future for the community.



Timing Matters - How Microgrids Can Help

A Microgrid is kind of like an electrical "island." When it isn't receiving power from the surrounding distribution system, this network of poles, wires, batteries and generators can provide its own power. This has obvious resiliency benefits during a power outage, but microgrids can help all members on an everyday basis, as well.

A local microgrid with solar generation and battery storage can help lower pressure on electric rates by reducing the need for expensive power during peak demand. Solar panels typically generate energy off-peak. By storing that energy and deploying it during the peak, microgrids help utilities manage costs more effectively — which can benefit members through more stable rates.



Heat Pumps Heating Up



Last year, SMPA saw a 31% increase in applications for heat pump rebates. Perhaps it's no surprise. A heat pump has a lot going for it—especially in a climate like ours in western Colorado. Unlike a furnace that creates heat, a heat pump moves heat. In winter, it leverages warmth from outdoor air (even when

it's cold) and brings it inside. In summer, it reverses and works like an air conditioner.

Because it transfers heat instead of burning fuel, it can deliver 2-4 units of heat for every 1 unit of electricity used. Paired with good insulation and time-of-use rates, this technology can provide cost-effective year-round comfort.

Community Possibilities

SMPA Scholarships

As your local electrical cooperative, San Miguel Power Association understands the importance of helping our member/owners further the education of the youth in the communities that we serve. This year, a total of \$24,500 is going to help support the further education of these students. Thanks, also to Tri-State G&T and Basin Electric for their contributions!



Keaton Nelson - SMPA Ouray High School \$3000 Collegiate Scholarship



Drake Long - SMPA Nucla High School \$3000 Collegiate Scholarship



Charles Hornig - SMPA Telluride High School \$3000 Collegiate Scholarship



Kyra Redd - SMPA Nucla High School \$3000 Vocational Scholarship



Langston Silbergeld - Tri-State \$500 Collegiate Scholarship - Telluride



Rylan Jaramillo - SMPA Silverton High School \$3000 Collegiate Scholarship



Adelyn Gardiner - SMPA Ridgway High School \$3000 Collegiate Scholarship



Jean Carlos Varela - SMPA Silverton High School \$3000 Vocational Scholarship



Keira DeLuccio - Tri-State \$500 Collegiate Scholarship - Ridgway



Darcy Bray - SMPA Norwood High School \$3000 Collegiate Scholarship



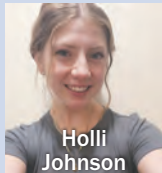
Sophia Scranton - Basin Electric Power Cooperative \$2,500 Scholarship - Ridgway

Youth Camp / Youth Tour Winners

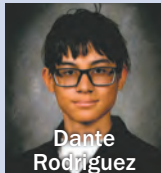
Congratulations to these sophomores and juniors who earned spots in the CEEI/CREA Youth Leadership Camp and National Rural Electric Youth Tour! These two amazing summer experiences are all-expenses-paid and offer leadership learning the cooperative way.



Rhett Wareham



Holli Johnson



Dante Rodriguez

Sharing Success Economic Development Grants

Each year, San Miguel Power Association, along with cooperative partner, CoBank, seeks funding opportunities that stimulate and enhance local economies. This year, these four awesome projects received grants of \$7,500 each.

The Projects:



Powerhouse Business Park Water Treatment Plant Upgrade:

A new 100-gallon-per-minute water filtration and chlorination plant will provide reliable treated water for fire protection, current users, and future growth — unlocking opportunity for businesses, artisans, and community programs alike!

Mountain Village to Valley Floor Connector Trail:

This proposed recreation and commuting trail will create a direct connection between Mountain Village, the Town of Telluride, Lawson Hill, and surrounding neighborhoods. It will encourage long-term economic growth, support a resilient workforce and sustain the thriving recreation-based economy.



The Baker's Park Trail System:

A visionary project working to construct 30 miles of multi-use, natural surface trails near Silverton, Colorado. Baker's Park will put Silverton on the map with other iconic mountain biking destinations, attracting a different tourist group and generating millions in spending that creates jobs and supports local businesses of all kinds.

West End Family Link Center

Committed to strengthening families by providing access to family resources and development services that support stability, resilience, and growth. WEFLC collaborates with many other business and non-profit agencies in order to access food goods from local farmers, assist with energy outreach, promote health, and support a local workforce.



Community Focus Donations

Service to our communities is an integral part of our mission. Through our Community Focus policy, we demonstrate our commitment to the communities we serve and strengthen our organization's connection to our membership. Congratulations to these and other community organizations that received donations from SMPA in 2025:

- EcoAction Partners - \$1,000
- Valley Food Partnership - \$1,000
- Ridgway Railroad Museum - \$1,000
- Palm Arts - \$1,000
- Unawep/Tabeguache Scenic Byway Council - \$1,000
- Telluride Nordic Association - \$1,000
- Nucla-Naturita Area Chamber of Commerce - \$1,000
- Norwood Parks and Recreation District - \$1,250
- West End Family Link - \$4,700

2025 Meeting Recap

SMPA 86th Annual Meeting

The 86th Annual Meeting of San Miguel Power Association (SMPA) was held in a hybrid format, with in-person participation at SMPA's Ridgway office and additional attendees joining virtually.

Scholarships were awarded to graduates from the Class of 2025, including recipients of Tri-State, Basin Electric, and SMPA programs.

Community-Focused Electric Service

SMPA Board President, Rube Felicelli emphasized SMPA's role as a steady, community-focused cooperative in a rapidly evolving energy industry. He reaffirmed the cooperative's mission to provide members with safe, reliable, cost-effective, & environmentally responsible electrical service and recognized the dedication of SMPA staff.

Tri-State Wholesale Energy Contract Update

CEO and General Manager, Brad Zaporski reported that the SMPA Board approved adopting new terms/language of the Wholesale Electric Service Contract (WESC) with Tri-State Generation and Transmission (Tri-State) without extending the contract beyond 2050. This gives the ability to participate in

Tri-State's "Bring Your Own Resource" (BYOR) program and proposed (pending FERC approval) an increase to the local generation cap from 5% to 20% of total load, though financial incentives have been reduced.

Financial Update

Board Vice President, Dave Alexander presented the Secretary-Treasurer's report. Revenues for 2024 exceeded \$32.3 million, member equity grew to \$47.5 million (up 1.7%), and all required financial ratios were met. The Board approved a \$1 million retirement of member dividends.

Time-of-Use Energy Pricing

Zaporski discussed the new time-of-use rate structure, with higher pricing from 4-9 p.m. to encourage off-peak usage. The change addresses previous peak-hour losses while supporting beneficial electrification and long-term financial stability.

Renewable Energy Initiatives

President Felicelli highlighted microgrid projects in Nucla and Ridgway, funded by \$4.5 million in Colorado Department of Local Affairs (DOLA) grants, along with an \$85,000 feasibility study for Silverton. He also announced a \$9.8 million federal grant for a 20-megawatt solar array expected to serve more than 5,000 homes.

Felicelli underscored SMPA's

commitment to community support and congratulated the Ouray Ice Park, the West End Economic Development Corporation (WEEDC), and the Town of Rico for receiving Sharing Success Economic Development Grants.

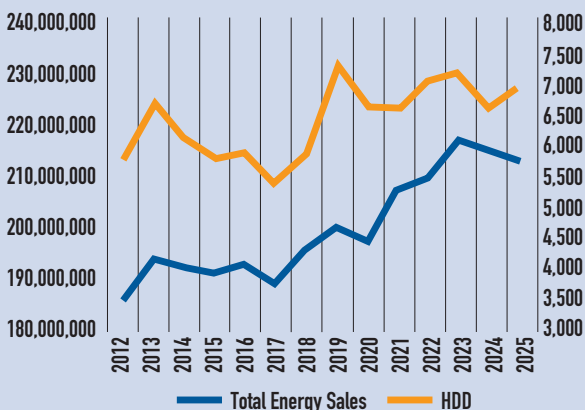
Questions and Closing

Audience questions covered local generation impacts, energy storage, rising costs, and vehicle-to-grid technology. The meeting concluded with recognition of retiring Director Terry Rhodes, confirmation of uncontested board seats, prize drawings, and adjournment.

An Opportunity for Understanding

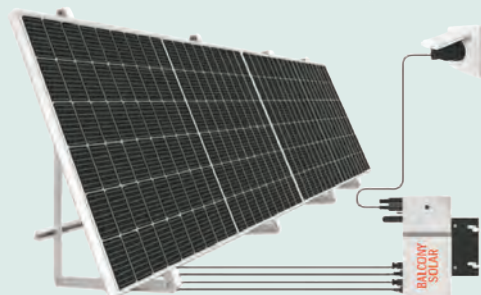
The cooperative's revenues affect all aspects of the business—from rates, to projects benefitting the membership, to community support and engagement. Given all this, it's important to know what affects revenues. The unequivocal answer is... the weather. View the graph below to see how SMPA's kWh sales track Annual Heating Degree Days (a measure of how cold a year was).

Annual Heating Degree Day (HDD) and KWh Sales Totals



On the Horizon

As a forward-thinking electric cooperative, SMPA has its eye on several emerging technologies that may lead to interesting improvements. Smarter, faster decision-making through AI-enhanced analysis and automated workflows will improve outage response and asset management. Community microgrids will boost resilience, keeping critical facilities powered during disruptions. So-called "Balcony solar" will empower more members—especially renters—to generate their own energy, increasing distributed generation and shifting the co-op's role toward grid orchestration, member engagement, and flexible energy management. Stay plugged in; it's an ever-changing landscape!





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1400 Independence Avenue, SW
Washington, D.C. 20250-9410;

(2) fax: (202) 690-7442; or

(3) email: program.intake@usda.gov

