



# SANGRE DE CRISTO ELECTRIC ASSOCIATION 2023 ANNUAL REPORT

## ENERGY FOR MOUNTAIN LIVING KEY ACHIEVEMENTS FROM 2023

*Sangre de Cristo Electric Association is pleased to present the 2023 Annual Report. Energy for Mountain Living illustrates our dedication to exceptional service and our vision of energizing the growth and prosperity of our cherished mountain communities.*

### RELIABLE ELECTRICITY AND FINANCIAL STABILITY

Following thorough deliberation, a **general rate adjustment — the first since 2017** — was approved by the SDCEA Board of Directors. This carefully considered adjustment, effective February 2024, was driven by a commitment to **ensure the reliability and resiliency** of our system and the **strength** of the cooperative's financial stability.

### MEMBER SERVICE

A major service accomplishment is the ongoing work of the **reconstruction of 19 miles of line**, from Howard to the Westcliffe area, which has **improved service and reliability** for members in Custer and Fremont counties. The project is also designed to decrease the number and length of outages in the area.

The **Wildfire Mitigation Program** has shown tangible benefits in **decreasing wildfire ignition risks and increasing service reliability**. In acknowledgment of these efforts, SDCEA **applied for a \$494,000 grant and received a grant award notification** from the Colorado State Forest Service for support of continued mitigation work in Custer County.

- Of the 750 miles of overhead line on the system, 264 miles needed mitigation when this project began in 2021. 127 miles of line have now been treated — roughly 49% of the project is now complete.
- The estimated project cost is \$9 million, \$4,864,378 has been spent.

In December 2023, SDCEA **refunded capital credits** to members who received service in 1997, 2004, and 2005. SDCEA posted credits to more than 3,800 accounts and mailed over 7,500 checks for a total refund of \$239,080.

### ENVIRONMENTAL STEWARDSHIP

**The power provided by SDCEA is reliable**

— **and getting greener and greener.** SDCEA supplies about 5% of power consumed locally via local generation, the remainder coming from Tri-State, for an average of roughly 40% of our power coming from renewable sources every day.

By 2030, Tri-State, our wholesale power supplier, plans to reduce greenhouse gas emissions by 89% in Colorado and 55% systemwide, from a 2005 baseline, with 70% of the energy Tri-State members purchase, including SDCEA, coming from renewable resources.

### COMMUNITY SUPPORT

**SDCEA Charitable Giving** programs are funded by unclaimed capital credit refunds, the Power of Change program, a matching grant from CoBank, and a small portion from operating revenue.

- In 2023, SDCEA awarded \$37,000 in post-high school college or trade school scholarships.
- SDCEA's Community Grant Program through Chaffee County Community Foundation, provided \$43,000 in funding and matching grants available for organizations that serve communities in Custer, Chaffee, Fremont, and Lake counties. These grants focused on community-based health programs; support of food, shelter, and human services; disaster preparedness and relief services; animal protection and welfare; and environmental and historical preservation.

### Other notable donations:

- Six first responder organizations were awarded \$5,000 in funding from the 2023 Community Grant Funds.
- \$7,000 in small cash donations were made to charitable community groups throughout the service territory in 2023.
- \$14,232 was spent supporting youth who

participated in junior livestock sales at four county fairs in the service territory.

- SDCEA's 44 local employees volunteer for numerous community events, significantly contributing to the enrichment of our community. Their dedication includes helping STEM students, coaching local sports teams, trail cleanup, emergency services, and generously donating their time to help those in need.

### MEMBER ENGAGEMENT AND VOTING

For the first time in our history, the cooperative **offered electronic voting**. This new approach to member participation was **embraced with enthusiasm**, as shown by a 7.38% increase in voting over 2022.

### LEADERSHIP

Following a nationwide search, **Gary Kelly** was appointed as **interim CEO**. Kelly was formerly Chief Operations Officer at the cooperative.

### LOOKING TOWARD THE FUTURE

A proactive step was taken to **apply for multiple federal grants available** for infrastructure improvements through the federal Grip II program, anticipating future community and infrastructure investments.

**SDCEA is working on a fresh strategic plan, with five emphasized goals** to enhance safety, proactively navigate the energy transition, design innovative rate structures, create a communications plan, and attract and retain quality employees.

#### MISSION

To safely provide reliable electric energy and services to power the lives of our members and our communities.

#### VISION

We will promote a positive cooperative culture to meet the needs of our members.

# OUR 2023 FINANCIALS



## IN MEMORIAM DAN DALY

The board of directors, staff, members, and community of SDCEA mourned the loss of a distinguished member of our family, Dan Daly, who died in 2023 after a battle with leukemia.

Dan had served on our board since 2016 with dedication, intelligence, and a collaborative spirit. He served as the treasurer of SDCEA at the time of his death and had also served previously as vice chair.

Beyond his invaluable contributions to SDCEA, Dan's leadership extended as board president of Western United Electric Supply, ensuring the material needed for our operations were met with meticulous care.

Dan's diverse background, from educator to law professional, reflected his advocacy for the leaders of tomorrow. His involvement with the SDCEA scholarship committee and foundational role in establishing wrestling referee programs across the state demonstrated his dedication to youth.

To honor Dan's memory and continue his legacy of community service, please consider donating blood or registering to be a stem cell donor through Be the Match.

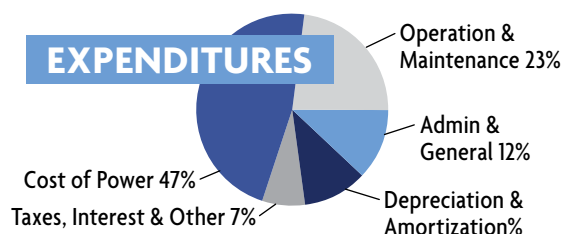
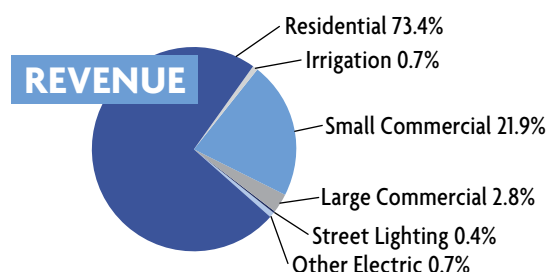
ASSETS	12/31/22	12/31/23
Total utility plant	\$76,915,589	\$81,578,885
Accumulated provision for depreciation	(26,428,938)	(28,674,708)
Net utility plant	50,486,651	52,904,177
Total other property and investments	11,944,209	11,952,228
Cash-general funds	1,954,383	892,816
Cash-special construction funds	1	1
Investments	368,405	342,800
Accounts receivable	2,649,725	2,518,177
Material and supplies	2,429,546	2,703,149
Prepayments	13,146	13,888
Other current and accrued assets	4,334	4,334
Deferred debits	1,395,047	1,541,475
<b>TOTAL ASSETS &amp; OTHER DEBITS</b>	<b>\$71,245,447</b>	<b>\$72,873,045</b>

LIABILITIES	12/31/22	12/31/23
Equities	\$5,662,542	\$6,429,181
Patronage capital	18,875,110	18,985,713
Long-term debt	39,007,689	40,176,956
Notes and accounts payable	1,897,378	1,640,410
Consumer deposits	561,203	566,963
Current maturities-long term debt	1,917,000	1,856,046
Other current and accrued liabilities	1,069,068	1,009,829
Regulatory Liabilities	1,420,783	1,546,838
Deferred credits	834,674	661,109
<b>TOTAL LIABILITIES &amp; OTHER CREDITS</b>	<b>\$71,245,447</b>	<b>\$72,873,045</b>

OPERATING REVENUE & EXPENDITURES	2022	%	2023	%
Residential	\$16,443,249	73.4	\$16,885,862	73.4
Irrigation	121,865	0.5	150,036	0.7
Small commercial	4,935,929	22.0	5,047,661	21.9
Large commercial	651,808	2.9	654,675	2.8
Street lighting	97,050	0.4	98,813	0.4
Other electric revenue	158,031	0.7	167,579	0.7
<b>SUB-TOTAL</b>	<b>\$22,407,932</b>	<b>100</b>	<b>\$23,004,626</b>	<b>100</b>
Revenue deferral out	(450,000)		(450,000)	
Revenue deferral in	450,000		450,000	
<b>TOTAL OPERATING REVENUE</b>	<b>\$22,407,932</b>		<b>\$23,004,626</b>	

EXPENDITURES	2022	%	2023	%
Cost of power	\$10,603,043	49	\$10,708,273	47
Operations and maintenance	4,981,499	23	5,287,587	23
Administrative and general	2,537,740	12	2,706,413	12
Depreciation and amortization	2,168,454	10	2,471,709	11
Taxes, interest and other deductions	1,437,599	7	1,485,819	7
<b>TOTAL COST OF ELECTRIC SERVICE</b>	<b>\$21,728,335</b>	<b>101</b>	<b>\$22,659,801</b>	<b>100</b>

Operating margins	\$679,597	\$344,825
Non-operating margins	36,348	382,151
G&T capital credits	0	88,047
Other capital credits	346,227	327,744
<b>NET MARGINS or PATRONAGE CAPITAL</b>	<b>\$1,062,172</b>	<b>\$1,142,767</b>



## TOTAL OPERATING REVENUE PER CONSUMER\*

**SDCEA: \$1,617**

**Co-ops of similar consumer size: \$2,541**

**Colorado Co-ops: \$2,518**

*\*(2022 statistics, 2023 comparative statistics not available at time of print.)*

# 235 NEW SERVICES

SDCEA added 235 new services in 2023, compared to 543 in 2022, when 310 services were added after completion of the electric service infrastructure rebuild in the Chateau Chaparral community near Buena Vista.



Net meter (solar, wind, or hydro generation) accounts increased to 733, up from 620 in 2022.



SDCEA has 1,843 miles (about half the width of the United States) of energized line, an increase of 24 miles in 2023.



Approximately 8 consumers per mile are on the SDCEA system.

## INVOICE

**MATERIALS \$2,339,188**

**SALES TAX \$188,742**

SDCEA purchased \$2,339,188 in materials, and paid sales tax totaling \$188,742 on those materials.



System Peak Demand in 2023, **30,760 kilowatts**, 7 a.m. January 26

System Lowest Daytime Demand in 2023 **9,700 kilowatts**, 2 p.m. May 9

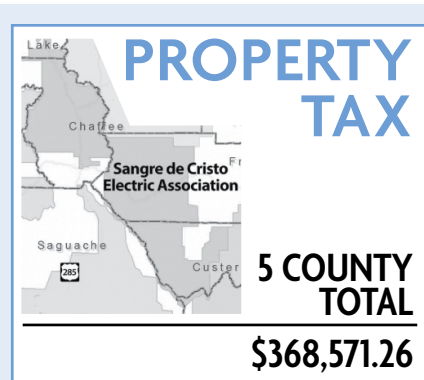


## SDCEA BOARD OF DIRECTORS

- **Sandra Attebery – Chair**  
Custer County representative  
attebery@myelectric.coop
- **Charles A. Abel II – Vice Chair**  
Rural Chaffee/Lake County representative  
abel@myelectric.coop
- **Blake Bennetts – Secretary**  
Town of Buena Vista representative  
bennetts@myelectric.coop
- **Dan C. Daly – Treasurer (Jan–Nov 2023)**  
At Large representative  
Currently vacant with the passing of Mr. Daly in November 2023.
- **Jeff Fiedler – Treasurer (Dec 2023)**  
At Large representative  
fiedler@myelectric.coop
- **Mark Boyle – Director**  
Rural Lake/Chaffee County representative  
boyle@myelectric.coop
- **Nick Hellbusch – Director**  
Fremont County representative  
hellbusch@myelectric.coop

## SDCEA MANAGEMENT TEAM

- **Gary Kelly, CEO** - gary.kelly@myelectric.coop
- **Sarah Crites, CFO** - crites@myelectric.coop



2023 total assessed property tax for 5 counties — \$368,571.26

**SDCEA has 44 full-time employees and 3 part-time employees.**

We serve more consumers per employee than our counterparts.

**SDCEA: 330 consumers/employee**

Colorado Co-ops: 314

Co-ops of similar consumer size: 288

Tri-State co-ops: 272

## COMPARATIVE STATISTICS

	2022	2023	
Kilowatt hours purchased	141,441,592	144,915,768	⬆️
kWh sold	129,252,174	132,483,489	⬆️
Number of consumers	14,042	14,213	⬆️
Miles of energized line	1,819	1,833	⬆️
Consumers/mile of line	7.72	7.75	⬆️
Average monthly kWh used per residential consumer, excluding part time residence	719	722	⬆️
Average monthly kWh used per residential consumer, including part time	614	614	—
Average monthly kWh used per account classified as part time	437	433	⬆️

**2023 ANNUAL MEETING MINUTES****83rd ANNUAL MEETING MINUTES**

June 15, 2023 | BUENA VISTA, COLORADO

The 83RD Annual Meeting of the members of Sangre de Cristo Electric Association, Inc. (SDCEA) was called to order by Chair Joseph Redetzke at 10 a.m. on Thursday, June 15, 2023, at Buena Vista High School, Buena Vista, Colorado.

**Invocation**

Redetzke introduced Matt Shepherd to give the invocation.

**Pledge of Allegiance**

Redetzke led the Pledge of Allegiance.

**National Anthem**

Redetzke introduced Dawn Hollenbeck to sing the National Anthem.

**Quorum requirements**

SDCEA Attorney Casey Martin reported quorum requirements are 50 members registered in person. 65 members were registered. Martin declared a quorum present.

**Close registration**

Martin closed registration at 10:12 a.m.

**Annual meeting notice, certificate of mailing**

Martin presented the annual meeting notice and certificate of mailing. Martin reported the meeting notice was mailed on May 1, 2023, to all members of record addressed according to information on file, as of the date of record of April 13, 2023. He presented the 2022 annual report and noted it was distributed in the June 2023 issue of *Colorado Country Life* magazine. Of 11,926 eligible to vote, 2,687 ballots were cast (22.53%).

**Introduce director nominees**

Martin introduced director nominees.

Uncontested Candidate for Town of Buena Vista:

- Blake Bennetts (incumbent)

Contested Candidates for Rural Chaffee/Lake County:

- Joseph Redetzke (incumbent)
- Mark Boyle (candidate)

Contested Candidates for At Large:

- Michael Robinson (incumbent)
- Jeff Fiedler (candidate)

**Election of directors**

Martin reported that the Rural Chaffee/Lake County results were as follows: Redetzke with 890 (33.6%) and Mark Boyle with 1,761 (66.4%). At Large results were as follows: Michael Robinson with 977 (37.0%) and Jeff Fiedler with 1,664 (63.0%). Boyle and Fiedler are elected to three-year terms.

**Minutes of the 82nd Annual Meeting**

Martin entertained a motion to dispense with the reading of the minutes of the 82nd annual meeting held June 9, 2022, and approve them as written. Motion was made and carried.

**Introduce directors & Interim CEO**

Redetzke introduced directors present. Vice Chair Daly addressed the members, welcoming newly elected directors and thanking outgoing directors. Abel, Attebery, Bennetts, Robinson, and Hellbusch each addressed the members present. Redetzke introduced Gary Kelly, Interim Chief Executive Officer (ICEO). Redetzke turned the meeting over to Daly who introduced newly elected directors Boyle and Fiedler.

**Introduce Guests**

Suzy Kelly, Phil DeLuca, and Geoff Gerk former SDCEA board members. Tri-State representatives: Duane Highley, CEO and Michelle Pastor, Member Relations Manager; CREA representative: Kent Singer, Executive Director; and Western United Electric Supply representative: Brandon Kibler, Account Manager.

**Board Chair & Interim Chief Executive Officer report**

Redetzke outlined the future trajectory of SDCEA, emphasizing the crucial task of finding a new CEO to lead the cooperative forward. The Board has enlisted the support of NRECA to aid in this search. Despite this transition, addressing SDCEA's rates remains a priority, highlighting that business must continue uninterrupted. Strengthening relationships with members, including seasonal and second homeowners, is paramount, acknowledging that challenges extend beyond technical and financial realms. Member surveys have been conducted to glean valuable insights and better understand member needs and expectations. SDCEA is committed to advancing initiatives for member welfare, guided by a vision of a responsive, sustainable, and member-focused cooperative, grounded in honesty, accountability, and thorough analysis by its directors.

Active participation from all members, not just specific interest groups, is vital. SDCEA offers various avenues for engagement, including social media platforms and direct office contact. Listening sessions will be scheduled throughout the year to foster member-SDCEA interaction.

Kelly recounted the impact of a recent heavy snowstorm, which caused damage to 12 power poles. Despite the challenges, SDCEA employees replaced the poles within nine hours, aided by office staff maintaining operations. Emphasizing proactive measures, Kelly discussed aggressive tree trimming efforts to mitigate risks posed by trees to electric lines, such as property damage and safety hazards.

SDCEA prioritizes affordable energy usage while incorporating new technologies sensibly to avoid undue financial burden on members. The cooperative is actively pursuing grants to support the implementation of new technologies without imposing excessive costs on members.

The SDCEA staff constitutes the cooperative's backbone, with ensuring employee safety as its foremost duty. The directors and management prioritize this by furnishing necessary tools and investing in professional growth. Equipping employees for effective and, crucially, safe work enables SDCEA's progress and adoption of innovative technology. This positions us as pioneers in energy innovation.

**Treasurer's report**

Abel presented the Treasurer's report, focusing on the financial data from 2022 as outlined in the annual report. The year experienced mild temperatures until its conclusion, with 90% residential and 40% second home occupancy. Notably, SDCEA reported the lowest sales in the state. An increase in electric bills was attributed to the Wildfire Mitigation rider, with related statistics available on our website. The rider will be discontinued upon completion of the associated work. Loans from USDA RUS were secured for infrastructure development, motivated by favorable interest rates and the aim to uphold fiscal responsibility. Equity undergoes annual review by the board and is returned or retired to members as capital credits. In 2022, a total of \$239,080 was distributed back to members.

**Power supply report**

Abel introduced Duane Highley, CEO of Tri-State Generation & Transmission (TSGT), during the power supply report. Highley highlighted TSGT's extensive service area, spanning 200,000 square miles from Montana to the Mexican border. He emphasized the pursuit of clean, uninterrupted power generation, particularly through geothermal projects, with a focus on locations like Chaffee County. Reliability remains paramount, though increasingly challenging, while affordability ranks as a close second priority. Managing costs is crucial, especially in remote areas where providing service to consumers proves challenging due to low population density. Notably, TSGT has not implemented a rate increase since 2017. Tri-State projects a 6.6% increase for 2024, despite efforts to cut costs by \$1 million. By 2025, TSGT aims to source 50% of its energy from renewable resources and is in the process of shuttering coal plants in its territory. The company has committed to an 80% reduction in emissions, and with federal funding will actually achieve an 89% reduction despite increased power usage. Notably, Kit Carson Electric Cooperative left TSGT to pursue faster renewable energy adoption, achieving 100% renewable energy during the day. However, they face challenges in meeting nighttime demand, currently sourcing only 30% from renewables during those hours. In contrast, TSGT already provides a significant portion of its energy from renewable sources, peaking at 70% last month. Remaining with TSGT accelerates the transition to higher renewable energy proportions. Departing cooperatives may anticipate cheaper power but often face rate increases post-exit, while those remaining with TSGT have maintained stable rates.

**Colorado Rural Electric Association report**

Kent Singer, Executive Director of CREA, heads a trade association comprising 21 member cooperatives. The association offers various services to Colorado co-ops, including communications, director education, safety programs to ensure the safety of co-op line crews, and legislative advocacy to prevent cost increases for members. CREA also focuses on resource adequacy, ensuring consistent power supply, and meeting new reporting requirements to governmental offices, a bill they supported. Additionally, they opposed a consumer protection bill that was deemed excessive, which fortunately did not pass. Singer also acknowledged Redetzke's contributions to the CREA board.

**Old, unfinished, or new business**

There was no old, unfinished, or new business.

**Questions**

Kelly opened the floor for questions from the members.

**Door prize drawing**

Drawings were held for one \$100 bill credit, two \$50 bill credits, four \$25 bill credits, one \$100 Ace gift card from Western United, one Carhartt tool bag from Altitude Energy, one wine, chocolate gift bag and a \$1,000 Estate Planning certificate from JVAM. Three lucky members won the raffle for: an electric leaf blower donated by TSGT, an electric smoker, donated by CREA, and a YETI cooler donated by Integrity Tree Services. Raffle proceeds will go to the Shine Your Light charitable program.

Meeting adjourned at 12:25 p.m.