

EMPIRE ELECTRIC ASSOCIATION

Echoes of the Empire

OCTOBER 2020

MAILING ADDRESS

P.O. Box K
Cortez, CO 81321-0676

STREET ADDRESS

801 North Broadway
Cortez, CO 81321

ph 970-565-4444
tf 800-709-3726
fax 970-564-4401
web www.eea.coop

facebook.com/EEACortez

TIMING IS EVERYTHING

BY ANDY CARTER
MEMBER ENGAGEMENT MANAGER



ANDY CARTER

It starts in school and is a lifelong challenge for almost everyone: managing time. How many of you had to stay in from recess because you hadn't completed your work? And it didn't stop there. There were tests to study for and science projects to complete. Even before we started school we learned about daylight and darkness, and the changing seasons where the long, warm days of summer give way to the shorter, colder days of winter. We have all learned hard lessons about not managing time wisely, and sooner or later we figured it out.

Timing is important in the electric generation and distribution world as well. Our daily habits and when we use electricity shape the operation of the generation and distribution system. Empire Electric Association sees its highest demand for electricity in the morning when consumer-members are getting ready for their day. Demand is measured in kilowatts (kW) and is an indication of how much power is needed at an instant in time. It is the demand that dictates how large the facilities must be to safely deliver the power to your home. The larger the demand, the larger and more expensive the facilities must be and the higher the revenue EEA must collect to pay for its distribution system expenses.

Along with demand, the time of day that power is needed also has an influence on the price of electricity. During high demand periods, the price for electricity increases because wholesale power providers use the least expensive generation sources first. As more power is needed, more expensive generation is connected and the price for electricity correspondingly increases.

The wholesale power EEA purchases has two components: energy measured in kilowatt-hours (kWh) and demand measured in kW. EEA is charged for the total kWh used in a month and for the highest kW demand during its supplier's peak period. To recover these purchased power expenses plus the other expenses EEA incurs, EEA bills most of its consumer-members for the total kWh they use every month plus a grid access charge. EEA's largest consumer-members are served under a rate that also includes demand charges and is the fairest rate structure as far as directly charging a member-consumer for the costs EEA incurs on their behalf.

The grid access charge includes expenses for all customer service activities plus some of the expenses to operate and maintain our distribution system, as well as administrative and overhead, and depreciation and taxes. The remainder of these non-customer service expenses plus all purchased power expenses are recovered in the kWh charge. EEA will always receive the grid access charge from each consumer-member, but because more than just the purchased power expenses are recovered in the kWh charge, the number of kWh EEA sells has a large impact on the revenue it recovers. If EEA experiences mild weather and corresponding lower kWh sales, it may not receive enough revenue to cover its expenses.

EEA is charged with balancing reliability, recovering the cost to serve consumer-members, and maintaining a stable financial

[continued on page 8]

[continued from page 7]

footing. It has balanced all three for the last few years as evidenced by its low outage minutes per consumer-members, not raising its base rates for the last four years and meeting its financial goals. The good results were not without issues, however. The fourth quarter of 2019 highlighted a shortcoming in EEA's revenue structure.

At the end of both October and November in 2019, EEA's service area experienced unseasonably cold weather events. This caused EEA to have an extreme peak period demand in each month, but relatively low kWh sales because for most of each month the temperatures were mild. Because kWh sales drive EEA's revenue, it did not recover its expenses for the fourth quarter. Because the first part of 2019 was much closer to estimates, EEA had enough financial reserves to absorb the lost margin in the fourth quarter, but it could have easily turned out differently if EEA had experienced a cold snap in the earlier months of 2019.

The unexpected under recovery of revenue in the fourth quarter highlighted the concern we have had with our current rate structure that shows we are extremely dependent on kWh sales to recover expenses based on fixed costs, energy costs and demand costs. Our staff, at the direction of the board of directors, has been evaluating different rate structures used by other cooperatives throughout the United States. Our study identified rate structures that would allow us to much more closely align how we incur expenses with how we recover the revenue for those expenses.

Offering different types of rates has benefits for consumer-members beyond helping to assure the financial condition of the cooperative they are part owners of. Rate options will allow consumer-members to have a choice in how they purchase energy instead of a "one size fits all" approach. The rate structures EEA is contemplating will give consumer-members opportunities to

reduce their total bill by changing when and how they use electricity. Using energy during off-peak times and reducing the total demand on EEA's system lower EEA's cost to serve you, and those savings can be passed on to you through time-of-use rates and introducing a demand component.

EEA is in the beginning stages of making the possibility of rate options for consumer-members a reality. There are many behind-the-scenes changes that must take place, and those changes are being put in motion as you read this article. In the months to come you will be hearing more from EEA and the member engagement team on what the rate structures will look like and the time horizon EEA expects the changes to take place. Improvements in technology and the shortcomings highlighted in the events of the fourth quarter last year have shown that the time is right for EEA to provide consumer-members more options for purchasing their energy from their co-op.

We can all play a part in making our interconnected world safer.



Do Your Part.
#BeCyberSmart.



October is National Cybersecurity Awareness Month.
Visit staysafeonline.org for cybersecurity tips.



October 2020

Energy Efficiency

Tip of the Month

The average household owns 24 electronic products, which account for roughly 12% of home energy use. When shopping for electronics, consider purchasing Energy Star®-certified products, which can be 70% more efficient than conventional models.

Source: energystar.gov

Co-op Photo Contest

October 2020 Winner



 **Blue Heron Fishing**
Photo by Rebecca Syndergaard

2020 EEA Continuing Education Scholarship Winners

COLORADO
COUNTRY
LIFE



Marcus Amrine
Cortez, CO



Jasper Breitenbach
Dolores, CO



Britton Brewer
Monticello, UT



Emily Cole
Mancos, CO



Marguerite Copeland
Dolores, CO



Aspen English
Monticello, UT



Madilyn Hankins
Dove Creek, CO



Trystan Henderson
Cortez, CO



Phillip Hufman
Dolores, CO



Brendan Jones
Cortez, CO



Brent MaKade Maloy
Monticello, UT



Cameron Schafer
Dolores, CO



Amanda Sturman
Cortez, CO



Elise Thayn
Monticello, CO



Zane Wilson
Mancos, CO

My Co-op Calendar

October is Member Appreciation Month. We plan to celebrate all month so watch for details.

October 8

EEA will hold its 2020 Annual Meeting in person at the Engineering & Operations Center located at 23999 Road L.4 north of Cortez.

October 9

EEA's board meeting begins at 8:30 a.m. at its headquarters in Cortez. The agenda is posted 10 days in advance of the meeting at eea.coop. Members are reminded that public comment is heard at the beginning of the meeting. Meeting restrictions due to health concerns may require the meeting to be held remotely.

October 31

Halloween

My Co-op Employees



Bill Barva joined EEA in August to be our new system engineer. Bill has 10 years of experience in distribution system design and management and comes to us from our sister co-op Yampa Valley Electric Association located in northern Colorado. He is originally from New Mexico, is an Air Force veteran and earned an electrical engineering degree from the University of New Mexico. EEA welcomes Bill and his wife Janean to our co-op family!



Congratulations are in order for **Brad Dennison** who was promoted to be EEA's new line maintenance superintendent. Brad started with EEA in October of 2012 as our warehouse specialist and worked his way up to journeyman lineman. Brad's new duties include supervising EEA's line maintenance crews as well as managing pole and line inspection programs, vegetation management, system upgrades, and other tasks critical to maintaining high reliability for our members. Join us in wishing Brad the best in his new role!

Old Man Winter is coming!

Zero Engine Maintenance!

No Gas Cans!

Very Quiet!

EEA can help with rebates on electric snow blowers. Plug in or battery powered units are eligible. Rebate application is on our web-site www.eea.coop.

The Annual Meeting of the Members of Empire Electric Association, Inc.

Thursday, October 8, 2020

EEA's Engineering & Operations Center
23999 Road L.4, Cortez.

Registration begins at 4:30 pm
Meeting starts at 5:30 pm

Members who attend will get a \$10 credit on their electric bill.