

By Brenda Brandt
Holyoke Enterprise

Affordable electricity was the clear message of the 71st annual meeting of Highline Electric Association (HEA) held April 6 in the Holyoke High School auditorium.

Members were encouraged to contact legislators, not about where they stand on climate change legislation, but to focus on keeping the cost of electricity affordable.

General Manager Mark Farnsworth cited a discussion draft called the "American Clean Energy and Security Act" for the 2010 federal budget. Its goal is a carbon emission reduction of 80 percent by 2050, as it establishes a carbon dioxide auction market or "cap and trade" program that would auction carbon emission allowances to the highest bidder.

Farnsworth said he believes the current form of the proposed auction system would give up control of the price of electricity to speculators, multinational corporations and potentially even foreign governments.

He related a message from democratic governor Joe Manchin of West Virginia who said, "A local proposed rate hike of 43 percent is a drop in the bucket compared to cap and trade."

A video clip featuring Glenn English, general manager of the National Rural Electric Cooperative Association, reiterated the importance of speaking out. He highlighted the strength of the 42 million NRECA members.

"Our elected officials need to know that rural electric cooperatives and their members stand ready to work with Congress to develop a sensible, low-cost approach to climate change," added Farnsworth.

"Let's keep electricity here safe, reliable and affordable," said a voice from the Monday evening audience as the meeting drew to a close. "Get on your phone and talk to your neighbors," she added, in promoting a grassroots effort.

HEA board president Leo Brekel, reporting from the Tri-State G&T board, noted there is not enough generation to accommodate growth nationwide, yet two proposed coal plants in Kansas were denied permits about 18 months ago.

Carbon dioxide emissions was cited as the reason for the permit denial. Brekel emphasized HEA feels affordable, reliable electricity has enabled substantial economic benefit in this territory, and the same is true nationwide.

He also solicited the support of members to contact legislators with the message of caution that any regulation must be correct the first time.

Energy efficiency programs offered for number of years

HEA and Tri-State have offered energy efficiency programs to members for a number of years.

Farnsworth reported in the last five years, Highline has paid members \$381,297 for irrigation and \$77,902 for residential and commercial energy efficiency credits.

Some of the existing credits have been changed for 2009, and an energy efficiency credit for appliances has been added.

Additionally, HEA offers energy audits and will help members with ideas to save money in the heating and cooling of homes and businesses.

Farnsworth said they are reviewing the American Recovery and Re-investment Act, or the stimulus money, to see if there are options to be pursued for HEA members.

HEA's general manager also cited the recovered energy project which is now in commercial production. It is estimated it will lower HEA power costs by \$500,000 per year over the 20 years

of the contract.

The project will meet all RPS (Renewables Portfolio Standards) requirements through 2015 and 50 percent of its RPS requirements by the year 2020. Farnsworth said HEA is also looking into the possibility of a small hydro system in the South Platte Valley.

The project has taken over five years to negotiate and build, and the HEA board has placed the cooperative in the forefront of renewable energy in Colorado and this region.

Highline has also developed an interconnection procedure and is working with wind developers to utilize its existing infrastructure to facilitate community-sized wind projects.

Other options to members include a net metering policy for those who want to own a small wind or solar system or availability of purchasing renewable energy credits for those who don't want to build their own project.

PUC investigation opposed

Members were also asked for assistance with a new issue—a docket opened recently by the Colorado Public Utilities Commission (PUC). The docket is strongly opposed by HEA and Tri-State.

PUC is determining whether to expand its regulatory jurisdiction to include Tri-State's resource planning decisions.

The expanded regulation would diminish local, democratic control of electric cooperatives and give the PUC greater control over how Tri-State generates and provides electric power to its members in Colorado. This could also impact Tri-State's members in Wyoming, New Mexico and Nebraska, as well.

Tri-State General Manager Ken Anderson and company rep Mike McGinnis both spoke in opposition to the Colorado PUC study, as well as the federal cap and trade program.

They pointed out Highline takes advantage of energy-saving opportunities and is an excellent environmental steward.

Highline's take on the PUC docket is it's attempting to fix something that isn't broken, as Tri-State's board continually evaluates its resource plans to ensure a reliable and affordable supply of electric power. Its plans are fiscally responsible to its members and are responsive to public concerns.

Tri-State hopes the PUC will continue to respect the value of local control and the cooperative business model, along with the fact Tri-State is working proactively to develop responsible resource plans.

HEA remains strong

Highline continues to maintain a strong balance sheet, and its financial standing remains strong, reported Farnsworth.

HEA's equity for 2008 was 58.5 percent. This measures the extent members have financed the plant in lieu of borrowed capital.

Operating revenues for 2008 were over \$40.4 million, which is up \$2.79 million from the previous year. The increase came from a rate increase and higher kilowatt-hour sales.

The largest purchaser of electricity was irrigation with 48.6 percent of the kWh sold. Large commercial followed with 33.2 percent, residential at 12.96 percent and small commercial at 5.2 percent.

HEA purchased 462,713,560 kWh in 2008 from its power supplier, Tri-State. This was up 33.3 million from the previous year.

Operating margins in 2008 were a negative \$1.065 million. Farnsworth explained what happened. Tri-State passed on an 11.3 percent rate increase, and HEA raised member rates

only seven percent, budgeting for operating margins of only \$208,000.

First, there was little irrigation in August for a little over two weeks, which greatly impacted usage. Since HEA had set a demand peak of 194 megawatts with very little kWh sales, cost of power for August 2008 was 25 percent higher than 2007, after being adjusted for the rate increase.

Secondly, HEA's largest single load, the Rockies Express Gas Compression station, was scheduled to be at full operation in the last six months of 2008. It operated only at half load, which impacted total usage, as well.

Highline operating margins are generated from the sale of electricity to members. Other margins are received from other cooperatives of which HEA is a member.

Highline total margins for 2008 were \$3.295. While HEA generated operating margins at a negative \$1.065, \$4.07 million was generated by memberships in Tri-State, Western United and CFC. Additionally, \$260,000 was earned in interest. This margin of \$3.295 million was allocated in capital credits.

The member capital credit balance is \$49.3 million, of which \$17.8 million is HEA capital credits and \$31.5 million is Tri-State credits.

In 2008, Farnsworth reported HEA added almost 36.5 miles of new overhead, underground and transmission lines at a cost of \$2.3 million.

That doesn't include the 12 miles of transmission line and a new substation for the Trailblazer Recovered Energy Project.

The Highline utility plant ended the year valued at \$77.1 million, up \$4.37 million from last year. Cost to maintain the plant and make sure electricity is available was 14 percent of total expenses in 2008.

Depreciation and interest was another eight percent, and cost of power was 78 percent of total expenses. Farnsworth pointed out many non-irrigation systems' cost of power are in the 66 percent range.

Because of this larger percentage of power costs, HEA has developed irrigation load control to help its members lower their costs. Two load control programs can be utilized, with total savings for the irrigator at either eight percent or 12 percent, depending on the program.

Four directors elected

No contested races were seen for board seats in this year's HEA election.

Re-elected to three-year terms on the board were Jim Lueck of Iliff, Dist. 1; Mike Bennett of Holyoke, Dist. 2; Jim Fender of Ovid, Dist. 3; and Merlin Prior of Imperial, Neb., Dist. 4.

Scholarships awarded

Board president Leo Brekel announced 2009 scholarship winners during his report.

Earning the \$1,000 Basin Electric member cooperative consumer scholarship is Marissa Marin of Caliche, with alternate Cooper Jackson of Sterling.

Winners of \$1,000 HEA scholarships to four-year colleges are Cooper Jackson, Daniel Huss of Caliche, Hillary Lenz of Wray, Alexander Schmidt of Fleming and Kim Brophy of Chase County Schools. Rachel Pauling of Prairie is the alternate.

\$1,000 HEA scholarship winners to two-year or technical schools are Alexa Kippes of Caliche, Dara Kipp of Caliche, Colleen Weaver of Haxtun, Jessica Thompson of Caliche and Brandon Piel of Sterling. Alternate is Preston Bernhardt of Chase County.

Winners of \$500 Tri-State G&T/HEA scholarships are Tina Kielian of Caliche and Phawn Carper of Holyoke, with Danielle Conklin of Haxtun as alternate.