



[Rural Life]

ANNUAL MEETING HIGHLIGHTS

BY JACK JOHNSTON || CHIEF EXECUTIVE OFFICER || JACKJ@SECPA.COM

Following our four-year geographic rotation, La Junta was this year's annual meeting host community. It was a pleasure to engage with member-owners and have the opportunity to highlight another year of your electric cooperative. This year's annual meeting was a milestone as it officially marked the 80th such meeting in a storied history of electrification not only in Colorado, but across the nation.

Our mission and tradition continues to be carried forward by a dedicated board of directors and committed staff. Their efforts proudly resulted in some positive outcomes and trends. As a leading indicator, 2018 will be the third straight year without a rate increase. Overall sales were down (mostly driven by wet weather resulting in lower irrigation pumping), but we did have a second straight year of net meter growth. Altogether, total margins were still positive.

Inclement weather did challenge our distribution system on several occasions, but plant investment continues to top previous years with a current total valuation reaching \$105 million and another \$20 million budgeted over the next four years. We finished the multiyear process of upgrading our meters and finishing the construction of a 4-megawatt solar farm to reduce power generation costs. Excitedly, a milestone was also achieved with the first-ever retirement of capital credits (from 1962).

SECOM, our wholly-owned subsidiary, experienced another significant growth year. Total asset valuation topped \$24 million after \$4 million in capital investment. Sales grew more than 20 percent for a second straight year, reaching almost \$10

million in annualized revenues. Personnel and depreciation costs followed the same trend, which put downward pressure on net income — although this was anticipated in our five-year growth strategy. We were happy to acquire the former Vision Broadband and its more than 1,300 customers, adding to the already more than 2,100 added last year. Importantly, SECOM contributed \$560,000 cash to its parent cooperative.

As for a combined benefit to our communities, high water marks were achieved with payroll exceeding \$7 million and property taxes paid at \$800,000. In addition, over \$40,000 was paid directly to



Jack Johnston

local nonprofit organizations throughout our territory.

I appreciate this is just a snapshot, so if you are interested in more details, the 2017 Annual Report is available at secpa.com/annual-report, or you can request a copy by simply calling 719-384-2551.

With 2017 now in the history books, our focus is on making 2018 even more notable, and all indicators are pointing in a positive direction. On behalf of the entire SECPA team, it remains a privilege to be your entrusted cooperative.



Rick Gordon, Tri-State Generation and Transmission board president, presents Bill Wright (left), SECPA board director, a plaque after serving on the Tri-State board for 24 years. Wright expressed how much he appreciates the many friendships he made and the knowledge he gained. The Tri-State Generation and Transmission Board of Directors meets monthly in Denver.

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G&Ts Changing Course in Changing Times

Co-op power evolves to meet future needs

BY AMY HIGGINS

Electric cooperatives are committed to making reliable and low-cost electricity available to members. To do that, many co-ops depend on their generation and transmission co-ops (G&Ts) that supply the electricity. Those G&Ts are finding new ways and new resources to help their co-ops meet the needs of their members today and tomorrow.

"G&Ts have expanded their supply portfolio to add cleaner and more efficient modern natural-gas fired generation and renewable resources, and are also investing in emerging technologies," said Paul Breakman, senior director in the National Rural Electric Cooperative Association's business and technology strategies (BTS) department.

"The nation's 63 G&Ts (including Tri-State Generation and Transmission Association in Colorado) are finding ways to support infrastructure opportunities and replace existing generation to ensure electric co-ops have access to the lowest cost electricity available," said Dan Walsh, senior power supply and generation director for BTS. "G&Ts are investing millions of dollars each year into research, plant modernization and new generation."

THE EARTH'S ENERGY

Owned or purchased renewable energy capacity available to electric cooperatives has topped 9 gigawatts, with at least another 1.1 GW planned by 2020, excluding about 10 GW of federal hydropower purchased by co-ops each year.

Fueling the projected growth are a number of factors, including the extension of federal tax incentives and the improving economics of renewable resources.

With 85 megawatts of solar, Westminster-based Tri-State Generation and Transmission leads the nation in co-op solar power, according to Lee Boughy, Tri-State's senior manager of communications and public affairs. The G&T supplies electricity to 18 of Colorado's 22 electric co-ops. In 2017, 30 percent of the energy consumed within the association came from renewable resources.

Tri-State's first two large, utility-scale projects were announced in 2009 and came on line in 2010: the 30-megawatt Cimarron Solar facility located in Colfax County, New Mexico, and the 51-megawatt Kit Carson Windpower Project in Kit Carson County, Colorado. "Since then, Tri-State has added two additional solar projects, which make our association the top G&T in the nation for solar power," Boughy said.

With three wind projects in eastern Colorado and six hydropower projects, Tri-State has 475 MW of renewable projects in its portfolio. "Those projects are complemented by our members' local renewable projects and the hydropower the association purchases from the Western Area Power Administration," Boughy said.

There have been significant decreases in the cost of renewable power since the G&T's first projects were signed on in 2009. As a result, its recent renewable energy power purchase agreements benefit its member systems with the lower cost of energy. Projects that came on line in 2017 include the Alta Luna solar project in southern New Mexico and the Twin Buttes wind project in southeastern Colorado.

"While other utilities across the country have seen decreases in the demand for power, Tri-State, which has a diversity of member systems, continues to experience load growth," Boughy said. In 2017, the amount of energy the G&T supplied to its members increased more than 2 percent.

And more of that power is now generated using renewable resources.

Amy Higgins writes on cooperative issues for Colorado Country Life.

coloradocountrylife.coop

SECPA'S ANNUAL MEETING



MEET THE ELECTRIC JOHN DEERE

BY KALEY LOCKWOOD

Green and yellow are arguably the second-most American set of colors, behind red, white and blue of course. This rings true particularly for those who operate John Deere machinery on a daily basis, as the growth of our nation is supremely dependent on the country's agriculture industry, including the good folks who support it.

Technology in recent years has been the catalyst for the boom and bust of many industries. In the past decade or so, advancements in farming technology have primarily focused on automation and precision, but with the automobile industry moving toward electric vehicles, the ag industry is following suit.

John Deere showcased the first fully battery-powered tractor in 2017 at SIMA, an international agribusiness trade show in Paris. This technological innovation was given a "special mention" as it is truly the first of its kind. Nicknamed SESAM, for Sustainable Energy Supply for Agricultural Machinery, this all-electric tractor is modeled after John Deere's 6R series tractors.

In a press release by John Deere, SESAM is said to have all of the same "features and functionality of a 'conventional' tractor while offering the benefits of electric power." This emissions-free tractor runs at a lower noise level than traditional tractors and is operated using two independent electric motors. The electrification of this tractor simplifies the moving parts and, thus, greatly reduces the need for maintenance.

These two motors power an adapted DirectDrive transmission, producing 130 kilowatts of continuous power with a peak output of 400 horsepower, according to Farm-Equipment.com. The website also affirms that the tractor takes three hours to fully charge and can run up to four hours in the field with speeds ranging from two to 30 miles per hour. As a comparison, the Tesla Model 3 may have a capacity of up to 75 kilowatt-hours of battery storage, providing a range of about 310 miles. The SESAM has a capacity of 130 kWh with a range of about 34 miles, which means that this tractor uses a lot more electricity in a shorter period of time.

In order for the SESAM to take off, the battery capacity will need to expand to support the sunup to sundown longevity of farm work. In fact, Kraig Schulz, president and CEO of Autonomous Tractor Corporation, said that a 200-horsepower electric tractor would hypothetically need about 1,500 kWh of batteries to complete a full day's work. As energy storage technology continues to advance, it's only a matter of time before John Deere manufactures a tractor that can meet this need.

Although SESAM's battery technology may not yet be practical for a full day of farming, the all-electric tractor is an exciting development for the agriculture industry. This is one of many future steps in electrifying agricultural machinery and integrating this equipment with renewables. As the press release stated,



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"The SESAM tractor is a major part of John Deere's vision of the energy-independent farm of the future."

This push toward electrification of farm machinery in lieu of using fossil fuels directly supports the beneficial electrification movement. This concept, known fully as "environmentally beneficial electrification," is gaining traction among a growing number of groups in the United States, including local electric cooperatives. Frequently promoted as a means to reducing greenhouse gases and helping the environment, beneficial electrification also helps consumers by providing products that are cleaner, quieter and easier to maintain. John Deere's SESAM tractor does just that. [Jim Bickford, Acct.# 202550000]

Kaley Lockwood writes on cooperative issues for the National Rural Electric Cooperative Association.