

SOUTHEAST COLORADO POWER ASSOCIATION

FEBRUARY 2020



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Our primary mission is to provide high-quality, reliable electric service at a reasonable cost to our members, improve their quality of life through new technologies and services, be a visible and active member of the community and serve our members with respect, courtesy and responsiveness.

SOUTHEAST COLORADO
POWER ASSOCIATION IS AN
EQUAL OPPORTUNITY PROVIDER
AND EMPLOYER



STABILITY, CHANGE AND PROGRESS

A DECADE IN REVIEW

BY JACK JOHNSTON CEO



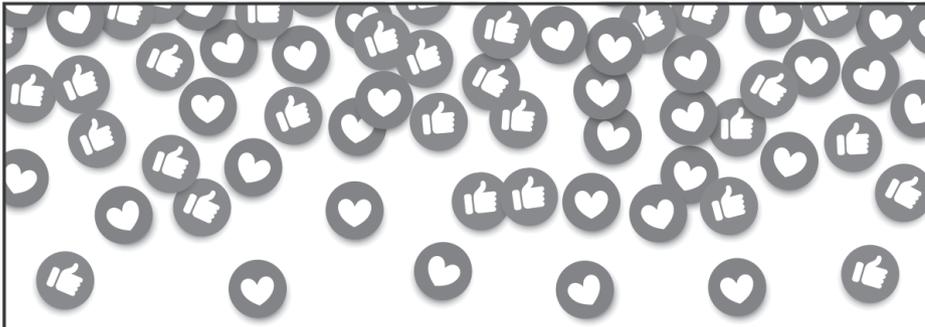
There always seems to be something a bit more nostalgic about looking back at a decade versus just a year. Some of us have celebrated the end of a calendar century and even a millennium — both a long period of time that would stretch any memory. But, a 10-year calendar date ending neatly with a zero seems to be just the right time span of events and associated memories for a sentimental journey. Now that January's new year celebration window has passed, how about a brief look at the past decade?

For our electric cooperative and its broadband subsidiary, the time period reflected a long-tenured foundation. My predecessor, who worked 16 years as CEO and 40 years total, retired at the end of 2014 allowing he and I to evenly split the decade. Our board of directors only had two voluntary departures and the retirement of only one other after his 24 years of service. The board's newest directors (both joining in 2019) each represent a third generation of governance and the remaining have a combined 98 years of service. There is no doubt that stability and continuity had a positive impact during these past years.

However, change is also good and there were some significant ones. In addition to a new organizational leader, both SECPA and SECOM left four separate facilities and moved into a joint facility, which included a cashless property swap with the city of La Junta. SECPA records indicate it had been in its previous building (at one point a Studebaker dealership) since at least the 1940s. SECOM also built a new building on free land offered by Pueblo West.

SECPA will end the decade with almost 450 more connected services. Total utility plant in service, though, has increased by \$27 million reflecting load growth along with investment towards distribution system maintenance and reliability. We built over 500 miles of energized line, three new substations and increased our peak demand by 6 megawatts. SECPA took advantage of market conditions and refinanced its long-term debt under the same payoff terms saving the cooperative over \$3.5 million. Equally important, we became independent of the federal Rural Utilities Service bureaucracy that often hindered our ability to better serve members. It also eliminated taxpayer subsidization of our business. We allocated almost \$10 million in patronage capital and achieved a major milestone with the first-ever retirement of capital credits with intentions to continue doing so annually. We separately allocated another \$9 million in Tri-State Generation and Transmission patronage. More importantly, there were only two rate increases [each in the 3% range] through 2014 but none in the last five years!

SECOM started the decade with just over 1,000 customers generating \$2.6 million in annual revenues and will enter the new decade with over 8,000, and be just shy of \$12 million. Entering 2014, after 15 years as a SECPA division, it spun off as a wholly-owned subsidiary. SECOM then embarked on a strategic growth initiative acquiring three competitors and expanding its footprint to new areas that were historically underserved continuing to fulfill a core mission. Significant natural growth



OUR COMMUNITY HAS LOTS TO LIKE & LOVE

Happy Valentine's Day! We treasure being your local communications provider as well as your neighbor, fellow volunteer, and Facebook friend. It's inspiring to see how our community members work together and support each other.

Thanks for putting your heart into everything you do allowing us to connect you to what matters most.

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and grant awards also contributed to an ultimate increase of \$15 million in assets, now surpassing \$25 million. Growth does have a short- and medium-term cost led by acquisition financing and payroll, which did see our equity position reduced by approximately \$3 million. Although we also refinanced long-term debt under the same terms saving \$350,000 and, importantly, foresee equity rising in the coming years. Broadband has evolved into a top political and economic issue, which has only increased daily marketplace pressures. Excitedly, we've created almost 50 new jobs along with tens of other ones that support us within the communities we serve.

So, in retrospect, the decade can certainly be characterized by starting more static and ending more dynamic. It demonstrated that stability and change can be successfully balanced and both are positive forces we've benefited from. Most importantly to note is that a lot of effort has been exerted by directors and employees throughout this time to improving SECPA and continuing to make it an electric cooperative we are continuously proud to own. The same holds true for SECOM. We have the distinction of being the largest certificated territory in Colorado and also the lowest density, which will always present challenges. Providing broadband services over that same territory and beyond requires equal commitment. However, our entire team is ready and the objective clear — the next decade will be even better than the last!

SWEET SENTIMENTS CAN GO WRONG

Having red and silver heart-shaped metallic balloons delivered to a loved one on Valentine's Day is a sweet gesture, but metallic balloons are filled with helium and are made of a type of nylon with a thin external metal coating. The metal coating has the ability to conduct electricity. If released outdoors, metallic balloons can come into contact with overhead power lines or electrical substations, causing power outages and fires.



You Could Be A Winner This Month

If you find your name in this issue as follows (WIN* your name, your account number), please contact Southeast Colorado Power Association at 719-384-2551 or 800-332-8634 to receive a credit on your next power bill.

Last month's winner was Dean Bishop.

Do Your Part to Keep Lineworkers Safe

Imagine this scenario: It's nearing 5 p.m. on a workday. Your boss wants that last-minute report and your kids need to be picked up from soccer practice or play rehearsal. You jump in your car and on the way you approach a work zone. You don't have time to slow down so you rush through it and ignore the orange work zone signs.

Or this one: You're having a garage sale and you think posting a sign on a utility pole won't hurt. Everyone does it, right?

In reality, either of these scenarios could injure or kill one of our lineworkers.

The job of an electric lineworker is not easy. Lineworkers take great pride in providing safe and reliable service, but their job involves working on and around live power out in the elements.

We ask you to do your part to keep them safe: (WIN*Leonard Walgren #2313650000)

1. Slow down and move over in work zones. Cars or trucks that go too fast not only endanger workers on the ground, but driving too fast or not moving over can also put a lineworker who is working high up in a bucket in danger by causing it to move or sway.
2. Do not post anything on a utility pole, especially with staples, nails or tacks. These can puncture insulated gloves or other protective clothing and expose workers to high voltages.
3. Never plug a generator into an indoor or outdoor wall outlet. The power that backfeeds into the electric line could electrocute a utility worker.
4. Please be patient when the power goes out. Workers need to efficiently and safely restore power.

We appreciate your help in keeping our employees safe. For questions about employee safety, contact us at Southeast Colorado Power Association at 719-384-2551.

DIRECTOR EARNS CERTIFICATION



CEO Jack Johnston presents SECPA Board President Kevin Karney his Credentialed Cooperative Director certificate.

SAVE THE DATE!

You're Invited to SECPA's Annual Meeting

Southeast Colorado Power Association
will hold its annual meeting on
Thursday, April 23, 2020

****Cash prizes given away throughout the meeting.****

Please join us at the
Minnick Building, Baca County Fairgrounds, Springfield, CO

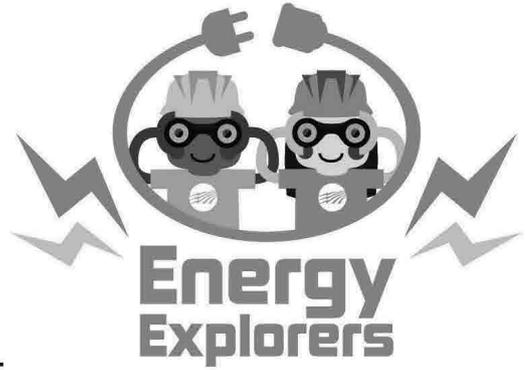
BOARD DIRECTOR ELECTIONS

Registration – 5 p.m.

Dinner – 6 p.m.

Meeting – 6:45 p.m.

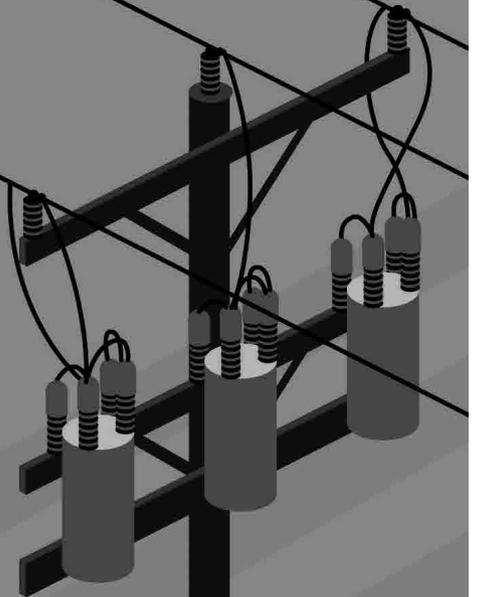
ELECTRICAL EQUIPMENT WORD SCRAMBLE



Electric co-ops use a variety of equipment to make sure you and your family receive reliable electricity. Can you unscramble the equipment terms below?

Use the provided clues for help, and double check your work in the answer key below.

- 1. ORNSTAMREFR** _____
These can look like large metal cans on top of utility poles or big green boxes on the ground. They are used to reduce the voltage of electricity, making it safe for use in your home.
- 2. OERPW NSLIE** _____
These can hang overhead or be placed underground. They carry electricity from where it's generated to homes and businesses in your community.
- 3. OUTASBSNTI** _____
This is an electrical facility that contains equipment for controlling the flow of electricity.
- 4. RCTLECIE ERMTE** _____
These devices are typically found outside the home and measure the amount of electricity you use.
- 5. CBUTKE KTURC** _____
Lineworkers use these types of vehicles to reach power lines and poles when making repairs and updates to the electrical system.



Answer Key: 1. TRANSFORMER 2. POWER LINES 3. SUBSTATION
4. ELECTRIC METER 5. BUCKET TRUCK