

Energy efficiency promoted; legislative contact encouraged

Written by Brenda Johnson Brandt

Energy efficiency, as well as affordable electricity, were targeted as significant during the 72nd annual meeting of Highline Electric Association (HEA) Monday, April 5.

Members were treated to a taste of new technology when “clickers” were handed out so they could push a numbered button to answer questions throughout the presentation. Answers appeared on the screens, giving immediate feedback.

It was a new setting for the annual meeting, as it was held in the newly-constructed Phillips County Event Center. The new venue found the meal and business meeting held in the same room. A total of 169 members were registered to vote, which was well over the required 100 for a quorum.

General Manager Mark Farnsworth and board president Leo Brekel reviewed Highline activity in 2009 and updated the membership on issues for 2010 and beyond.

Legislation affecting the industry was addressed as members were encouraged to make contacts for support. In their “clicker” response later, 70 percent of those present said they want HEA to continue to send e-mails and postcards to request their support in communicating with legislators.

Reports were also heard from Tri-State Generation and Transmission, Colorado Rural Electric Association and Western United.

Clearly seeking member input, Farnsworth introduced the polling machine and use of the remotes. The first question asked members what issue concerns them most. Options were on the screen, as they clicked one for economy and unemployment, two for energy, three for taxes, four for global warming or five for health care.

These responses were recorded on the screen during the polling time for an immediate look at where the membership interests lied.

Farnsworth cited good participation and good answers from the meeting.

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Moving into the subject of energy efficiency, Farnsworth noted Highline has been offering options for many years. He talked about a couple of those options, including irrigation load control. In 2009, participating members saved \$812,268.

Participation in load control lowers Highline's demand costs and therefore makes the company more efficient.

Energy efficiency credits are currently offered for electric motors and appliances, as well.

Citing proposed federal legislation that would allow HEA to offer loans for energy efficiency improvements that would be paid back on electric bills, Farnsworth asked members to "click" whether this is a good idea or not. The majority said yes.

Renewable energy is trumpeted as the answer for all the ills of the country, but Farnsworth said he believes the truth lies somewhere in the middle.

"Highline has taken what I will call a 'Greening and Growing' direction," said Farnsworth. He explained it's a path that evaluates the good and bad of renewable energy for Highline and its members.

In "clicker" response, members indicated agreement for "greening and growing."

Highline was the first distribution coop in Colorado to develop a renewable energy project of any size. This is the recovered energy generation project called Trailblazer. It is a waste heat recovery project in which HEA partnered with Kinder Morgan and Ormat Technologies to develop.

Tri-State was also instrumental in the project, said Farnsworth. In only 10 months of 2009,

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Trailblazer saved Highline \$527,000 in power costs. He said they anticipate a savings of over \$10 million during the 20 years of the contract.

Highline was required to provide one percent of its kWh sales in renewable energy in 2009. The Trailblazer Project provided 4.4 percent.

Money has been placed in the budget to develop two small scale renewable energy demonstration projects, added Farnsworth.

The first is a 2kw wind machine called a Blade Tip Power System. The turbine generates electricity at the blade tips which require less wind speed.

HEA is also going to put a 2kw solar array at the office. This will utilize a reflector to improve efficiencies to above 23 percent. The goal will be to provide information for members if they're interested in purchasing a small scale renewable energy system for their own usage.

Farnsworth said HEA has partnered with the Governor's Energy Office to match up to \$4,500 for a total of \$9,000 on a limited number of solar units. HEA will also provide up to \$4,000 for other forms of renewable energy including small wind.

A bill is currently being developed by U.S. Senators to address climate legislation, said Farnsworth. The bill would reduce carbon emissions by 17 percent below 2005 levels by the year 2020.

There would be a price collar on emission allowance prices and a reserve pool of allowances, said Farnsworth. He indicated they're saying it will have a significant nuclear section and incentives for developing new technologies.

Cost is one issue that will need to be determined. With HEA being a cost-based utility, there's concern about how much electricity costs. As of now, this legislation will not affect Tri-State or

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Highline, but Farnsworth said he's concerned about what will happen in the legislature next year.

A second area of concern is the Environmental Protection Agency, said Farnsworth. The EPA has declared six greenhouse gases, including carbon dioxide, are a danger to public health and welfare and are subject to regulation by the EPA.

HEA has asked members to partner with them at Our Energy, Our Future web site to send messages to elected representatives.

Farnsworth noted appreciation for members' messages to elected officials to slow climate change legislation. Now the message to HEA members is to tell Congress they need to step up to prevent EPA from using the Clean Air Act as a tool for reducing greenhouse gas emissions.

"We are not against the environment. We believe any changes to deal with concerns should be fair, affordable and achievable," said Farnsworth. Members agreed in their "clicker" response.

Taking a few minutes to explain members' electric bills, Farnsworth noted customers have been billed in an "averaging" method for 70-plus years. All expenses involved in taking electricity to homes is averaged.

Costs in HEA's electric bill include operations and maintenance, administrative costs, customer costs, depreciation and interest expenses.

Other costs which Farnsworth talked about include Federal Energy Regulatory Council and the North American Electric Reliability Council mandates, Occupational Safety and Health Administration safety regulations, avian protection plan, red flag rules and potential EPA regulations costs.

Proposed legislation will be interesting. Farnsworth noted HEA is facing new regulatory and

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mandated expenses that will increase electric bills.

Members used their clickers to respond whether they believe the averaging approach to billing should be changed to identification of individual costs.

Farnsworth switched gears at that point and introduced the Coop Connections Card for members to receive discounts from area and national businesses for pharmacy discounts.

This card could help members save money on medications. Farnsworth said it will be accepted at all pharmacies within a 100-mile radius of Holyoke and by chain and mail-order pharmacies.

Why is the card being offered? Farnsworth said it's part of the Touchstone Energy values: integrity, accountability, innovation and commitment to community.

Kilowatt-hour sales explained

In the financial report, HEA manager of member and corporate services Dennis Herman noted HEA purchased 486,306,342 kilowatt hours from power supplier Tri-State G&T in 2009, up 23.6 million kWh from last year.

HEA sold nearly 456 million kWh to members in 2009, an increase of 25.9 million over 2008.

For the first time in a number of years, irrigation was not the largest share of kWhs sold. Large commercial class of accounts accounted for the largest share with 44.9 percent of kWh sold. Irrigation followed with 37.6 percent, residential 12.3 percent and small commercial with 5.2 percent.

Herman reported 2009 operating revenues were over \$43.7 million, an increase of \$3.23 million

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over 2008. This increase in revenue was the cumulative effect of a rate increase and higher kWh sales.

Operating margins in 2009 were \$43,704. While this is considerably better than the 2008 operating margin which was a negative \$1.065 million, it fell short of the budgeted operating margin of \$549,000.

While 2009's irrigation sales of 171 million kWh is not that unusual historically, it is a significant drop from 2008's irrigation sales of 208 million kWh. This represents a drop of nearly 18 percent and explains why Highline fell short of meeting its budgeted operating margin.

Moisture and generally cooler weather affected irrigation sales, in particular, in 2009. Herman emphasized Highline did meet all of its mortgage requirements in 2009.

In 2009, the HEA board approved a capital credit refund of 60 percent of 1996 HEA capital credits and 42 percent of Tri-State 1991 capital credits in the amount of \$753,276. Another \$114,095 was retired to estates for a total of \$867,371 returned to members in 2009.

Highline added 25.6 miles of new overhead, underground and transmission lines at a cost of \$4.3 million. This includes the 12 miles of transmission line and new substation built for the Trailblazer Recovered Energy Project.

Herman pointed out Highline continues to maintain a strong balance sheet. The company ended 2009 with an equity level of 60.4 percent. Equity measures the extent members have financed plant in lieu of borrowed capital. Highline has an equity management plan that calls for a minimum of 50 percent equity.

Four directors elected

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

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three-year terms on the board were Leo Brekel of Fleming, Dist. 1; Steve Oestman of Wray, Dist. 2; Teddy Carter of Julesburg, Dist. 3; and Merl Miller of Imperial, Neb., Dist. 4.

Youth reports presented

Briar Bergner of Holyoke gave a power point presentation, complete with pictures, from her 2009 Youth Tour to Washington, D.C.

Taylor Lauer of Sterling and Patricia Adams of Holyoke also told about their experience at the leadership camp in Steamboat Springs last summer.

Scholarships awarded

Board president Leo Brekel announced 2010 scholarship winners during his report at Monday's meeting.

Earning the \$1,000 Basin Electric member cooperative consumer scholarship is Jonathan Tramp of Merino; and the \$1,000 Basin Electric member cooperative employee scholarship will be awarded to Elise Nelson of Holyoke.

Winners of \$1,000 HEA scholarships to four-year colleges are Kimberly Irwin of Sterling, Lacie Briggs of Sterling, Logan Krueger of Holyoke, Justin Clevenger of Peetz, Keli Sherman of Sterling and Brielle Lindstrom of Sterling. Kaci Oestman of Wray is the alternate.

\$1,000 HEA scholarship winners to two-year or technical schools are Aimee Kanode of Haxtun, Kelsey Koester of Caliche, Levi Zwirn of Yuma and Megan Colglazier of Holyoke. Alternate is Amanda Ferguson of Holyoke.

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Winners of \$500 Tri-State G&T/HEA scholarships are Katie Facchinello of Caliche and Ryan Baumgartner of Holyoke. Aleece Coates of Merino is the alternate.

2010 Washington D.C. Youth Tour delegate will be Tessa Brammer of Haxtun. 2010 Youth Leadership Camp delegates are Emily Hartman of Revere, Kelsey Garretson of Haxtun and Alexis Fehringer of Peetz.