

HIGHLINE ELECTRIC ASSOCIATION

The Beacon

MAY 2020



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facebook.com/HighlineElectric

Our mission is to provide our members with reliable, high-quality electricity and other needed services, which will improve their economic and social well-being and provide significant long-range benefits for our communities, our state and our nation.



HIGHLINE ELECTRIC ASSOCIATION
IS AN EQUAL OPPORTUNITY
PROVIDER AND EMPLOYER



Touchstone Energy®

THE ECONOMICS OF POWER GENERATION ... PRESENT

BY DENNIS HERMAN GENERAL MANAGER



DENNIS HERMAN

When we left our protagonists in last month's article, it was the late 1970s and Tri-State

Generation and Transmission Association was making large investments in coal-fired power plants to serve growing loads throughout the service territory, confident that its investments would be recovered over the coming decades.

Several paradigm shifts have occurred in the electric industry since that time that have put those investments in jeopardy.

One of the first changes occurred when Congress lifted the moratorium on building natural gas-fired power plants in 1987. While this change didn't have an immediate impact on coal-fired generation, it would prove to be one of the first nails in the coffin of coal-fired generation. Natural gas wasn't immediately the fuel of choice when the moratorium was lifted, but in recent years it has enjoyed three distinct advantages over coal:

- The proliferation of fracking in the natural gas industry has provided adequate supplies to keep prices low and minimize the price volatility that historically plagued the fuel.
- The physics of natural gas generators make them much better at quickly ramping power output up and down, which is essential to compensate for intermittent renewable generation.
- Carbon emissions from natural gas are roughly half those of coal for the same amount of energy produced.

The second major change that occurred in the industry in the last 10 years is rapid reduction in the cost of renewable resources.

Power purchase agreements for utility-scale wind and solar projects coming online today have energy costs below the variable marginal cost for a coal-fired plant. That means a kilowatt-hour of electricity from a renewable project can be purchased for less than the per kWh cost of mining and transporting coal to the power plant. It makes economic sense to buy the wind and solar energy and leave the coal in the ground.

Finally, the regulatory environment has changed. The passage of HB19-1261 by the Colorado legislature set economy-wide limits on carbon dioxide emissions for Colorado that will be impossible to meet given current coal-fired generation technology. In fact, it will be necessary for the electric industry to exceed the goals set in legislation in order to enable other industries to meet their limits through the electrification of other processes.

Tri-State's generation portfolio will rapidly transition over the next few years away from coal and into a mix of renewables and natural gas. So, where does that leave our lumpy investment from the 1970s? The portion of the coal plants that is not depreciated will remain on Tri-State's balance sheet, creating a stranded asset. Tri-State will take advantage of the declining cost of renewables and the fundamentals of natural gas to manage the transition away from coal generation while maintaining reliability and affordability.

GERMS

are all around you.



Stay healthy.
Wash your hands.

CS294906-F

www.cdc.gov/handwashing



Information from your co-op

Call Before You Dig

For any type of excavation, you must call before you dig. Please note that facility owners have three business days to perform locates. As more and more facilities are being placed underground, it is imperative that you call before you dig. The number to call is 811. When you call, the notification agent will ask where, when and the type of excavation you will be doing.

To process normal locate requests, calls to 811 must be made Monday through Friday, excluding holidays, 7 a.m. to 5 p.m. When you call 811, Highline will be notified that you need underground wires located. Highline Electric will locate up to the meter for no charge. Anything past the meter can still be located, but you will be billed for this service.

Attention Load Control Participants

Irrigators are reminded that if they are signed up for Load Control for the 2020 year, it will begin this month. Please be aware of which option you signed up for.

Control dates for all options include May 12-31, June 21-30 and September 1-10. If you chose 1A or 2A, this will include one day per week in July and August as well as the aforementioned dates. If you chose option 3, this will only be one day per week in July and August.

Pesticide Safety

Please protect our employees

Our employees face serious health risks when they unknowingly enter a field that was sprayed or chemigated with any chemical. Just as you would not subject your family or employees to risk, we do not want to subject our employees to risk.

Please consider the following:

- If you use any chemicals on a field, please notify Highline. You may call the office or you can place a flag at the entrance to the field. Please note the day when it is safe to enter the field and what chemical was used.
- Notification signs or flags are available free of charge at any Highline office.
- If calling during an outage, please notify Highline if the field was sprayed.
- The initial and long-term effects of absorbing chemicals in the body are extremely hazardous to one's health. Please don't subject our employees to these dangers.



What are Capital Credits?

BY ELISE POCOCK ACCOUNTING CLERK

Capital credits are one of the many benefits that you enjoy as a consumer-member of a rural electric cooperative. You may have received a capital credit allocation notice or even cashed a general retirement check, but did you know that there is an intricate process that goes on behind the scenes to make it all work?

The process begins when you pay your bill. The Highline Electric Association Board of Directors does its best to set break-even rates so that the amount you pay is enough to cover the cost of purchased power, operating and maintenance expenses and other expenses that are incurred as part of operating your electric association. HEA is required by its lenders to make a small margin to meet financial ratios, and this margin is moved to your and all other consumer-members' capital credit accounts to be paid in the future. Your capital credits represent shares of HEA's equity. The amount allocated to your account is calculated as follows:

$$\text{Margin} \times \frac{\text{Amount of electricity purchased by you}}{\text{Amount of electricity purchased by all HEA members}}$$

The capital credit allocation notice that is sent to you each year

reflects this formula.

Currently, Highline Electric's capital credits are retired on a 15-year cycle, while Tri-State Generation and Transmission's cycle is closer to 20 years. This means that from the time the capital credits are allocated to your account to the time they are returned to you in the form of a check, it will likely take between 15 and 20 years. This is an investment in your electric co-op, as it is used to help keep rates low by allowing HEA to avoid borrowing money to operate and maintain the utility plant.

Even if you move from HEA's service territory, it is important to keep your address updated so that the balance in your capital credit account may be refunded to you as it is retired. Without a good address, your check is returned and becomes part of unclaimed property. While you may claim this money if you know it is there, many do not, leaving a number of checks uncashed.

Unlike investor-owned utilities, rural electric cooperatives are owned by those to whom they provide their service — which is you. The ultimate goal is to provide the lowest rates for you, the consumer-member, with the best quality of service and reliability.

Watts Up Wednesday

We are starting Watts Up Wednesday soon. We want to encourage you to submit questions about anything related to our industry via Facebook or email to youth@hea.coop. Our Facebook feed also appears on our website homepage, www.hea.coop, for those who may not have Facebook. We will randomly choose one question every Wednesday and address it on our Facebook page. Please encourage others to watch our page for Watts Up Wednesday.



Watts Up Wednesday!

HIGHLINE
ELECTRIC ASSOCIATION
Your Touchstone Energy® Partner

Amount of Property Taxes Paid in Each County

Nebraska	
COUNTY	AMOUNT
Chase	\$56,787.68
Deuel	\$1,621.64
Dundy	-
Perkins	\$1,003.28
Total	\$59,412.60

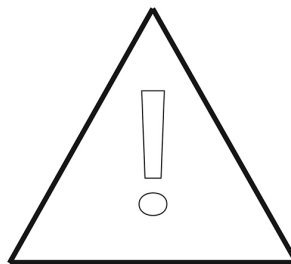
Colorado	
COUNTY	AMOUNT
Logan	\$186,285.44
Morgan	\$1,409.40
Phillips	\$206,550.40
Sedgwick	\$74,351.86
Washington	\$ 7,546.04
Weld	\$216.94
Yuma	\$69,653.15
Total	\$546,013.23



ANNUAL MEETING

Links to Highline Electric Association's Annual Meeting content are available at hea.coop.

Copies of the 2020 Annual Meeting directors reports, presentation slides and corresponding speech text files are available upon request. Please contact any Highline office or info@hea.coop.



Be on alert for phone scams

Be prepared, phone scammers are targeting HEA members.

We will never call to ask for immediate payment, threaten to shut off your power immediately or ask you to pay with a pre-paid debit card. If you receive a suspicious call, hang up and call your local Highline office or 1.800.816.2236.



Anniversaries

Congratulations to the following employees who observe an employment anniversary in May:

James Ziebarth.....18 years
Jason Doleshall.....10 years
Tammy Kroeger.....8 years
Landon Shaffer7 years
Jace Rhodes.....4 years

**OFFICES
CLOSED
MAY 25
FOR
MEMORIAL
DAY**

Don't Let Your Generator Generate Trouble

Although winter storms have passed, rain, hail and wind storms are still possible. Highline Electric Association reminds you to use caution when using a generator. Safe Electricity points to important safeguards to take while using a generator:

- Operate a portable generator in well-ventilated locations outdoors away from all doors, windows and vent openings to avoid carbon monoxide poisoning. The instructions that come with it are not meant for the recycle bin. Read and follow them; they are important.
- Turn the generator on before using it. Once it's running, turn your appliances and lights on one at a time to avoid overloading the unit. Generators are for temporary use and limited load; prioritize your needs.
- Never use a generator in a puddle of standing water and never touch it with wet hands.
- To protect a portable generator from moisture, operate it on a dry surface under an open, canopy-like structure.
- Never use or install a generator in an attached garage, even with the door open.
- Turn off portable generators and let them cool down before refueling. Never refuel a generator while it is running.
- Store fuel for your portable generator in a container that is intended for the purpose and is correctly labeled as such. Store the containers outside of living areas.
- Keep children and pets away from all generators, especially portable ones. Many generator components are hot enough to burn you during operation.

Using a generator is serious business and shouldn't be done in haste. Learn more about using electricity safely and efficiently at SafeElectricity.org.