



2020

Strategic Planning Summary



YVEA 2020 Strategic Planning Summary

August 26, 2020

8:00 a.m. – 5:00 p.m.

Steamboat Springs, CO

Purpose

The purpose of the planning session was 1) to identify, discuss, and prioritize 2021 strategic goals and 2) provide Association staff the information needed to set company goals, direction, and staffing, developing budgets and timelines to complete the identified goals.

Session

The one-day session was held at the Steamboat Springs campus and included YVEA staff members and general counsel in addition to board members. Mr. Kent Singer, CREA Executive Director, facilitated the session.

The session consisted of an update on current legislative issues affecting rural electric cooperatives, a review of previously identified strategic initiatives and goals, and identification of current initiatives and goals that the board would like to see achieved by the Cooperative during 2021 and beyond.

Enterprise Risk Management

The YVEA board and staff discussed the various challenges (risks) facing YVEA in the coming years in an effort to identify those risks that have the highest likelihood of occurring and that would have the most significant impact to the co-op. The board had lengthy discussions of each of the risks listed below and ultimately ranked them on a “heat map” of the most impactful risks.

In order of the discussion, the risks identified by the board were as follows:

1. Diversity of opinion of board/consumer-members: The board recognized that its consumer-members have a wide diversity of views on a variety of topics; this diversity is also reflected in the directors on the board. While some consumer-members are primarily interested in receiving reliable and affordable electric service, others are also concerned about environmental issues. The board understands that it is difficult to satisfy the concerns of all of YVEA’s consumer-members. Part of meeting the expectations of those consumer-members with concerns about environmental issues may be to explain that YVEA’s power supplier, Xcel Energy-Colorado, will provide 80% of its power from renewable resources by the year 2030. The board understands that it is important for all YVEA consumer-members to be able to voice their opinions to the board and staff.



2. Power supply: The board recognized that one of the most important issues for YVEA in the coming years is the choice of power supplier. The board talked at some length about YVEA's options for wholesale power supply. YVEA staff has reached out to Xcel Energy - Colorado to discuss possible changes to the current power supply contract, but Xcel has not been willing to engage in discussions. YVEA has proposed revisions to the contract that would give the co-op additional flexibility in terms of local power generation sources. The board discussed whether alternative power suppliers should be considered or whether the current contract should be modified. The board reached a general consensus that YVEA should not pursue self-supply but would be best served by continuing with a third-party supplier. The board also discussed the potential impacts of planned closures of the coal-fired power plants in the service territory and what that would mean for importing power to northwest Colorado.

3. Impact of plant closures on local economy: The board is keenly aware of the plans of the owners of the Craig Station to close the three units by 2030 along with the associated coal mines. This will not only impact the workers in the community, but also YVEA's industrial sales. One of the most significant steps YVEA can take to mitigate these impacts is to support the deployment of broadband in the service territory. This will enable other businesses to locate in northwest Colorado and help offset the lost sales. YVEA will look for opportunities to support these workers and also work with CREA to obtain funding to support the community during a time of transition.

4. Maintaining reliability/buildout of system/replacing aging infrastructure: Over the last few years, various developers in the Steamboat Springs area have proposed large property development projects that would require substantial buildout of the YVEA electric system. There are also other needed capital improvements throughout the YVEA service territory that will require significant investment in the coming years. Significant capital expenditures could require rate adjustments and a rate review will be conducted in 2021.

5. Wildfires: Wildfires are an ever-present threat to the communities of northwest Colorado and to YVEA. Not only are there financial risks to the co-op if its facilities caused a fire, there are operational risks impacting YVEA's ability to serve its consumer-members. The board and staff specifically mentioned certain areas in the YVEA system that are served by radial feeds, meaning there is no backup service. To mitigate this threat, YVEA will include additional funds in its 2021 construction work plan to conduct vegetation management and take other measures to reduce the risks of wildfires. YVEA will also investigate whether any state or federal funding is available for clearing easements. YVEA will also support CREA's efforts in sponsoring legislation to help establish standards for vegetation clearance that could be followed by all electric utilities.



6. Load growth opportunities: This “risk” may be more appropriately categorized as an “opportunity.” However, there is some risk that YVEA would have difficulty acquiring the necessary materials and/or labor to meet the demands for new services and in determining whether the co-op or the consumer-member pays for the upgrades. Overall, though, the board and management agreed that YVEA will do what is necessary to serve new consumer-members or the expanded needs of existing consumer-members.

After a lengthy discussion of all these issues, the board ranked the top four enterprise risks to YVEA as follows:

1. Wildfires;
2. Power supply;
3. Economic impacts of coal plant/mine closures; and
4. Maintaining reliability of service.

From the enterprise risks identified, the board determined 2021 action items as follows:

2021 Action Items

1. Property Acquisition in service territory for potential RE project
2. Service Territory Expansion/Consolidation
3. Investigate Partnerships with local Communities
4. Broadband: Continued Buildout
5. Beneficial Electrification: Create BE Workplan
 - a. Complete Feasibility Study
 - b. Establish Tariffs/Rates as needed
 - c. Develop Budget
6. Scope and Develop 1 EV Charge Station for YVEA per year for ten years
 - a. Member-owned
 - b. YVEA-owned
7. Communication Plan
 - a. Recruit/Redevelop the Communications Role within YVEA
 - b. Member – Cooperative Relationship
 - c. Brand Identity
8. Power Supply: Monthly power supply updates during board meetings
9. Development of company Wildfire Mitigation plans
 - a. Identify Grant Opportunities for Wildfire Mitigation projects
 - b. Develop budgets for continued ROW maintenance and wildfire risk reduction