



2019

Strategic Planning Summary



YVEA Strategic Planning Summary

July 30 – 31, 2019

8:00 a.m. – 4:00 p.m.

Steamboat Springs, CO

Purpose

The purpose of the planning sessions was to identify and discuss strategic goals and direction of the Association and prioritize those goals. Allowing us the information to set staffing, budgets and timelines to complete the identified goals.

Sessions

The sessions were held at the Steamboat Springs campus and included members of management in addition to board members.

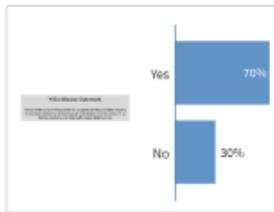
Mission Statement

Discussion was held around the current Mission Statement:

'Yampa Valley Electric Association is a cooperative that provides value to its member-owners through technology that delivers safe, and reliable electric service in an environmentally and financially responsible manner.'

Consideration was given to current government-imposed environmental regulations and the initiatives and viewpoints of the territory served by the Association.

Is YVEA's Mission Statement relevant today?



Response options	Count	Percentage
Yes	14	70%
No	6	30%



20 Responses

If no, please state what changes you would like to see in YVEA's Mission Statement.



Responses

- Yampa Valley Electric Association is a cooperative that delivers safe and reliable energy to its members in an environmentally and financially responsible manner.
- Address the legislative efforts towards renewables and greenhouse gas emissions
- Address legislation and Polis's plan that will affect YVEA and Xcel Energy
- NA
- The current mission statement is relevant. But it lacks information about more dynamic initiatives such as broadband which is directly related to the economic health and vitality of communities. It also does not fully reflect the idea of providing member-owners choices and options for how to engage with energy (i.e. generators, CenSible energy, solar gardens). And I know that not everyone participates in Operation Roundup but that, and the solar garden for income qualified people, is a good example of caring for people & communities.
- Cet's confusing with Luminate Broadband. Is the Mission Statement for YVEA only, or should it include Luminate? I think fiber communication could be added somehow to YVEA's Mission statement since they use fiber communication as well in their network.
- YVEA is delivering electric services, Luminate is delivering the broadband
- Clean
- We need to at least include the term broadband or technology or something like that
- I do not think a change is needed at the moment.
- We provide more services than electricity. We strive to be an energy consultant to our member/owners. Electric, Broadband and consulting.



11 Responses

It was agreed to suggest the following modifications to the statement:

'Yampa Valley Electric Association is a cooperative that enhances the lives of its member-owners through technology and consulting resources that deliver clean, safe, and reliable electric service in an environmentally and financially responsible manner.'

Upon formal approval of the updated statement at the August board meeting, staff will update the appropriate materials and inform employees of the updates.

Vision Statement

The current Vision Statement was discussed: 'Yampa Valley Electric Association (YVEA) is a dynamic cooperative committed to excellence.'

Is YVEA's Vision Statement relevant today?



Response options

Yes

Count

Percentage

No

9

50%

9

50%



Engagement

18

Responses

If no, please state what changes you would like to see in YVEA's Vision Statement.

Responses

What changes would you like to see in the current vision statement? Please provide a brief description of the changes you would like to see. This includes aspirational aspects in both the mission statement and vision statement like reference to energy security, reference to "transition" is probably not needed. But it does seem to say that YVEA is planning for a new energy future and would be inclusive of all member-owners?

What does this mean? How? Through what means? Etc.....

It is a very generic vision statement. Does not say much. On the website it says "our vision is to build a brighter future for our members" which I like better. It is also generic but it has a future looking, aspirational aspect. In both the mission statement and vision statement I like referencing energy security. Referencing "transition" is probably hot button. But is there a way to say that YVEA is planning for a new energy future that would be inclusive of all member-owners?

It is too vague

Responses

Yampa Valley Electric Association (YVEA) is a dynamic cooperative proudly committed to responsibly serving its members and community.

What does this mean? How? Through what means? Etc.....

It is a very generic vision statement. Does not say much. On the website it says "our vision is to build a brighter future for our members" which I like better. It is also generic but it has a future looking, aspirational aspect. In both the mission statement and vision statement I like referencing energy security. Referencing "transition" is probably hot button. But is there a way to say that YVEA is planning for a new energy future that would be inclusive of all member-owners?

It is too vague



Engagement

4

Responses

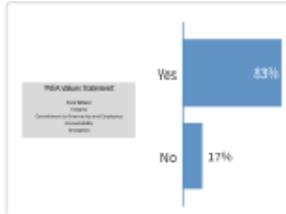
It was determined to not modify the current Vision Statement.

Core Values Statement

Discussion was held around the Association's current Core Values:

*Integrity
Commitment to Community
Accountability
Innovation*

Is YVEA's current Values Statement relevant today?



Response options

Yes

Count

15

Percentage

83%

No

3

17%



Engagement

18

Responses

If no, please state what changes you would like to see in YVEA's Values Statement.



Responses

Need to establish new values based upon our revisions to the other components...

something in about the environment

Member Satisfaction, Safety, Reliability and Cost Control



Engagement

3

Responses

The group suggested modifying the core values as stated below, and formally submit the core values statement to the board for approval at the August board meeting:

***Integrity
Dedication to Employees
Commitment to Community and Environment
Accountability
Innovation***



Current Workplans

The group discussed previously established workplans. These various workplans were created by staff, or third parties, and covered all aspects of operations of the cooperative:

APG (OWP): Arrow Performance Group, now known as the Operational Work Plan, was created by third-party consultants, Arrow Performance Group (APG). APG facilitated multiple strategic thinking sessions with staff and board members during 2017 and 2018.

CFC: Cooperative Finance Corporation (CFC) facilitated two strategic thinking sessions with the board and management team of the Association in November 2018.

TWP: Power Systems Engineering (PSE) worked in conjunction with various members of the management team to create the Technology Work Plan (TWP). The three-year plan was created in 2015.

CWP: Internally, various members of the management team worked to create the Construction Work Plan (CWP). The three-year plan forecasts upgrades to existing infrastructure and new construction for the years 2020-2023.

Going forward, it was agreed upon to review all existing workplans and initiatives but the board would like to move to a strategy that encompasses all workplans into one, comprehensive, strategic workplan. This comprehensive plan will be reviewed annually by the general manager and the board of directors and will be presented to all employees following the annual strategic review with the board.

Current Initiatives

A majority of the group's time was spent discussing the identified strategic issues. While not all-inclusive, the following captures some of the key points that were raised during the discussion of each issue:

- Broadband Deployment
- Renewables
- Cost of Service Study
- Rate Review
- Franchise Agreement: City of Steamboat – as it relates to Rate Study



Broadband

Q&A for Strategic Planning:

- Introduction and description of the marketplace
- Competitors coming into market to “cherry pick” best potential accounts
- Recent public announcement that Yampa Valley is seriously considering a broadband service
- Word is now out, competitors are folding their cards
- Plan to provide fiber in densely populated areas first

YVEA Construct the Network Head-Ends and Fiber Rings to support build out

- Build out as take-rates dictate
- Will experience financial losses for a time
- Should the business structure be an operating ~~division~~ or subsidiary? SB-107 defined subsidiary structure
- What are our first steps and do we hire someone? [Board directed to hire Broadband Manager.](#)
- Business structure: co-op or “for profit”? - working with tax structure expert
- What are our financing covenants?
- Hire someone to do the business case?
- How is our tax strategy impacted?

Apply for grants that are applicable to our project

• Strategy:

- o Communication plan
- o Hire professional staff
- o Set up a business plan and keep updating it – reviewed monthly
- o Develop an exit plan – [In Progress](#)
- o Employees and bargaining strategy – [Completed, compliance SB-107](#)

• How do we look for grants? As grants become available, YVEA/Luminate will evaluate and apply for all grants that are applicable. Staff has been assigned to complete this task.

- 2019: Pending Grants: Potential Awards
 - o State Broadband Grant-520 Services: \$1,775,354 ([Grant was declined by SBB](#))
 - o State Broadband Grant-123 Services: \$858,270 ([Grant was awarded December 2019, appealed by Zirkel Wireless](#))
 - o 4 grants are in process for 2020, Q1.
 - [South Routt – Stagecoach](#)
 - [North Routt – Seedhouse Road](#)
 - [North Routt – Hahn’s Peak](#)
 - [USDA ReConnect Program \(\\$20 million\)](#)



- Mini-strategic/business plan
 - Each specified zone/area will be evaluated for strategy, take rates, and customer necessity per state's unserved mapping data.
- ~~Need expertise — approve contractor or employee?~~
 - 2019: NRTC, consulting and training services
 - 2020: Maverick Resources will lead project
- Leverage build out for infrastructure improvements of the electric grid
 - 2019: Periodic pole replacements
 - 2020: CWP and Broadband projects will be analyzed and all make ready will be completed by YVEA staking staff to combine strategies to improve YVEA infrastructure
- Takeaways:
 - o Need an individual to spearhead this - employee or contract?
 - o Engineering is critical
 - o Importance of a communications plan can't be overstated
 - o Strategic acquisitions? Opportunities to acquire?
 - o Substantial amount of strategy to be determined at this time
- Explore strategic acquisition
- Be careful of mission creep
- Fiber backbone is designed to serve Yampa Valley first-and-foremost

Renewable Energy Discussion

Reliability of Electric Service:

Q&A for Strategic Planning:

- Members expectations of reliability are increasing
- Age of infrastructure is getting to be a problem
- Xcel's quality of service and "delivery points" questionable
- Substations:
 - o 20 substations on the system
 - o 12 of 20 are 40+ years in-service
 - o Replacement of substations should be spaced out over time
 - o 40 weeks delivery time on a substation transformer
- Total system maintenance is key
- Construction Work Plan is up \$1.3 million for 2019
- Is a reliability enhancement plan needed?
- Reliability (or lack of) is a byproduct of aging infrastructure
- Expand the right-of-way program when perfecting easements to accommodate broadband

Electric Vehicle (EV) Charging Station Update:

- Not a significant revenue generator, but a good member engagement opportunity
- Let's have a plan for EV charging station installs so we're ready when they come

- Action item: review the market and develop a plan for new EV station installs
 - 2019: EV charging stations at Steamboat and Craig campuses
 - 2019: EV charging station grant: \$18,000 awarded
 - 2019: Total project cost: \$57,712.67 (cost+award)
 - 2020: EV Rebates/Rebate Program
 - At-home Charging Program
 - 2020: TWP \$875,000
 - Community Charging Program
 - Communication Plan and Partners

Property Development Discussion

Scott Warner presented the current plan as well as options for the Craig campus.

Rate Study

2019:

Revenue Requirements

Capital Credit Discussion

Cost of Service Study Financial Plan

• Action Items:

Rate Strategy:

- Regular incremental increases vs. large infrequent step increases?
 - What is the impact of a 5 mill annual increase on revenues?
 - Develop scenarios using forecast model
 - Make adjustments now to get to appropriate level and then implement incremental increases to keep pace over time (“levelize”)
- Different rate structures
 - 3-part rates
 - Time of use
 - Other structures
- Facility charges should keep increasing
- Rate related action items, must stop kicking the can down the road
 - 2019 – residential rate increase needed: [Details in COSS](#)
 - 2020 – residential and irrigation rate increases: [Details in COSS](#)
- 2019 residential rate increase discussion

The board went into open session at the end of the planning session and took action on the rate change discussed.

2019 Purchased Power Agreement with Xcel:

- Early withdrawal: 20%-100% ramp out: [Meetings with Xcel: 10/2019 and 12/2019 – Reviewing options for partial requirements contract. Pending board recommendation for notice.](#)



- Term: 2042 – 5 years notice provision: Xcel has the option to exit the contract in 2040 if they give five years notice (2035).
- 3% Carve-out for renewables
- Partial: If we were to w/d a percentage of our pp early, what would our rate go to thru partial requirements. Vs All Requirements current pricing
- Economics
- Planning grant: DOLA (SIA)

2020 Initiatives

1. Continued discussion with competitive power providers to understand opportunities for competitive pricing and fixed pricing
2. Further discussion with Xcel Energy to understand the future of energy from Xcel
 - a. Demand Response programs
 - b. Modification of the rate structure – Partial requirements vs. All-requirements.