

THE CHALLENGE OF CHANGE

“IF THIS IS ALL ABOUT THE
‘CONSUMER-CENTRIC UTILITY’
...WELL, WE ARE CLEARLY
THE ORIGINAL CONSUMER-
CENTRIC FOLKS OUT THERE.”

- Martin Lowery
NRECA Executive Vice
President for Member
and Association Relations

ANNUAL REPORT | 2016

REPORT TO THE MEMBERSHIP OF SAN MIGUEL POWER ASSOCIATION



Touchstone Energy® Cooperatives
The power of human connection.

San Miguel Power Association is an equal opportunity provider and employer. If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W. Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.



Touchstone Energy® Cooperatives
The power of human connection.

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OUR MISSION:

It is the mission of San Miguel Power Association, Inc. to demonstrate corporate responsibility and community service while providing our members with safe, reliable, cost effective and environmentally responsible electrical service.

NOTICE OF THE ANNUAL MEETING OF SAN MIGUEL POWER ASSOCIATION, INC

The 78th Annual Meeting of the Members of San Miguel Power Association, Inc. (SMPA) will be held at the SMPA Ridgway office (720 N. Railroad St., Ridgway, Colorado) on the 8th day of June 2017. Registration will be open from 4:30 p.m. to 5:30 p.m., and the business meeting will begin at 5:30 p.m. This meeting will be held for the following purposes:

- 1) The election of directors to the Board of Directors for Districts No. 5 (Mountain Village & Ophir). & No. 7 (Silverton and Ouray).
2. The reports of Officers, Directors & Committees.
3. Any other business that may properly come before the meeting.



SAN MIGUEL POWER ASSOCIATION



CONTACT INFORMATION

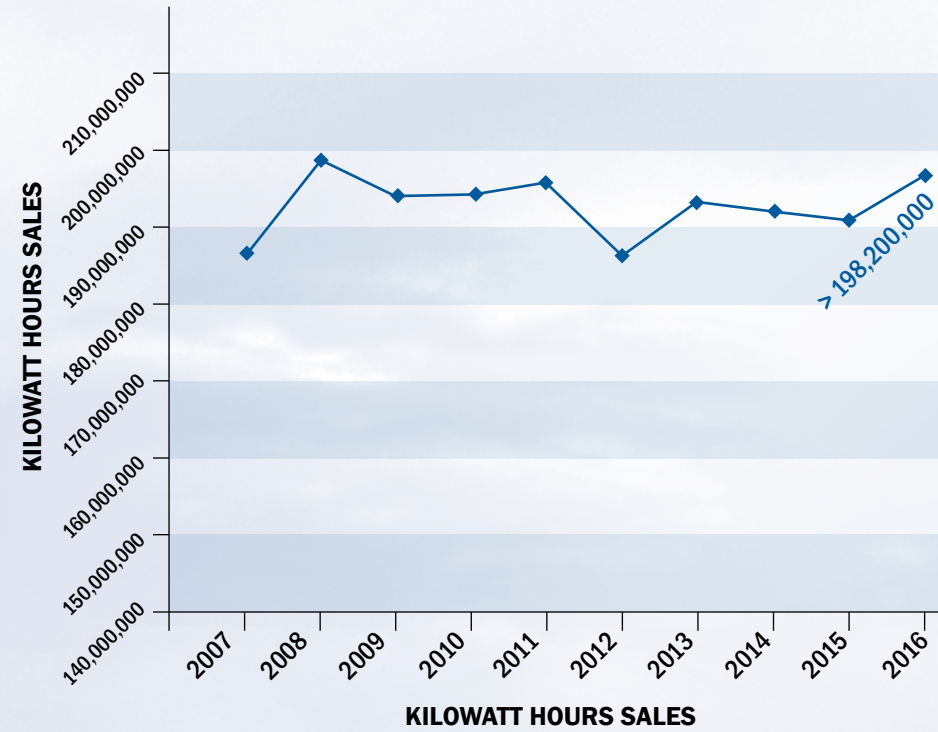
Nucla
 170 W. 10th Ave.
 P.O. Box 817
 Nucla, CO 81424
 (970) 864-7311
 Toll Free: 1-877-864-7311

Ridgway
 720 N. Railroad St.
 P.O. Box 1150
 Ridgway, CO 81432
 (970) 626-5549
 Toll Free: 1-800-864-7256

Both Offices Open:
 M - TH, 7:00 a.m. - 5:30 p.m.

[www.facebook.com/SanMiguel Power](http://www.facebook.com/SanMiguelPower)
www.smpa.com

ANNUAL KILOWATT HOUR SALES



2016
 AT-A-GLANCE

13,339
 METERS

53
 EMPLOYEES

1,886
 MILES OF LINE

7.07
 METERS PER MILE

\$0.13756
 RESIDENTIAL KWH RATE

198.2
 MILLIONS OF KWH SOLD

816
 AVERAGE KWH PER RESIDENCE

232
 NET METERED ACCTS.

43,890
 PEAK DEMAND (KW)

1938
 YEAR INCORPORATED

7
 COUNTIES SERVED
 DOLORES
 HINSDALE
 MESA
 MONTROSE
 OURAY
 SAN JUAN
 SAN MIGUEL

TRI-STATE
 POWER SUPPLIER

Rube Felicelli
President, Board of Directors

Brad Zaporski
General Manager & Chief Executive Officer



Message to the Members
THE CHALLENGE OF CHANGE

Throughout its 78-year history, San Miguel Power Association (SMPA), has faced numerous challenges and the year 2016 produced more than its share.

The Challenge of Nature

The first major challenge of 2016 happened over President’s Day weekend. Residents and businesses in Telluride and parts of Mountain Village were just beginning to enjoy their Saturday afternoon when suddenly, the power went out. Miles away, a heavy boulder had worked its way loose from a steep slope. It smashed into a power pole that supported a transmission line serving the entire region. Worse yet, the line was a “radial feed,” which meant that it had no backup.

Line crews from SMPA and from our wholesale power provider, Tri-State Generation and Transmission (Tri-State) worked for nearly 24 hours straight to repair the damage and re-energize the line. These crews were highly praised for working safely and efficiently under difficult conditions.

Although the President’s Day weekend outage was difficult for the communities, it did bring a renewed interest in a proposal that SMPA had presented years earlier: the Telluride / Mountain Village Reliability Project. This program will provide backup power via underground power lines, is currently under construction. Once this project is complete, we’ll be able to restore power after a similar incident, in minutes rather than hours.

The Challenge of Restructuring

One SMPA staff member who went door to door in order to communicate during the rockfall outage, was newly hired CEO and General Manager, Brad Zaporski. He was selected to succeed veteran General Manager, Kevin Ritter by the Board of Directors. “Brad has brought a fresh dynamic energy to SMPA,” said Board President, Rube Felicelli. “He has re-structured and empowered our staff... there is better cooperation from one department and one office to another and better cooperation between the GM, the Board and the staff. A strong emphasis on safety and reliability has been reinforced.”

The Challenge of Rising Costs

A highlight of Zaporski’s first year and this new level of cooperation was the association’s ability to avoid passing on a 4.7% rate increase from our wholesaler. By looking carefully at the budget and needs for the year, SMPA was able to cover the added costs without pulling more revenue from the members.

Moves like this help to keep the financial position of the cooperative strong, and last year, the Board of Directors, once again, elected to fulfill the cooperative promise by paying member dividends (AKA “capital credits”) to you the member-owners of SMPA.

The Challenge of the Market

Probably the toughest news to take in 2016 was the announcement that the Nucla Power Plant and associated Horizon Mine would be closing in the near future. The two facilities had provided high quality jobs for a significant portion of the population of nearby communities. Although the announcement was a significant blow to the already struggling economies, it was not unexpected.

For years, SMPA has been supporting the economic development of all its communities and providing stewardship and service to their residents. This policy is not about to stop. To be sure, the communities of the West End of Montrose County are going to change, but SMPA will be there to support its members through every stage—just as it has been in the past.

SMPA Meets these Challenges

SMPA is not just a power company. It is a collaborative organization and community resource that seeks to energize more than just power lines. It seeks to support and invigorate its membership with tools and information they can use to improve their lives.

Ironically, it seems that almost every valuable and innovative program SMPA offers was initiated in response to some challenge, whether it was natural, financial or structural. This kind of adaptation is what makes an organization last, but it is still just a means to an end. That end, for us has always been to serve our members. As we adapt to the challenges of the future, you will find that singular purpose will never change.

Rube Felicelli,
SMPA Board President

Brad Zaporski,
SMPA CEO & General Manger

Your Board of Directors

This governing body is responsible for guiding how the co-op’s money and assets are used to fulfill the cooperative’s mission. They must do so in such a way that protects the cooperative and the interests of all its members.

Left to Right: Dave Alexander, District 3; Doylene Garvey, District 1; Debbie Cokes, District 6; Bob Justis, District 2; Terry Rhoades, District 7; Rube Felicelli, District 5; Jack Sibold, District 4



A CHANGING INDUSTRY

You may have noticed that electric power has become an increasingly important topic in the national conversation over the past few decades. Why is that?

Jim Spiers, NRECA Vice President for Business and Technology Strategies has this explanation: "We're seeing the non-stop, ubiquitous change in the industry over the past several years begin to organize into macro trends."

These trends include an increased level of consumer focus, distribution optimization and an evolution of the wholesale / retail model.

Industry professionals from every sector have noticed that their consumers have become more engaged. Spiers points to one reason: the rapid advance of technologies like solar photovoltaic (PV) cells has given consumers options they never had before.

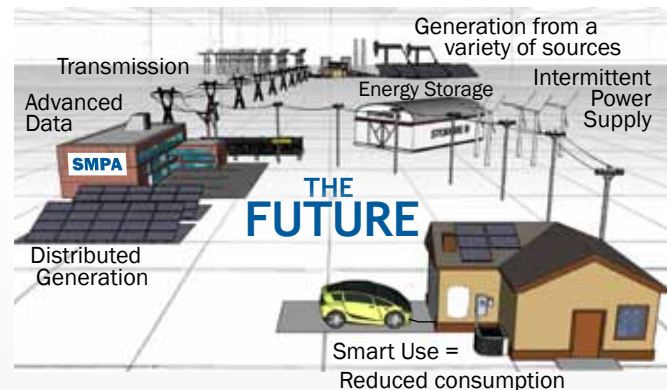
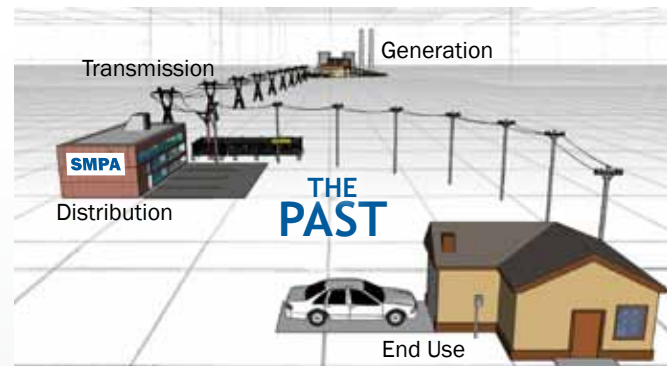
So called "big data" may also have a hand in the change. The widespread deployment of automated metering has provided a means through which interested power users can become more educated about their power use.

Co-ops, too are beginning to be affected by this real-time data. "It allows co-ops to be proactive and take care of maintenance issues ahead of time," says Vern Dosch, president and CEO of the National Information Solutions Cooperative (NISC).

This is not only driving co-ops to optimize their power grids, it's changing the way co-ops relate to their wholesale power providers.

A relatively new term, "distributed generation," has become common among industry professionals. It describes a power grid that balances a multitude of power generators and power users, as opposed to the traditional grid, which distributes power from a centralized source to many users.

The good news is that electric co-ops are well-positioned to adapt. "If this is all about the 'consumer-centric utility,'" says Martin Lowery, NRECA Executive Vice President for Member and Association Relations, "...well, we are clearly the original consumer-centric folks out there."



CHANGING TIMES

One of the challenges that our territory is facing is the EUI (Energy Use Intensity) of rapidly spreading marijuana grow operations.

A recently published report in the Columbia Environmental Law Journal from Texas A&M University professor, Gina S. Warren describes the issue.

"With \$6 billion in energy costs annually, marijuana cultivation is one of the most energy-intensive of the major industries in the United States. It

consumes six-times as much energy as the pharmaceuticals industry and requires eight-times as much energy per square foot as the average US commercial building."

Potential investors should understand the energy processes of this burgeoning industry. Taking advantage of SMPA energy efficiency rebates may help improve the return on their investment.

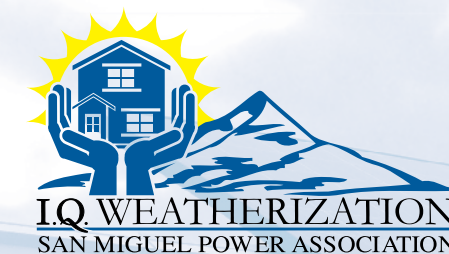


TAKING THE CHALLENGE

I.Q. Programs Help Members in Need

One of the most persistent challenges for public utilities is the inability of certain customers to pay for their service. For these individuals, late fees only compound the problem, so SMPA thought of a way to help while simultaneously meeting another demand; the desire for more local, renewable power.

The I.Q. (income-qualified) Weatherization and Solar programs provide much-needed assistance to struggling members by first reducing their homes' demand for power and then allowing them access to a community solar array reserved just for them. Assistance from the I.Q. Programs goes through two main stages:



First, a member's home undergoes an energy audit and measures are taken to improve the efficiency of the home's energy use. A well-insulated, tightly-sealed home with energy-efficient appliances is cheaper, safer, and more comfortable to rent or own than its leaky counterpart. These improvements are made at no cost to the consumer, and the savings immediately reduce their monthly bills.



Next, the member is granted a subscription on SMPA's new 200-kilowatt array in Norwood, CO. Subscriptions allow access to a maximum of 2 kilowatts of generation per participant. This program provides convenient access to solar power for income-qualified members, allowing them to reduce their bill by tapping into an abundant, local, renewable resource.



Completed by volunteers in 2016, the I.Q. Solar Array, in Norwood, CO is providing solar energy to members who could not afford to build their own array, but who can use the affordable power to help ease the burden on their budgets.



Home efficiency upgrades like this crawlspace insulation project can be completed at no cost to the member. Members save money every month, because their homes require less energy to keep them comfortable.



SMPA could not have produced the vita I.Q. programs without essential contributions from these partners.

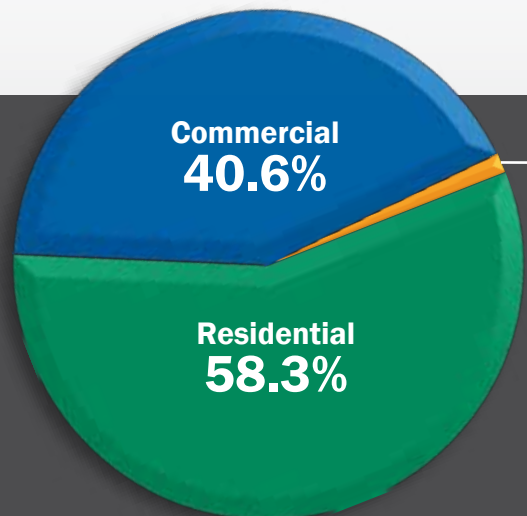
2016 FINANCIAL STATEMENT

Statement of Revenue, Expenses & Patronage Capital

REVENUES	2016	2015
Residential	\$16,550,122	\$15,929,864
Commercial	\$11,523,093	\$11,791,650
Irrigation	\$130,648	\$118,792
Street Lights	\$47,360	\$64,961
Other Revenue	\$118,598	\$119,946
Total Operating Revenue	\$28,369,821	\$28,025,213
EXPENDITURES	2016	2015
Cost of Purchased Power	\$15,050,194	\$14,970,531
Transmission Expense	\$88,028	\$110,378
Distribution Expense	\$4,655,858	\$4,008,016
Consumer Accounting Expense	\$986,781	\$952,627
Consumer Service & Informational Expense	\$274,163	\$183,309
Sales Expense	\$474,590	\$326,800
Administration & General Expense	\$2,199,365	\$2,474,363
Depreciation	\$2,244,157	\$2,293,456
Interest Expense	\$1,178,668	\$1,203,115
Other	\$91,684	\$29,339
Total Cost of Electric Service	\$27,243,488	\$26,551,934
MARGINS	2016	2015
Operating Margin	\$1,126,333	\$1,473,279
Non-Operating Margin	\$149,217	\$193,735
Capital Credits	\$530,449	\$799,365
Extraordinary Items	\$0	\$0
Net Margin or Patronage Capital	\$1,805,999	\$2,466,379

Comparative Balance Sheet

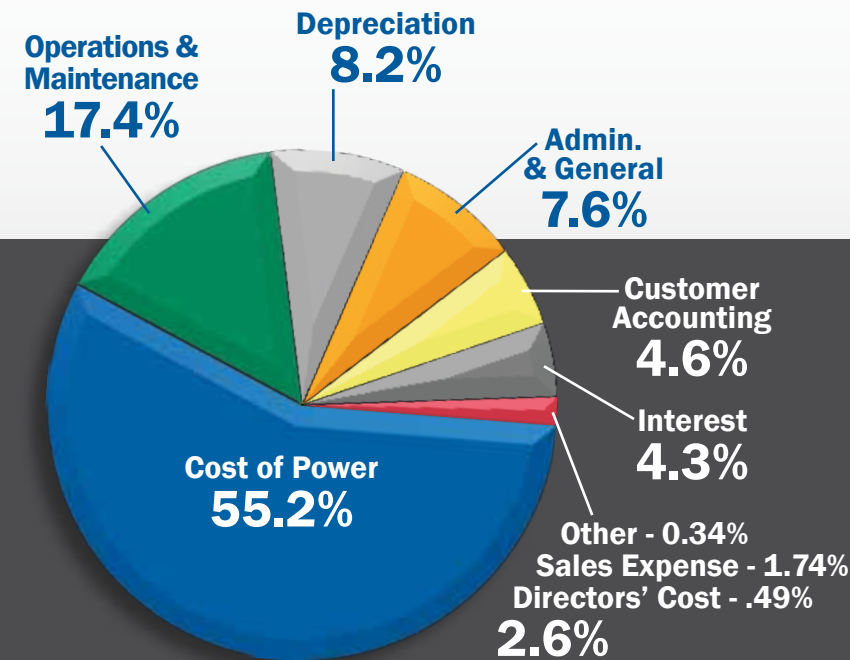
ASSETS	2016	2015
Total Utility Plant	\$77,621,084	\$79,403,720
Less: Reserve for Depreciation	\$26,737,145	\$28,193,265
Net Utility Plant	\$50,883,939	\$51,210,455
Reserve Funds & Investments	\$18,939,659	\$18,894,800
Other Investments	\$0	\$56,580
General Funds	\$4,636,096	\$2,506,237
Special Deposits	\$3,367,285	\$690,341
Accounts Receivable	\$3,005,722	\$2,953,818
Material Inventory	\$1,089,940	\$1,319,680
Prepayment & Other Assets	\$126,325	\$80,051
Total Assets	\$82,048,966	\$77,711,962
LIABILITIES & EQUITIES	2016	2015
Total Equities & Margins	\$44,954,659	\$43,887,061
Total Long Term Debt	\$28,621,812	\$24,729,226
Notes Payable	\$0	\$1,511,796
Current & Accrued Liabilities	\$6,182,639	\$5,897,108
Deferred Credits	\$2,289,856	\$1,686,771
Total Liabilities & Equities	\$82,048,966	\$77,711,962



Irrigation: 0.46%
Street Lights: .17%
Other: .42%
1.1%

WHERE SMPA'S DOLLARS CAME FROM

SMPA collects revenues from two main classes of members: Residential and Commercial. Individual rates are affected by factors including demand, energy use and the need for three-phase vs. single phase service. Learn more about rates at www.smpa.com.



WHERE SMPA'S DOLLARS WERE SPENT

SMPA's largest expense is the whole-sale cost of power. Fixed costs include Depreciation and Interest. Controllable costs make up a relatively small portion of SMPA's burden.

RENEWABLE ENERGY

For the majority of its history, the U.S. power grid has been predominantly dependent upon fossil fuels. As the environmental consequences of this are becoming evident, and as alternative methods become more affordable, consumers are increasingly interested in acquiring their power from solar, hydro, wind and other renewable sources. For nearly a decade, SMPA has been helping its members do just that.

Growing the Network of Renewables

We believe that growth in local renewables is change for the good. As we reflect on past projects, we see how they have spurred economic growth, preserved a part of our history, produced unique solutions to new challenges, and built valuable partnerships.

Looking back on just the last decade, we've seen projects such as Coal Creek hydro, the SMPA Community solar array in Paradox, and Pandora hydro come online. It is rewarding to witness all of the relationships that have developed in the community because of these projects. With participation from schools and town governments, landowners in Paradox and homeowners in Telluride, the network has grown. Add to this list the benefits from projects that had their genesis a century or more in the past. Ouray Hydro, built in 1885, and Bridal Veil Hydro, in 1907, prove that some things don't change as these hydro plants are still in existence today.

Each year, we seek out new opportunities to do more. In 2016, SMPA helped members install over 125 kilowatts of solar panels on their roofs, and we partnered with San Miguel County and others to build a 200 kilowatt Income Qualified solar array that helps households in need.

We celebrate this collection of local renewable energy projects and recognize how each was built in its own unique way amidst an ever changing environment of policy, technology, and partnerships. While change is ever present, one thing remains constant: SMPA's commitment to local renewable generation.



Renewable Rebates

Not every electric cooperative has environmental responsibility written into its mission statement. Fewer still back that statement up with rebate offerings for a host of consumer-built renewable projects. Learn about what rebates are available at www.smpa.com/content/renewable-rebates

Green Blocks

The Green Blocks program allows members to purchase Renewable Energy Credits (RECs) to offset their energy consumption with renewable energy. Each Green Block costs only \$1 and guarantees a block of 100 kilowatt hours (kWh) of renewable energy. Green Blocks can be automatically purchased monthly on your electric bill or as a onetime purchase at any time. Members can purchase as many Green Blocks as they wish.



Net Metering

The SMPA net metering program enables members to install solar, or other renewable energy generating systems, to offset all or a portion of the electric load at their meters.

Since SMPA began its net metering program in 2000, members have invested over 6 million dollars in local renewable energy net meter systems. Net-metered members leverage the power of renewables while still accessing the reliability of the grid.



"Our net meter allows us to have a positive impact on not only our power bill, but the environment as well."

-John Clark, Ridgway

MAKING A CHANGE

Energy Efficiency Means GREEN for You & for the Planet

Looking for ways to save energy today is not so much about sacrificing comfort or convenience. It's about finding ways to use energy wisely. With today's technological advancements saving energy equates to saving money and improved comfort as much as it does to saving the planet. Whether it's improved visibility in the office, less light pollution in the starry skies, a new refrigerator, or better insulation in your home, making the change to an energy-efficient life can make life a lot better for all of us.

At SMPA we are interested in helping our members save money and save energy. We feel it's simply the right thing to do. That's why we offer programs to help our members make their financial ends meet at the end of the month while giving them to power to make a local impact on a global issue. Being GREEN can mean saving money and saving the planet!

We offer rebates for our members in order to help them save money and energy by making smart choices and utilizing new technology for the home or work place. If you're interested in learning more about how you can save, review our rebate offerings pamphlet available in our offices or online.



As the chart below attests, these rebates have helped many in our territory realize the benefits of sustainable, efficient homes and businesses. You can make the change in your building's energy efficiency by taking advantage of these same rebates. Learn more at www.smpa.com/content/rebate-programs.

REBATE REPORT

REBATE	ISSUED	TOTAL \$	SMPA	TRI-STATE
Energy Star Appliance	154	\$13,245.00	\$5,660.00	\$7,580.00
LED Bulb	263	\$52,284.00	\$10,456.00	\$41,828.00
Commercial LED Retro	25	\$67,899.00	\$1,913.00	\$65,986.00
Heat Pump HVAC	1	\$1,150.00	\$1,150.00	N/A
Energy Audits	6	\$1,750.00	\$1,750.00	N/A
Electric Car	1	\$750.00	\$750.00	N/A
Market Weatherization	2	\$2,000.00	\$2,000.00	N/A
IQ Weatherization	21	\$23,924.87	\$23,924.87	N/A
High Efficiency Motor	1	\$1,500.00	\$1,500.00	N/A
Solar PV Residential	16	\$36,000.00	\$36,000.00	N/A
Total	490	\$200,502.87	\$85,103.87	\$115,394.00



MEMBER FEATURE: TOTAL IMAGE SALON

In order for us to open the Total Image, a full service salon in downtown Norwood, we had to retrofit an old building. The old lighting was terrible and used a lot of power... We had to look at a whole new lighting system.

We needed very natural and consistent light which we found in LED products. LEDs also use less energy than the equivalent in fluorescent or incandescent style bulbs and they are far more resilient.

A San Miguel Power Association representative came to the store, worked with us on a plan and provided great advice. SMPA also offered us a significant rebate to help us make that initial investment. Without it we may not have gone all LED but we are so happy we did.

The colors pop, the products are well represented, and the clients comment positively about the space, so it feels like a total success. I don't believe it would have been quite this nice without SMPA helping us to make some of those difficult lighting decisions

*Tanya Morlang
Total Image Full Service Salon
- Norwood, Colorado*

MEETING THE CHALLENGE

The Communities of SMPA

Because SMPA is so closely linked to our communities, there are countless examples of activities that have the “co-op touch”: conducting safety programs at schools, fire districts and local businesses; helping members with appliance replacements; sponsoring local fairs and events; working with community organizations to improve energy efficiency; providing opportunities for local renewable energy development; funding higher education opportunities for local youth - the list goes on and on.

To us, service means not only making sure the electricity is flowing, but also, making sure that the community and its citizens are thriving and prospering. Service means helping friends, neighbors, and business colleagues. That’s what it’s all about. That’s the electric cooperative tradition.

Donations, Grants and Sponsorships

Every one of our communities has people who have dedicated a significant part of their lives to helping their neighbors. Their ideas take the form of events, public assets and ongoing programs.

In order to work, these programs just need a boost from donors who “get it.”

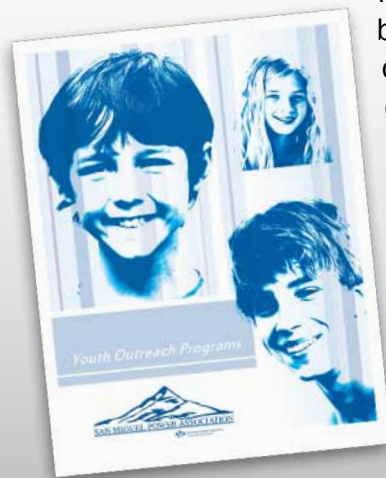
SMPA is proud to offer several forms of support for community endeavors. These include: corporate donations, and director donations, which re-invest monies from our unclaimed capital credits fund and partnerships with cooperatives like CoBank, Tri-State and Basin Electric which bring money into our communities from the outside.

Though the donations can take many forms, they are an important part of the cooperative difference and our way of saying “We get it.”

Education Outreach

There are many programs for students offered by SMPA and its partners. These programs cover topics like safety, science, leadership and career preparedness. They are also targeted to students ranging from kindergarten to high school.

With so many offerings available, we felt it only made sense to gather them into a comprehensive menu. This menu was distributed to teachers and administrators at the beginning of the school year. As the year progressed, this outreach resulted in new relationships and opportunities for students.



2016 - 2017 SCHOLARSHIPS

Each year, SMPA awards multiple scholarships to graduates of local high schools. This year, SMPA awarded \$20,000 to these deserving students.



Devyn Rummel
Norwood H. S.



Carlie Wytulka
Norwood H. S.



Henry Benasutti
Ridgway H. S.



Jordan Leo
Ouray H. S.



Tyler Jansen
Telluride H. S.



Hannah DeKay
Silverton H. S.



Emma Spaulding
Telluride H. S.



Kenzie Zaumseil
Telluride H. S.



Gregorio Osha
Telluride Mtn. Sch.



Ethan Barnes
Norwood H. S.



Deanna Basulto
Paradox Valley
Charter Sch.

Check out www.smpa.com in October for information on how to apply for 2017-2018 scholarships.

A CHANGING LANDSCAPE

SMPA Operations

When SMPA plans for its construction projects, it considers load growth, aging facilities and reliability. In the past, loads were growing in areas where we had limited service, so the bulk of the work was in expansion projects.

Times change, and SMPA must respond to those changes. The economic downturn of the late 2000’s had a delayed impact on our area. By the year 2016, we had quite a bit less new load growth than we had in the past.

West End Reliability Project Completed

In the summer of 2013, lightning struck the transformer at the Nucla substation, cutting power to the West End for nearly 17 hours. To get power flowing again, SMPA crews installed a recently retired transformer.

This solution worked, but it was only temporary. In order to bring true reliability to the area, a new transformer had to be installed. In 2016, our crews completed that work. While they were at it, they also upgraded two outdated circuit breakers and associated protective devices.

This gave us an opportunity to look at the overall system and focus on projects that improve reliability. One of the major priorities has been to create “looped” feeds, which can supply power from two sources, as opposed to “radial” feed, which branch off from just one. This should reduce outage times and give operations crews and engineers more options when problems do occur.



The new Nucla Substation Transformer will serve the needs of the Nucla / Naturita area for many years to come.

Right-of-Way Clearing



Currently, we trim away vegetation to a distance of at least 10’ from lines & equipment. This way, we only need to revisit an area once every 3 years.

It is generally accepted that the single largest cause of power outages is trees, or portions of trees that grow or fall into power lines. We at SMPA actively work to mitigate these threats. In fact, our vegetation management program represents one of our largest recurring maintenance expenses.

We believe vegetation management is important to the safety and reliability throughout our system. We have increased our program through our contractor from a single two-man crew a few years ago to 3 two-man crews and a general foreman.

Our current contractor is Asplundh Tree Expert Co. They are well-trained and are uniquely qualified to trim trees around energized power lines. When possible, they will trim trees using a method that discourages continued growth towards our lines. This allows trees to grow and electricity to flow.

NO CHALLENGE TOO GREAT SMPA Lineworkers Answer the Call



When the power goes out, these are the folks who find and fix the problem. Every April, we honor these highly-trained professionals. Look in our newsletter for ways you can show your support.

SMPA EMPLOYEES

30 + Years of Service

David Kelly, System Planner	44
Duane DeVeney, Service Planner	34
Rick Gabriel, Supervisor, Purchasing/Stores	31
Paul Enstrom, Safety & Reg. Comp. Coordinator ..	30

26 - 29 Years of Service

Scott Davidson, Journeyman Line Technician	27
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21 - 25 Years of Service

Frances Lendin-Graybeal, Customer Service Rep	25
Clint Colson, Working Foreman	24
Claude Barrett, Area Service Technician	23
Shawna Sinks, GIS Specialist	23
Lester Oltjenbruns, Systems Technician.....	22
Tammi Magallon, Plant Accountant.....	22
Marvin Walisky, Service Planner	22

16 - 20 Years of Service

Daniel Hubert, Journeyman Line Technician	20
Gay Carver, Billing Representative	20
Carla Reams, Manager of Admin. & HR.....	20
Keri Kling, Billing Representative	20
Renee Koski, Custodian.....	19
Mark Castle, Journeyman Line Technician	19
Grant Kennedy, AMI Technician.....	18
Jon Puderbaugh, Working Foreman	17
Preston Joseph, Journeyman Line Technician.....	16
Calvin Rutherford, Manager, Finance & Accting....	16

11 - 15 Years of Service

Johnathan Smith, Journeyman Line Technician	14
Penny Gabardi, Customer Service Rep.....	13

Michael Morlang, Equipment Technician.....	13
KJ Johnson, Journeyman Line Technician	13
Bart Reams, Journeyman Line Technician	12
Eric Pottorff, Area Service Technician.....	12
Brad Boulden, Working Foreman	11
Bob Coulson, Facility Maintenance Technician	11
Kim Nickolaus, AMI Technician	11
Jackie Sinclair, GIS/ROW Specialist.....	11

6 - 10 Years of Service

Tom McLeod, Area Service Technician	10
Byrd Williams, Service Planner.....	10
Darcy Weimer, Journeyman Line Technician	10
Jeff Shea, Working Foreman	8
Brad Zavorski, General Manager/CEO.....	8
Scott Reed, Journeyman Substation Technician...	6
Bill Riley, Manager of Engineering.....	5

0 - 5 Years of Service

Becky Riley, Customer Service Rep	5
Joshua Hainey, Senior Accountant.....	5
Wiley Freeman, Manager of Member Services	5
Jeremy Fox, Supervisor of Service Planning.....	3
Duane Oliver, Manager of Operations.....	3
Alex Shelley, Communications Executive.....	1
Paul Hora, Key Accounts Executive.....	1
Kelly Truelock, Accounts Payable Accountant.....	1
Dustin Smuin, Senior Mechanic	1
Chris Falk, Mechanic/Warehouseman.....	1
Greg James, Mechanic/Warehouseman.....	1

A CULTURE OF SAFETY

The electric industry is one of the most inherently dangerous fields in the world. The only way to prevent deadly accidents is to make safety the number one priority for all employees.

For this reason, an employee-led, internal awareness campaign is a great idea. Speaking of ideas, two of the best came from custodian, Renee Koski, and HR Manager, Carla Reams who joined forces to produce our new safety logo and slogan: "Be wise, Don't compromise, Safety saves lives."



ANNUAL MEETING MINUTES June 9, 2016

1. Call to Order: The 77th Annual meeting of the San Miguel Power Association (SMPA) members was called to order by Board President Rube Felicelli on June 9, 2016 at 5:43 pm at the San Miguel Power Association offices located at 170 W 10th Ave, Nucla, CO 81424.
 - a. Board members present: Doyleene Garvey, Assistant Secretary/Treasurer (District 1); Robert Justis, Vice President (District 2); Dave Alexander, Secretary Treasurer (District 3); Jack Sibold (District 4); Rube Felicelli, President (District 5); Debbie Cokes (District 6); and Terry Rhoades (District 7)
2. Presentation of Colors: SMPA Linemen Jon Puderbaugh and Brad Boulden along with volunteers from the Veterans of Foreign Wars Post # 9058 presented the Raising of the Flag during the National Anthem.
3. Invocation: Invocation was delivered by SMPA lineman KJ Johnson.
4. Introduction of Guests: President Felicelli introduced the SMPA Board of Directors, General Counsel Jim Link, General Manager Brad Zavorski, independent election monitor Michael Hockersmith, Colorado Representative (District 58) Don Coram, Tri-State Generation & Transmission Senior VP/CFO Pat Bridges, Colorado Rural Electric Association (CREA) Executive Director Kent Singer, San Miguel County Administrator Lynn Black, and Ouray County Commissioner Ben Tisdell.
5. Determination of a Quorum: SMPA staff advised President Felicelli that 124 members were registered and present, meeting the required quorum of at least 50 members.
6. Reading of Notice of the Meeting and Proof of Publication and/or mailing thereof: Secretary/Treasurer Dave Alexander read the Notice of Meeting and advised members that the appropriate legal notices regarding the meeting had been published in all newspapers within the service territory. Election ballots were mailed to members in District 1 and 4 and election notices were posted in the local newspapers.
7. Reading of the unapproved minutes of the 2015 Annual Meeting of the Members and the taking of necessary action thereon: The 2015 Annual Meeting minutes were published in the annual report. A motion was made and seconded from the floor to waive the reading of the minutes. The motion was voted on and carried.
8. Treasurer's Report: The Treasurer's Financial Report was detailed in the annual report that was provided to all members in attendance. The report is also available to all members on the SMPA website. A motion was made and seconded from the floor to forgo the reading of the Treasurer's report. The motion was voted on and carried.
9. President's Report, Rube Felicelli: President Felicelli welcomed members to the annual meeting. He spoke about the accomplishments and milestones that have occurred throughout the past year. He highlighted the theme of our annual meeting, "Our Bottom Line is You" and the importance of community. Director Felicelli listed a few examples of ways SMPA gives back to and works in partnership with the community such as schol-

arships to local high school graduates, collaborations with local organizations, employees, and the new IQ (Income Qualified) Program.

10. General Manager's Report, Brad Zavorski: Manager Zavorski introduced himself to the members. He reported on the highlights of the previous year and the future of SMPA. He highlighted SMPA's financial strength; Coffee with the Co-op meetings; Red Mountain rockslide repair; West-End Reliability Project and the installation of LED streetlights in Naturita, Nucla, and Norwood with plans to continue installations in other towns within the service area. He also said that the future includes focus on reliability and service to our member-owned local community.
11. Keynote Address, Colorado State Representative Don Coram: Representative Coram joined the Colorado House of Representatives in January 2011. He voiced the importance of creating jobs in rural southwest Colorado and the need to keep the Nucla Tri-State power plant open. He touched on the importance of renewable energy and explained that he tried to pass a biomass bill but was not successful. He also expressed the importance of keeping water in Colorado.
12. Tri-State Generation & Transmission Perspective, Senior V.P. and CFO, Pat Bridges: Mr. Bridges explained that cost and regulations drive decisions made by majority vote of the members of Tri-State Generation & Transportation. Tri-State's current power generation is ½ coal, ¼ renewable energy, and ¼ natural gas. The future of coal energy includes more and more restrictions that are harder to comply with. Tri-State's members want electricity at the lowest cost. Nucla's power plant is old, small and expensive to operate, but Tri-State is doing what they can keep it open. When asked by members what they can do to keep it open, Mr. Bridges suggested they use their voices and get involved politically.
13. Unfinished Business: None presented.
14. New Business, Question and Answer Session: Members posed questions and made comments regarding the future of Nucla's power plant, the importance of Broadband Internet access, and the differences between LED streetlights and the older streetlights.
15. Announce Election Results by Election Official Michael Hockersmith:
 - a. District No. 1: Candidates: Tom Loczy and incumbent Doyleene Garvey. There were 404 total votes, and the winner was Doyleene Garvey.
 - b. District No. 4: Candidates: Toby Brown and incumbent Jack Sibold. There were 214 total votes, and the winner was Jack Sibold.
16. Scholarship Award Announcements: The Scholarship Awards were announced.
17. Prize give-away: Every member attending the meeting received a \$10 bill credit. Additional door prizes given via drawing were gift cards and two televisions.
18. Adjournment: The meeting was adjourned at 7:02 pm.