

## AVEF Questions for Potential Candidates for SDCEA Board of Directors Election

Sandy Long – March 18, 2024

1. Why do you want to run for the SDCEA board of directors and what skill set or qualifications would you bring to the board?

SL: Now is an exciting time for electric utilities as they transition to renewable energy, have more government funding available, and as cars and heating methods turn to electricity. I think I can positively contribute to the SDCEA board especially with my abilities in both technology and business. I have been at SDCEA Board Meetings and have talked to Board members and staff for the last few years. While they have listened to my ideas, I'd like the chance to work on these issues in a more formal capacity. I have been a director on a company board and found that experience to be challenging and rewarding.

I have an Electrical Engineering degree and a Master's degree in Business Administration (MBA). For most of my career I was a Product Manager, setting requirements, prioritizing features, introducing new products, establishing prices, driving cost reductions, responding to proposals, and responsible for the overall profitability of the product. I was mostly in the telecom industry but spent 4 years as product manager of a solar inverter where we sold to utilities. I also managed people for over 15 years.

2. Do you serve, or have you served, on any other board of directors, committees, or other civic groups?

SL: I have served on several boards and committees including:

- For eight years, I was on the board of directors of Harper Brush Works, a manufacturer of brooms and cleaning tools. The company was established in 1900 by my great-grandfather. As a member of the board, I charted a course for growth, strengthened profitability, expanded production facilities, won new business opportunities, and hired management in support of the company mission. Sales grew nearly 200% to exceed \$50M.
- I have been on the board of directors of Ark Valley Energy Future (AVEF) since the formation in 2022. AVEF supports a cleaner, more independent, lower cost energy future in the upper Arkansas valley. I have coordinated booths at events (Chaffee County Home and Garden Show, Mountain Mania Car Show, Green Home Tours) to inform people about incentives for heat pumps, electric vehicles, etc.
- In 2015, I joined Citizens' Climate Lobby (CCL), an international grassroots environmental group that seeks to build political will to act on climate. In 2020, I started the Chaffee County Chapter of CCL.

- I am chair of the water committee of my HOA. I set the annual budget, report monthly to the HOA board, manage the contracts with our water system contractors, and help with system maintenance and troubleshooting including programming controllers.
3. What are your top 3 priorities that you personally would like to address or champion if elected to the SDCEA board?

SL: Here are my top 3 priorities:

1. Keep monthly access charges from increasing. SDCEA already has one of the highest monthly charges in Colorado. This is due to a cost allocation system and a desire to have predictable, steady income. However, it disadvantages those that have low energy usage (passive solar heating, high insulation, energy efficient windows, etc.). Customers need to be able to lower their energy bill by using less.
  2. Reduce SDCEA peak demand kW to Tri-State, saving money for all SDCEA members. SDCEA pays Tri-State a Generation Bill and a Transmission Bill each month based on the maximum kW that is used during a 30-minute period of the month. During the winter months, the peak demand is typically at 6:00 pm. If we can smooth out that demand by incentivizing members to use electricity at other times and by having net-metering members install batteries, we can save money and lower bills.
  3. Encourage and leverage adoption of EV's, heat pumps, and battery storage to reduce overall SDCEA costs and maintain/increase reliability.
4. How do you think the cooperative model of SDCEA is similar to and/or different from an Investor-Owned Utility model with respect to customer communication and engagement?

SL: Customer communication and engagement in a non-profit coop such as SDCEA should be much easier and more direct than an Investor-owned utility (IOU) since the customers are the member owners. SDCEA is also much smaller than an IOU, so SDCEA should be much more responsive and involved in the community.

1. What specifically would you do to create more transparent operations at SDCEA and improve engagement/communications with SDCEA's membership?

SL: The first thing that needs to be addressed is to view communication and member engagement as a two-way street. SDCEA needs to communicate and listen to their members and then act on feedback from the members. Specifically, I would encourage the CEO and the Board Chair to send monthly emails to the members to help keep them informed. Coffee with the Coop events are valuable and should be continued but we need to find ways to engage members that have full time jobs. Transparent communication is the result of a trusting culture. As SDCEA looks for a new CEO, it is critical to find someone who is transparent, of high integrity, and able to build a trusting culture.

5. What is your current knowledge of Tri-State as a supplier of electricity to SDCEA? How is our membership and contract with Tri-State helping SDCEA and/or limiting SDCEA?

SL: Tri-State is the non-profit Generation and Transmission entity that supplies electricity to the non-profit Distribution Cooperatives like SDCEA. The Distribution Co-ops are the owners of Tri-State. Tri-State requires the Distribution Co-ops to purchase 95% of their energy from Tri-State. This ensures that Tri-State has enough sales to fund their generation assets.

We are in a period of great transition. Tri-State is required by Colorado law to meet carbon reduction targets. Several co-ops have left or want to leave Tri-State so they can reduce their cost for electricity through local electricity generation. If SDCEA and other co-ops can reduce peak demand (kW), then Tri-State won't need to build as many generation facilities, helping to reduce carbon and save money. SDCEA needs flexibility beyond the 5% generation limit to encourage more local renewable energy generation and battery storage. This local generation, in combination with battery storage, can help reduce peak demand and reduce electricity costs for its members.

6. Are you concerned that other co-ops are exiting Tri-State, including those with large memberships?

SL: Yes, I am concerned that co-ops are exiting Tri-State and SDCEA may be left to pay the higher remaining costs. There is much negotiation on the price that co-ops must pay to exit Tri-State, and we will see if the final exit prices are high enough to cover Tri-State's debts. I think the SDCEA board must keep on top of this issue and continue to evaluate it.

1. Do you think there should be changes to our long-term contract with Tri-State? Why or why not?

SL: At this point, I think we need to increase the % of electricity that we can generate locally. It may only go from 5% to 10% or even 15% but it would give us more flexibility in deploying distributed resources to lower our peak demand (and therefore our costs), which will also increase our electricity resiliency and maintain reliability.

2. Would you be willing to consider pursuing a partial requirements agreement with Tri-State to generate more electricity locally in excess of the current 5% limit? Why or why not?

SL: Yes, I think we need to pursue an agreement with Tri-State to generate up to 15% of our own electricity. This would help SDCEA increase resiliency and reliability and help offset peak power demand costs. I don't think a partial requirements agreement with Tri-State (where we would generate over 40%, for example, of our electricity) should be pursued at this time. It would be tremendously expensive and then we would have to find other energy suppliers. As long as Tri-State makes good progress meeting its carbon reduction goals and provides affordable electricity, we can stay with Tri-State. However, the SDCEA Board needs to be watching this and understanding what it would take if we wanted to pursue a partial or full exit from Tri-State in the future.

7. What do you see as the most critical issue facing SDCEA right now?

SL: SDCEA has one of the highest electricity rates of all the Tri-State Coops. High rates contribute to the affordable housing problem and make it more difficult for residents to stay

here. High rates can also hurt our businesses and dissuade new businesses. Our current rate structure with high monthly access charges does not align with our charges from Tri-State. If we smoothed out our demand, utilizing energy storage and new rate plans (with time-of-use and/or demand charges), we could lower our collective bill to Tri-State and lower our electricity rates. Rate plans should be based on the amount of energy used, not on a high fixed charge, so that people have more control over their electricity usage and their electricity bill and have an incentive to try to save electricity and money. A high fixed charge for electricity is unfair to lower income people and those who want to conserve energy.

- What knowledge and skills do you bring to help SDCEA address this issue?

SL: I have over 25 years of experience as a Product Manager in Telecom and Power. Product Managers must understand costs and how to reduce costs. I have already analyzed SDCEA's cost allocation method for Primary Line Distribution and will work to persuade the Board and Staff that this should be changed. This will lower monthly access charges for all SDCEA members.

8. What do you see as the top three challenges facing SDCEA in the next 3 to 5 years?

SL: First, Tri-State as our electricity supplier has a lot of challenges that may impact SDCEA. How many other co-ops will leave Tri-State? How much will Tri-State be awarded in USDA New ERA Funding (from the Inflation Reduction Act)? Will Tri-State be able to execute on their Electric Resource Plan and meet Colorado targets for carbon emissions reductions? If Tri-State is not successful in navigating these challenges, Tri-State may significantly increase their rates.

Second, SDCEA must proactively manage new growth. With the growth of electric vehicles, SDCEA must have a plan and rate to make sure everyone doesn't charge at the same time. Several homes have electric resistance heating which is very in-efficient and has high demand exactly at Tri-State's highest rates. SDCEA needs to promote programs to transition these customers to heat pumps and other more efficient methods (insulation, etc.).

Third, but not least by any means, SDCEA needs to maintain high reliability and utilize new technology (battery storage, demand response, microgrids, etc.) to increase resiliency while reducing costs.

1. How will your knowledge and skills help address these challenges?

SL: For the past few years, I have learned much about SDCEA and Tri-State. I have attended SDCEA Board Meetings, met and talked with Board members and management, and studied the Cost-of-Service Study. I have followed the Tri-State Electric Resource Planning Process and legal proceedings.

Also, as a previous board member of a consumer products company, I know the role of a Board Member and how to work with other members and management to get things done.

9. How important is it for SDCEA to reduce the cost of electricity to members, especially those who can least afford it?

SL: It is extremely important to reduce the cost of electricity to members and I am very passionate about this. I think we can reduce the total cost that we pay Tri-State and thus reduce the cost to members. I am particularly concerned about those who can least afford high electricity bills. Monthly access charges should be kept low and unfortunately, SDCEA has one of the highest fixed monthly access charges in Colorado. With lower monthly access charges, customers can have more control over their bill. They can choose to use less electricity and benefit more from energy efficiency measures.

I remember the story of one member at a SDCEA listening session. She had a small house and had made many improvements to her home to make it very efficient. She was retired and on a fixed income. An increase to her monthly access charges would be a huge increase in her bill since she didn't use much electricity. I think we should encourage and reward folks for being energy efficient, not increase their bill.

I am aware that there are many SDCEA customers that need assistance to pay their bills. Many live in rental properties where the landlord has not added insulation, fixed windows, installed affordable heating, etc. In this case, I think SDCEA needs to be a good community partner and work with these customers and their landlords to find resources to fix their homes and heating systems.

10. Do you have personal experience with renewable energy, beneficial electrification and energy efficiency? If so, what led you to consider these:

SL: I first became concerned about climate change in 2007. I bought a Toyota Prius Hybrid and loved getting 43 mpg. In 2009, I took several PV system design classes. In 2010, I started work as a Product Manager for a Solar Inverter company. I worked for them for 4 years and learned much about PV, inverters, the solar industry, installation, etc.

1. Net metering with solar panels, wind turbine, etc.? - SL: Professional experience noted above. My house gets a lot of snow on the roof, so I'd rather participate in a 100% renewable energy program or a true community solar project.
2. Battery storage? SL: Have studied but no plans now.
3. Electric Vehicle purchase? SL: My next car purchase will be an EV or Plug-in Hybrid.
4. Heat pump HVAC or water heater? SL: I've been studying this. I have a propane fueled water baseboard heating and in-floor heating. I've heard different opinions on whether cold climate heat pumps for water systems are ready.

11. What role do you see renewables, including community solar, utility-scale and home battery storage, geothermal energy, wind energy, hydropower or others play in meeting our growing energy demands here in the upper Arkansas valley within the next 3 to 5 years? What role, if any,

should SDCEA have in implementing these technologies and initiatives to increase local energy development?

SL: I see renewables playing four roles in helping SDCEA: 1) meet growing energy demands, 2) reduce demand costs (our bill to Tri-State), 3) improve resiliency and reliability, and 4) reduce line losses.

There are lots of things SDCEA can do:

1. Negotiate with Tri-State so SDCEA can produce up to 15% of their own electricity (current limit is 5%).
  2. Negotiate with Tri-State and install battery storage at Trout Creek Solar (by the prison). This is already under discussion. Energy from batteries that store less expensive solar energy could be used during peak power periods to lower peak power costs.
  3. Incentivize heat pump installations. This is underway as SDCEA will be rolling out a Tri-State On-Bill payment program where customers can repay costs of heat pumps through their electric bill (as they see lower bills from their new heat pump).
  4. Participate in the Tri-State Demand Response program – Tri-State and SDCEA could control smart thermostats and heaters to reduce peak demand. There should be programs to incentivize adoption of battery storage with solar PV systems, so that rooftop solar members could reduce their peak power costs by using their stored energy during evening peak power times.
  5. Evaluate the use of solar/battery microgrids in key locations as a means to improve resiliency at a lower cost
  6. Determine how to make best use of net metering generation as a distributed energy resource
  7. Establish an EV charging program. Employ separate meters dedicated to home EV charging and connect them to the grid to control peak demands.
12. How important do you think locally sourced renewable energy is for SDCEA in the next 3 to 5 years? What are the associated challenges?

SL: I think locally sourced renewable energy is important as noted above (to meet growing energy demands, reduce demand costs, improve resiliency and reliability, and reduce line losses). I think we can change our contract with Tri-State and produce up to 15% of our electricity. To go beyond that would have a few challenges. A full buyout contract with Tri-State would be expensive. SDCEA would have to find another generation supplier or start developing large projects internally, neither of which they have expertise or capability to do. As long as Tri-State is making good progress on meeting Colorado emission reduction targets, I don't think we need to focus on greatly increasing our locally sourced renewable energy. We should focus on working with Tri-State and aligning our rates and programs to get the lowest cost electricity available.

13. What does 'responsible energy sourcing' mean to you?

SL: Responsible energy sourcing is using the lowest carbon sources available without sacrificing reliability. There may be small impacts on the cost, but we shouldn't experience large cost impacts from using renewable energy.

I think we should never use Coal Energy. In addition to carbon impacts (climate change), burning coal has a huge impact on human health (asthma, brain damage, cancer, heart problems, etc.). It has been estimated that the environmental cost of coal is nearly 5 cents per kWh. So when we compare the cost of coal to that of solar, we need to add \$0.05 per kWh to the cost of coal which makes it even more expensive than solar.

We do need a source of power that is available 24 hours a day. Responsible energy sourcing means that we may need to get our electricity from Natural Gas until we develop other resources.

Responsible energy sourcing also means that we try to smooth out our demand with battery storage and try to use energy when the sun is shining and the wind is blowing, so we don't have to use as much natural gas.

Tri-State has also recently joined the Southwest Power Pool, a regional transmission organization, so they can buy (cleaner) power from other places if there is a huge snowstorm in Colorado, for example.

14. Do you think that the development of geothermal energy generation in Chaffee County would lead to lower electric rates for SDCEA members?

SL: There are a lot of unknowns with the costs of a geothermal project in Chaffee County. The developers won't be able to provide a good cost estimate until a test well is dug and exact temperature and resource capabilities are known. Any project would be many years away.

Tri-State costs in 2030 and beyond are projected to be higher as they try to close coal plants and find other 24-hour/7-day resources. Tri-State is interested in Chaffee County Geothermal as long as it will be lower cost than the projected cost of other generation sources in 2030 and beyond.

As a board member, I will keep track of Tri-State plans and results, and of other industry trends.

15. If you had to pick one word to describe your view on climate change, would it be alarmed, concerned, cautious, disengaged, doubtful, dismissive, or other? Please circle one or add your own word.

SL: Alarmed! As the Yale Program on Climate Change Communication says, "It's real. It's us. It's bad. Scientists agree. There's hope."