

NETWORK

Fall 2010



Shaping tomorrow's leaders today



TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.

A Touchstone Energy® Cooperative





NETWORK

Fall 2010

Network Magazine is a quarterly publication that tells the stories of the people and communities of Tri-State Generation and Transmission Association and our 44 member rural utilities. Tri-State is a wholesale power supplier serving electric cooperatives in Colorado, Nebraska, New Mexico and Wyoming.

Tri-State and our member cooperatives are powering rural residences, farms, ranches, businesses and industries. While we operate the power plants and maintain the power lines that deliver electricity, it is the member-consumers who provide the energy and spirit that sustain our communities. To learn more about Tri-State, visit www.tristategt.org.



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General Manager's message

Navigating the course of resource planning

Ken Anderson
Executive Vice President/General Manager

Late this summer (Sept. 17), Tri-State completed its series of seven public meetings over a five-month period that have been focused on informing interested parties about our resource requirements and guidelines that comprise the association's 2010 Electric Resource Plan.

The planning process involves projecting the association's future needs based on current and projected load growth, assessing the existing generation fleet and other assets available to meet those needs and identifying any potential resource gaps on the horizon so that Tri-State will continue to meet our obligations to our membership and provide reliable and affordable power to the 1.5 million member rural electric consumers at the end of the line.

Planning for resources is a complex endeavor at Tri-State that involves many members of the association's staff and a great deal of time undertaken by our board of directors. A great deal of effort requires us to develop and assess alternative scenarios that are based on a range of growth rates, resource costs, capital costs, types of generation resources, energy efficiency programs, levels of emissions, water usage and other considerations. The various alternative resource plans are compared on the basis of cost, environmental characteristics and other factors.

Getting back to the aforementioned public meetings, a portion of Tri-State's resource plan is based on public input. More than 100 individuals have participated in these public meetings and Tri-State staff members have presented numerous alternative scenarios that were recommended by those public participants. Ultimately, our goal is to be transparent in our efforts to find the most cost effective, environmentally sound and proven technological solutions to meet our future energy requirements.

The last step in the public participation process of Tri-State's resource plan allows for a comment period that ends on Oct. 18. A draft of the 384-page report to the Colorado Public Utilities Commission can be accessed at www.tristategt.org/resourceplanning.

Tri-State's resource plan will be reviewed by the G&T's board of directors at the November meeting and then submitted to the PUC later that month and to the Western Area Power Administration in early 2011.

It is worth emphasizing that there are two factors that make Tri-State's position on resource planning distinctive from other power suppliers in the region. The first factor is that, as a cooperative, Tri-State has no incentive to earn a profit for investors or to build resources beyond those reasonably needed by our member systems over time. We have no rate base incentives for capital additions. Our structure, mission and historical commitment have been to supply reliable, low-cost electricity to our members and to insulate our co-ops from market volatility and risk. This is one of the fundamental reasons distribution cooperatives formed generation and transmission cooperatives more than 50 years ago and remains a strong rationale for membership today.

A second factor lies within the mission and mindset of the Tri-State board and staff, who are longstanding and practiced proponents of cooperative planning. Tri-State itself is a product of resource planning initiatives. A glimpse into this organization's history reminds us that rural people joined together and created their own consumer-owned utilities. Later, as they needed additional resources, the cooperatives themselves came together to form Tri-State. Suffice to say then that the association is well-equipped to navigate a thoughtful and reasonable roadmap for securing future resources in the years ahead.

Ultimately, our goal is to be transparent in our efforts to find the most cost effective, environmentally sound and proven technological solutions to meet our future energy requirements.

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Inspiring leaders

For more than 30 years, the Cooperative Youth Leadership Camp has welcomed high school students from electric co-op-served households in Colorado, Kansas, Oklahoma and Wyoming.



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3 ... 2 ... 1 ... Blastoff!

In 2011, suborbital space travel will become a reality when Spaceport America, a "purpose-built" spaceport, begins commercial flights from its southern New Mexico site.



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Co-op community commitment

A brief snapshot of some ways our co-ops are connecting with their consumers.



Cover: The 2010 Cooperative Youth Leadership Camp attendees hail from Colorado, Kansas, Oklahoma and Wyoming. Photo by Stephen Collector.

Inspiring the next generation of rural leaders



Story by Nicole Carlson
Photos by Stephen Collector and Nicole Carlson

Camp attendees pose for a group photo from the top of Mt. Werner in Steamboat Springs, Colo.

Inset: The small group who took home the top prize for the entry in the “Building a Generation and Transmission System” competition.

It is 7 a.m. on a Friday morning in mid-July. The sun is just beginning to cast a morning glow over Glen Eden Resort in Clark, Colo. — a precursor to the impending warm temperatures the day will surely bring. Amidst the sounds of chirping birds and the gurgling of the nearby Elk River, 80 teenagers are saying tear-streaked goodbyes to new-found friends. A charter bus awaits, ready to transport a large portion of them to their hometowns in Kansas and Oklahoma, while a caravan of white vehicles sits patiently, waiting for those who call Wyoming and Colorado home.

For an onlooker, it may be hard to conceive that just a few days prior, most of these young adults were strangers. Witnessing their elongated hugs and overhearing their promises to “keep in touch,” it is hard not to feel touched by the relationships and bonds created in such a short time. But, as those who have experienced it can attest — a week of camp can do that.

For more than 30 years, the Colorado Electric Education Institute (CEEI) has fostered relationships such as these by hosting the Cooperative

Learning



Youth Leadership Camp for high school students from electric co-op-served households. What began as a small project involving Colorado students has evolved into a bustling week of activities for up-and-coming leaders hailing from Colorado, Wyoming, Kansas and Oklahoma. In total, more than 80 students participate each year.

The attendees are chosen by their sponsoring rural electric cooperatives. And, in many cases, the trip is entirely funded by the co-ops, providing an opportunity that might otherwise not be feasible for many families in these tough economic times.

While at the leadership camp, attendees spend five days learning about the rural electric cooperative system, the democratic process and

how the electric system works. Although there is much to absorb during the week, camp organizers strive to create a fun environment, incorporating a number of hands-on projects, live demonstrations and tours to such places as Tri-State’s 1,274-megawatt, three-unit, coal-based Craig Station in northwest Colorado.

As its name implies, the camp has a large focus on leadership, which, according to Ashley Valdez, current camp director and the communications manager for Tri-State member San Isabel Electric Association (Pueblo West, Colo.), is a valuable aspect of the program.

“These young people are the future leaders of our communities,” said Valdez. “It’s important to provide them with an opportunity to learn about the importance of electric cooperatives and hone their leadership skills.”

While each camper lives in a rural cooperative household, they may not be aware of the origin of rural electrification or how electric cooperatives work. At camp, they not only learn the story, but also the values and business model that encompass the consumer-owned cooperative difference.

Just hours after arrival, the campers form a cooperative, electing a board of directors which then collectively hires a general manager to oversee the day-to-day activities of camp. Additionally, a group of campers volunteer to run the canteen, offering food and drink for sale. The process mir-

Leadership

rors that of a “real” rural electric cooperative. In fact, at the culmination of the week’s activities, the campers choose what to do with the profits from the canteen, which emulates a real cooperative’s capital credits retirement. For the past few years, they have voted to return the profit back to the camp.

Camp operations manager Jonathan Thornton, strategic communications specialist at Tri-State, manages the canteen: “The canteen serves two purposes at camp as it teaches campers about being part of a co-op and provides a food and beverage

service for everybody. When the kids arrive, they pay 50 cents to become a part of the camp co-op and receive a t-shirt. The volunteers who staff the canteen in shifts

learn teamwork and have fun doing it. Good times are had by all.”

Observing the camp in its setting at Glen Eden, an on-looker may find it hard to believe that this place has not always housed the Cooperative Youth Leadership Camp, as it seems like such a natural fit. Prior to 2000, however, the camp took place in Steamboat Springs. According to Valdez, the move has definitely been for the best.

“The glen really provides the best environment for camp,” said Valdez. “It lends itself perfectly to the day-to-day activities and allows a safe, enjoyable



The camp canteen teaches attendees about the cooperative business model.

Campers learn about the dangers of electricity during a high-voltage demonstration. Andy Molt from Tri-State member system Y-W Electric displays a piece of fruit that has been burned as part of the activity.





Cooperation



Employees of electric co-ops serve as camp counselors for the week, ensuring the five-day event runs smoothly.

and relaxed learning experience for the campers.”

The location of the camp has not been the only change that has taken place over the years. Valdez, who just closed the books on year two of three as camp director, has witnessed a number of alterations to the management and activities of the multi-state event.

“As with any successful program, the youth camp evolves each year as changes are made to improve upon the foundation of camp,” she said. “There are certain things at camp that we just know work. But, others are more flexible and we like to try new things. Each year provides a learning experience, not only for the campers, but for the counselors and others who manage the event.”

Some of those changes include rotating the director position every three years to an employee of varying Colorado co-ops. Additionally, this year a new position of operations manager was added in an effort to extend cohesiveness and continuity beyond the changing of directors. The changes are necessary to keep the camp running smoothly, especially when one considers how many individuals are involved during the week — around 70 first-time campers, eight ambassadors, who were

elected last year by the membership to return for a second year, and counselors, totaling around 110 individuals. This number doesn’t include speakers and other guests, such as linemen, who visit the camp throughout the week.

Although Valdez and those who have served before her as camp directors may see their duties peak during camp week, the stint is one that continues year-round.

“It can be challenging adding all of the administrative tasks that go along with serving as camp director to the regular, day-to-day responsibilities of our jobs,” said Valdez. “But, over the years we’ve divided some of the work so the director position has a lot of help along the way.”

The cooperative spirit shines through in the process of preparing for camp, as those involved band together to get the job done. Additionally, cooperatives send employees to assist as counselors for the week.

“It’s really a team effort,” Valdez said.

It is due to the attractive activities and the smooth management of the camp that is so appealing to those who attend. The camp is so popular, in fact, that it fills to capacity each year.

The reasons for coming to camp vary amongst attendees. For many, it’s a chance to visit Colorado, meet people and learn something new. For others, gaining leadership experience tops the list of reasons to attend.

Tawny Wells, a resident of Deaver, Wyo., and member of Big Horn Rural Electric, is of the latter group.

“I wanted to attend camp to become a better leader,” she said. “I used to be really shy and being involved in things like this camp has provided me with the opportunity to get over that.”

The high school sophomore is involved in FFA and a number of sports. She initially heard of camp through a past attendee. Wells had such a good time, that she ran for and was elected to return to camp next year as the female ambassador representing Wyoming.

“I really like it,” said Wells. “It’s so much different from other camps I have attended and I’ve had so much fun.”

Although at its forefront, the camp is based on teaching leadership skills, the cooperative model and rural electrification, the friendships and

the interactions between the campers also lend a large part of what one takes away from the experience. It is apparent through the observation of camp attendees that these students leave with much more than an extended knowledge of electricity. They take with them an experience like none other and one they will not soon forget.

Fun



Left: Campers enjoy a dance as part of the festivities during the Cooperative Youth Leadership Camp.

Launching into a new frontier

Story and photos by Nicole Carlson

Suborbital space flights to commence in New Mexico by 2011



A 47,000 square-foot hangar will house Spaceport America tenants, including Virgin Galactic. The hangar was designed to achieve LEED Gold standards, including the installation of Earth Tubes, solar thermal panels and under-floor radiant cooling and heating.

In a land typically known for its green chile, vast culture and scenic terrain, New Mexico will soon be adding another boast to the list: home to the world's first commercial space travel port.

Construction on Spaceport America, a "purpose-built" spaceport, began in August 2009 on a 27-square-mile site in southern New Mexico, just west of the White Sands Missile Range near Truth or Consequences. Electrically-served by Tri-State member system Sierra Electric Cooperative (SEC), the spaceport has a goal to facilitate commercial suborbital flights as early as next year.

To serve the site, SEC (Elephant Butte, N.M.) plans to begin construction on a 10-MVA substation, aptly named Frontier Substation, and a 7-mile, dedicated, combination overhead and underground distribution line by year-end. Once energized, the Spaceport America line has the potential to be the largest single load for the small co-op. Sierra Electric has a completion goal of spring 2011 for the project.

"If it's fully utilized, the spaceport load could equal the rest of our system," said Jimmy Capps, Sierra Electric general manager. "The capacity is definitely there."

The good news to Sierra Electric's members is that the substation and distribution line will not add any extra cost to their electric rates, as the \$7 million project is being funded by the New Mexico Spaceport Authority.

Capps, who took the helm at the co-op in March, said he "inherited" the project, which has been in the works for many years.

"The project is a big deal, especially for a small co-op like Sierra Electric," he said. "The impact on the local community remains to be seen, obviously, but there is big potential."

Upon completion, Spaceport America will be home to the world headquarters of Virgin

Galactic, which has a goal to begin offering suborbital space flights in 2011. For \$200,000, individuals can board SpaceShip Two, which can accommodate eight passengers and travel 21,000 miles above Earth. The two-stage craft will take off horizontally from the spaceport and offer travelers the experience of a short period of weightlessness and a once-in-a-lifetime view. Roundtrip, the experience will last 2.5 hours.

Virgin Galactic, owned by British billionaire Sir Richard Branson, has entered into a 20-year lease agreement with Spaceport America. New Mexico Spaceport Authority officials estimate the lease, including fees for use of the terminal and grounds and for every flight that takes off, will generate \$250 million over the next two decades.

Rick Homans, secretary for the New Mexico Department of Taxation & Revenue and current chairman of the Spaceport Authority, played an integral part in the initial development of the project. He is responsible for proposing the project to Governor Bill Richardson, as well as the securing of initial funding and acting as the point person in attracting Virgin Galactic as Spaceport's anchor tenant.

The technology that spearheaded the reality of the spaceport was born through the X-Prize Foundation, a non-profit organization that engages competitive and entrepreneurial spirit in an effort to benefit humanity. According to its Web site, X-Prize "frames a challenge and incentivizes a solution in a way that our efforts are multiplied exponentially by the teams who strive to compete and win the prize."

In the case of Spaceport America, it was the 2003 development of renewable launch vehicles by Scales Composite that sparked the project.

"That was our signal – our checkered flag," said Homans, in regard to the breakthrough

development. "We grabbed the opportunity and ran with it."

Shortly after the X-Prize Foundation awarded the \$10 million prize to Scales Composite, Homans traveled to London to meet with Sir Richard Branson, who was a partner in the project. Homans proposed that Branson locate the world headquarters and main operations of the company in New Mexico, to which Branson replied: "If you build the spaceport, we will come."

Although Spaceport America may be a unique venture, the space program itself is not foreign to New Mexico. What began in the 1930s with Roswell and Richard Goddard, whose experiments are recognized as the forerunners of the Apollo Spacecraft crew setting foot on the moon in 1969, continues with Spaceport America, expanding the long history of space-flight pioneering and innovation in New Mexico.

Space travel has returned to New Mexico for the same reasons it began there – location, location, location.

"The location of Spaceport America is ideal due to the high elevation, 4,500 feet above sea level, sparse population, good climate and, most importantly, proximity to the restricted air space of the White Sands Missile Range," said Homans. "These are variables that cannot be replicated anywhere else in the U.S."

In its simplest form, the goal of Spaceport America is economic development for the state of New Mexico, including Dona Ana and Sierra counties. This will be brought to fruition through the development of jobs in a brand new industry. The \$255 million project is being financed by state appropriations and bonds issued by Sierra and Dona Ana counties, which are expected to benefit from the project.

During its construction phase, Spaceport America is employing 600 individuals, with 13 of

14 contractors hailing from New Mexico. Once fully operational, 400 will work at the spaceport. Virgin Galactic will have up to 100 employees onsite.

"The spaceport is part of a broader strategy for New Mexico to plant the long-term seeds of economic growth," said Homans. "A lot of New Mexicans are being put to work and that's good for business."

As operations grow, the project is expected to impact the economy of the Land of Enchantment through continued research, development, testing and manufacturing related to the space industry.

In the future, the spaceport may also house rocket builders Starchaser Industries, launch specialist UP Aerospace, the annual X-Prize Cup and the Rocket Racing League. Furthermore, developers are banking on the spaceport to attract tourists from all around the globe.

The town of Truth or Consequences is preparing for the visitors with plans to transform a currently vacant building into a world-class visitor center.

"Our goal is to create a memorable experience for those who visit the site," said Homans. "We're putting them up close and personal with a brand new industry."

Homans added that working with Sierra Electric on the spaceport project has been an enjoyable experience.

"We have been treated very professionally and welcomed to the community in a big way and the reception from SEC exemplifies that," he said. "We consider the co-op to be a key partner in the development of Spaceport America."

Above images provided by Spaceport America Conceptual Images URS/Foster + Partners.



Construction on the two-mile runway was completed in August. A 45-ton paving machine formed the runway in concrete strips, each 30 feet wide and 14 inches thick.



Approximately 400 people participated in this "Relay For Life" fundraiser organized by Mountain View and K.C. Electric. The event, held in July in Limon, Colo., raised more than \$30,000 for research.

Most of us have seen a lot of businesses come and go in these challenging economic times, but if there's one main street business that seems permanently woven into the fabric that holds our small towns and rural communities together, it would have to be the local electric co-op.

Providing consumer-owned, cost-based, reliable electric power around the clock to the region's farms, ranches, small businesses, towns, ski resorts and industries has been the job of Tri-State's 44 member co-ops and public power districts for at least 60 years — and some of them have been around a lot longer than that.

As part of a home-grown, locally-owned business, co-op employees take pride in their long legacy of bringing electric service to even the most remote consumers living miles from the nearest town. Going the extra mile has always been at the root of what electric co-ops are all about and that doesn't just apply to electric service.

Today's electric co-ops are also energizing the communities and people they serve in another way that has nothing to do with electricity and everything to do with the human spirit. That spirit can be seen in the many sponsorship events, school support and education programs that they help fund and the volunteer activities that so many co-op employees have worked into their busy schedules.

Tri-State is proud to be part of that culture and

Mountain View Electric, Poudre Valley REA and Morgan County REA.

Two Colorado co-ops, Mountain View Electric (Limon) and K.C. Electric (Hugo), also teamed up in July for the third year to help raise funds for the "Eastern Plains Relay for Life," for the American Cancer Society, which tallied contributions in excess of \$30,000.

When it comes to local and regional events that bring out thousands of consumers for a day or evening of fun, many of Tri-State's electric co-ops help sponsor and participate in county fairs, rodeos and local sporting activities. The nation's premiere stockmen's event, The National Western Stock Show and Rodeo held each year in January, is partially sponsored by the region's Touchstone Energy cooperatives. Tri-State and "Colorado's Touchstone Energy cooperatives" also sponsor the Junior Livestock auction at the Colorado State Fair in Pueblo each summer. This event benefits 4-H and Future Farmers of America kids throughout the state.

Another event popular with those who have a need for speed is United Power's (Brighton, Colo.) annual sponsorship of a "Night at the Races" held every summer at Colorado National Speedway in Erie.

Electric co-ops are also committed to supporting continuing education in their communities as well as encouraging the development of local career opportunities.

Each year, Midwest Electric (Grant, Neb.) offers two lineman's scholarships (up to \$1,000) to graduating high school students in its service territory.

Panhandle Rural Electric Membership Association (Alliance, Neb.) continues to support and recruit graduates from a lineman's school it helped to get off the ground at Western Nebraska Community College in Alliance with the help of Wheat Belt Public Power District (Sidney, Neb.).

Central New Mexico Electric Cooperative (Mountainair, N.M.) provides up to \$6,500 in scholarship funding for the graduates of three area high schools, provided the students attend in-state, post-secondary institutions.

Educating kids on safety around electricity is an integral part of many co-ops' community outreach efforts. Co-op staff members conduct numerous demonstrations at schools, annual meetings and other community gatherings to impress upon kids the hazards of being careless around energized lines and equipment. At Carbon Power & Light (Saratoga, Wyo.), the co-op has an electrical safety presentation team that travels to local schools as well as first response services like fire departments and ambulance services to demonstrate a high-voltage display that features poles, transformers and breakers.

Although this article barely scratches the surface of the hundreds of ways co-ops are involved in their communities it might offer some hints as to why rural electric co-ops are often referred to as delivering the "power of human connections."

The cooperative difference



Cooperatives — A different way of doing business

Each October, the contributions, accomplishments and roles of our nation's cooperatives are recognized as part of National Co-op Month. The annual celebrations play a key role in promoting cooperatives to our members, the public and policymakers.

The 2010 Co-op Month theme — "Local, Trusted, Serving You." — exemplifies the backbone of the cooperative business model, emphasizing that co-ops are entrenched in their local communities in ways other businesses are not. The tried-and-true business model is based on the seven cooperative principles, first set out by the Rochdale Society of Equitable Pioneers in Rochdale, England, in 1844. These principles continue to be a foundation of values, guiding cooperatives throughout the world.

The seven cooperative principles are:

- 1) Voluntary and Open Membership
- 2) Democratic Member Control
- 3) Member Economic Participation
- 4) Autonomy and Independence
- 5) Education, Training and Information
- 6) Cooperation among Cooperatives
- 7) Concern for Community

Electric co-ops dedicated to the communities they serve



Tri-State Nebraska members PREMA and Wheat Belt continue to support the lineman's program at Western Nebraska Community College.

has taken a partnership role in helping support a wide range of community projects that benefit consumers at the end of the line and help fund events and projects that bring people together and remind them about the cooperative difference of consumer-owned power.

On the philanthropic front, Tri-State and its member co-ops have supported the Ronald McDonald House Radiothon for several years. The one-day fundraiser that airs on Denver's KOSI radio raised approximately \$130,000 in 2009, which provides housing for families of out-of-town kids being treated at metro-area hospitals.

Another hospital fundraiser that receives co-op backing is the "Country Cares Radiothon" on Denver radio station KYGO, which benefits St. Jude Children's Research Hospital. Involvement and support for this event, which raised \$76,000 last year, has been provided by Tri-State and member co-ops United Power,

Story by Charlie Powell



This year marked the fifth consecutive year Tri-State teamed with Colorado's Touchstone Energy Cooperatives to sponsor the Junior Livestock Sale at the Colorado State Fair in Pueblo.

WINTER

In our next issue . . .

Tri-State member system La Plata Electric Association (LPEA) has been working with area businesses in its service territory to install more energy efficient appliances and lighting, including a project that swapped high-pressure sodium street lights in Durango's historic downtown for light emitting diode, or LED, bulbs. Read more about LPEA's energy efficiency efforts in the next issue of Network magazine.

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The power of human connections



Service area scenic

Balloons above Buena Vista

The Rotary Club of Buena Vista, Colo., with the help of several local businesses including Tri-State member co-op Sangre De Cristo Electric Association, hosted the town's fifth annual Balloona Vista event in July, drawing interest from the local community and surrounding areas. The Touchstone Energy balloon was among the 15 balloons that participated in the three-day festival.

With spectacular Mount Princeton — one of Colorado's famous 14ers — serving as a perfect backdrop, the pilots and crews met at the local rodeo grounds three straight mornings at 6 o'clock to take advantage of the ideal weather conditions for a sensational launch into a beautiful Colorado sky.

The evening "glow" event drew the largest crowd, as approximately 200 people ventured out to see the magnificent site of several inflated — but tethered balloons — light up the night at the fairgrounds while listening to music and enjoying refreshments offered by local vendors.