

Powering more than homes and businesses



Tri-State-operated power plants provide a nearly \$600 million value annually to towns, counties.

Story by Nicole Carlson

It is no secret that electricity enhances our lives. We would find it difficult, if not impossible, to live the way we do without this vital commodity that powers our homes and businesses. However, for those who work and live in communities and counties in which a power plant is located, the ripple effect of electricity is even greater. Jobs, infrastructure, community development services and law enforcement programs — to name a few — are directly and indirectly impacted by the ongoing operations of these facilities.

To this end, in addition to keeping the lights on for its 44 member systems serving 1.5 million member-consumers, Tri-State continues to support economic growth in Colorado's Western Slope and northern New Mexico through the operation of three major coal-fired power plants: Craig Station, Nucla Station and Escalante Generating Station.

The economic and fiscal impacts of its generating stations and affiliated mines were the subject of a recent study, conducted by Development Research Partners on behalf of Tri-State. The study focused on the direct and indirect impacts of the previously mentioned power plants related to the gross output of the regions, which envelop three communities and eight counties.

Direct impact applies to the value of business expenditures on such items as equipment, parts, raw materials, operational materials, maintenance services and spending resulting from scheduled outages. Spin-off effects, or multiplicative impacts, from spending partners associated with the power plants and transitory-worker spending, as well as spending in the region by employees and their families, contribute to the fiscal impacts.

Beyond the power plants' day-to-day operations, scheduled outages and maintenance activities also impact the economies of the surrounding communities and counties. During outages, transitory workers temporarily reside in the communities in which they are working and spend money locally on food, retail items, lodging and entertainment. The value of the additional output in all industries throughout the region supported by the spending

patterns associated with the power plants' local suppliers and employees comprises the indirect impact.

Combined, the facilities provide \$594 million annually in direct and indirect value to the communities and counties in which they are located. Additionally, more than 1,240 individuals are employed (directly and indirectly) by the facilities.

Craig Station, located in northwest Colorado and Tri-State's largest power plant, is a 1,304-megawatt facility that occupies 1,120 acres of land and produces electricity to supply the association's member distribution cooperatives, as well as other partner utilities comprising the Yampa Project. The facility, operated and jointly-owned by Tri-State and other partners, is comprised of three coal-fired generating units.

The ongoing operations of the facility generate direct and indirect output valued at \$428.2 million produced by 752 workers earning a total of \$54.8 million. The power plant generates about \$8.9 million annually in property tax, sales tax and lodging tax for the taxing entities in the region. Based on the 2010 tax rates and tax policies, the ongoing operations of the power plant generate \$8.9 million annually in tax revenue for the local government.

Economic impacts of the operation of Craig Station reach beyond the town of Craig and Moffat County to include support of its key suppliers — such as Trapper Mine, Colowyo Mine, Maybell Enterprises and the Union Pacific Railroad — in the region that also includes Rio Blanco and Routt counties.

"Without Craig Station using northwest Colorado coal from Trapper and Colowyo mines and then producing clean, economical and environmentally-friendly electrical power, Moffat County would lose the strongest cornerstone on which our economy is based," said Rick Johnson, plant manager at Craig Station.

Johnson added that the low property taxes due to the location of the power plants and coal mines in the county could entice new families and businesses to move to the area. "There are many current businesses in the valley that are based there to support the power plant, coal mines and families that work at these facilities," he said.

Farther south along the Western Slope, Tri-State's Nucla Station — located near Nucla, Colo., in Montrose County — also plays a large economic role in the area. The coal-based power plant directly employs 60 workers, making it one of the largest private employers in Montrose County. In addition, the 100-megawatt coal-based power plant, owned and

operated by Tri-State, receives coal exclusively from New Horizon Mine. The power plant also supports the economies of the surrounding region including Montrose, Mesa and San Miguel counties.

Nucla Station manager Howard Kettle stressed the importance of the facility to the local economy. "Nucla Station is a staple in the local economic food chain," he said. "Not only is the plant one of the biggest employers in Montrose County, but it also supports other industries and businesses, such as the coal mine, limestone mine, ash disposal services and trucking companies."

Kettle added that the tax dollars generated by the plant, which utilizes a circulating fluidized bed boiler, are done so by "one of the cleanest technology power plants in the country."

The ongoing operations of Nucla Station generate direct and indirect output valued at \$72.4 million produced by 185 workers earning a total of \$14.6 million. The power plant generates about \$1.1 million annually in property tax, sales tax and lodging tax for the taxing entities in the region.

Just like its Colorado counterparts, Escalante Generating Station — located near Prewitt, N.M. — is one of the largest employers in the county in which it's located. The 250-megawatt baseload power plant is owned and operated by Tri-State. The regional significance of the facility includes supporting McKinley and Cibola counties, Lee Ranch Mine (from which the power plant buys all of its coal) and C&E Concrete.

Total annual direct and indirect value of output resulting from the continued operation of Escalante Generating Station equals \$94.1 million produced by 303 workers earning a total of \$21.2 million. Additionally, the power plant further supports the local community and region with the generation of \$5.2 million annually in tax revenue.

In addition to the direct and indirect value of output related to the power plant itself, the symbiotic relationship between Escalante Generating Station and the adjacent McKinley Paper Company also plays an important role in the region. The business, purchases steam, water and electricity as part of its ongoing operations. Were it not for the existence of the power plant, the paper company's continued operations would be jeopardized.

As evidenced by the study, coal-fired power plants in Colorado and New Mexico provide much more than just a reliable source of baseload power. They add significant value to their communities and counties and support the residents who live there.

Focus on community



Craig Station plant manager Rick Johnson

Craig Station recognized as 2011 large business of the year

As further testament to the importance of coal-based power plants to their communities, Tri-State's Craig Station was recently honored as the large business of the year during the Craig Chamber of Commerce's State of the County 2011 event.

Plant manager Rick Johnson accepted the award of behalf of Tri-State. Craig Station was chosen for "demonstrating exemplary businesses practices and community-oriented service."

In 2010, the 1,304-megawatt facility set an impressive 93.2 percent station availability factor (much higher than the national average) while generating approximately 9.7 million megawatt-hours of electricity. Additionally, the plant set an improved safety record by completing the year with just six OSHA recordable injuries, compared to 15 recordable injuries in 2009.

During the chamber event, Craig County commissioner Audrey Danner spoke to the significance of Craig Station and Trapper Mine to the regional economy. "Natural resources are the base of our economy," she said. "We rely on coal and gas extraction and the generation of electricity. We are a rural community with significant resources to meet the energy needs of our future."

SUMMER

In our next issue . . .

Each spring, nearly 500 electric cooperative communication, marketing and member service professionals converge to strengthen their skills through educational sessions, network and learn about the newest energy innovations and technologies during CONNECT. This year, the national conference — taking place in Denver, Colo. — is being hosted by Tri-State, its Colorado member cooperatives, and the Colorado Rural Electric Association.

Gain a first-hand look at what the conference entails through coverage in the next issue of Network.