

2023-2024

White River Electric Association Annual Report



White River Electric Association, Inc., strives to provide its member-consumers with safe, reliable and responsible electric energy and other services at the most reasonable cost possible while remaining committed to customer and community service.

BOARD OF DIRECTORS



Hal W. Pearce
President



Mark A. Rogers
Vice President



Bryce Ducey
Secretary



Ronald K. Hilkey
Treasurer



Brett W. Dearman



Shane Phelan



Kelly Sheridan

SAMPLE BALLOT

| OFFICIAL ELECTION BALLOT - JULY 18, 2024 | |
|---|------------------------------|
| WHITE RIVER ELECTRIC ASSOCIATION, INC. | |
| TOWN DISTRICT- THREE YEAR TERM- VOTE "X" FOR ONE | |
| <input type="checkbox"/> | Mark A. Rogers (Incumbent) |
| RURAL DISTRICT- THREE YEAR TERM- VOTE "X" FOR ONE | |
| <input type="checkbox"/> | Ronald K. Hilkey (Incumbent) |
| WREA Bylaw Amendments & Annual Meeting Minutes from 2023 | |
| WREA's membership received an outline of the proposed Bylaw Amendments and a copy of the 2023 Annual Meeting minutes with the Notice of Election. The proposed Bylaw Amendments and the 2023 Minutes are also posted at WREA headquarters and on wrea.org . The amendments and approval of meeting minutes are combined into two ballot questions. With your vote, you will vote for or against all of the proposed amendments. Separately, you will vote for or against the approval of the 2023 Annual Meeting minutes. | |
| Should the White River Electric Association, Inc. Bylaws be amended as proposed? Yes ___ No ___ | |
| Do you approve the 2023 WREA Annual Meeting Minutes as presented? Yes ___ No ___ | |



7 COOPERATIVE PRINCIPLES

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

AGENDA

WHITE RIVER ELECTRIC
ASSOCIATION
ANNUAL MEETING OF THE
MEMBERSHIP &
MEMBER APPRECIATION
EVENT
July 19, 2024 ~ RBC
Courthouse Lawn

5:00-6:30 pm

**Member Appreciation Dinner-
Pulled Pork Sandwich**
Served by the Meeker Lion's Club

5:00 pm

WREA Member Registration
Look for the white WREA logo tent

Business Meeting
at the RBC Pavilion

**Board of Director Election
Results**

6:45-7:00 pm

Door Prizes

- Dewalt Drill & Driver Set
- Dewalt Power Washer
- Stihl Vacuum
- Masterbuilt Electric Smoker
- BeeCool E-bike
- Several \$50 gift cards
- Compliments of Western United Electric Supply Company

**Meekerpalooza & Meeker
Market**

*in partnership with ERBM and
Meeker Chamber of Commerce*

GENERAL MANAGER'S REPORT

By Alan Michalewicz • WREA General Manager



From ten years... to tomorrow

Ten years ago, my wife, Carolyn, and I made the trek from South Dakota to Meeker for a job interview. With our children grown and off to college, we decided it was time to explore a new and different opportunity in the industry that I knew best- the electric cooperative industry. Following several rounds of interviews, the WREA Board graciously offered me the position of WREA General Manager, and the Michalewicz family quickly made Meeker our new home.

Although ten years seems to have passed in an instant, we recognize that a lot of changes have occurred within the electric industry in that short time. For consumers, little has changed. The lights still come on with the flick of a switch and the iPhone charges nightly, just as it always has. But for power generators, a mounting pressure to decarbonize continues to morph at a rapid pace. Fortunately, through it all, WREA has been able to balance political and social trends against maintaining a commonsense approach. Unless mandated otherwise, WREA leadership remains conservative, yet practical. That practicality allows us to honor a commitment to our members to provide safe, reliable and responsible electric service- even when met with new demands. Remaining flexible with a changing political tide is crucial to the success of electric cooperatives. Adaptability is one of the reasons electric cooperatives continue to thrive in an economy where many for-profit businesses have either collapsed, filed bankruptcy or solicited a government bailout.

The cooperative business model is a tough one to beat - but not all co-ops are alike. While many Colorado co-ops are seeing record numbers of new construction, WREA's residential growth has increased by less than fifty meters in a full decade. Even with slow and steady residential growth, WREA's overall electric sales are down \$25 million annually compared to sales from ten years ago. The decline is due, primarily, to a decrease in industrial load spurred on by the pandemic. Even with the pandemic in our rear-view mirror, WREA continues to experience a downturn in industrial kWh sales, due to state policies aimed at reducing fossil fuel extraction.

Remaining flexible and recognizing the downturn could be our new normal, WREA modified its budget which allows us to continue operating smoothly and with minimal effect to our rates. For perspective, in 2014, WREA's residential rate was \$.118/kWh. Today's residential rate is only slightly higher at \$.119/kWh. Throughout the past decade, supply shortages and rising inflation on material costs have contributed to an increase in the monthly service charge, however. All things considered, electricity remains a reasonably priced commodity with inflation percentages far below that of other necessities like groceries and gasoline.

Maintaining consistent rates in a fluctuating market does not come without sacrifice. In the past decade, WREA has seen the well-earned retirements for ten employees. Those retirements, coupled with a sharp decline in kilowatt hour sales offered WREA the opportunity to assess its needs -with a staffing reduction in mind. It came as no surprise that existing staff would rise to the challenge and absorb new duties to help fill the voids left by retirements, which allowed some positions to remain vacant. Individual departments doubled down and found efficiencies in work processes and new ways to operate without affecting quality, accuracy or safety standards.

Other factors which helped secure rate stability in the past decade have been the construction of WREA's Miller Creek Hydro and the Meeker Solar Garden. These two renewable projects generate approximately 525,000 kWh annually. Additionally, in 2019, WREA signed a 20-year fixed price purchase power agreement to buy 100% of the output of the Bar D Solar array in Piceance Creek- with no operations or maintenance costs having to be absorbed by WREA. That agreement has allowed WREA to save tens of thousands of dollars each year in purchased power expenses and allows our co-op to remain compliant with state renewable mandates, while passing savings directly to the membership.

WREA is committed to putting safety and reliability in the forefront of all that we do. In that effort, the past decade saw a rebuild of aging distribution lines and critical infrastructure on both County Road 8 and the Mesa. More recently, fiber was installed to far-reaching areas of our service territory which allows WREA operations and engineering staff to fully utilize technology so that we can quickly react to outages and accurately monitor load. We continually mitigate potential threats to powerlines by working with local contractors to trim trees near powerlines and test large sections of power poles for age, damage or erosion. Recently, we've begun inspecting hard to reach sections of our distribution system using drone technology. Drones are proving to be a cost effective and efficient tool for utilities and we're eager to see how similar technological advancements evolve over time.

There's one thing for certain- the next ten years will tick by just as quickly as the last. With environmental policy being adopted at lightning speed, it's difficult to predict where the utility world might be headed. Reliable baseload generation fueled by coal has provided peace of mind for consumers since the 1970's and 1980's, when most coal fired plants were built. Because of their age, however, these plants are an easy target for policy makers. In the US, most natural gas plants were constructed in the early 2000's, which makes them more conducive for a carbon capture retrofit and a more environmentally acceptable method of generation moving forward. WREA is optimistic that the voids left by renewable generation can be filled, in part, by natural gas plants being considered for this part of the state. For Northwestern Colorado this is great news, since our corner of the state is rich with natural resources and an experienced workforce welcomes new opportunities.

As WREA's General Manager, I will continue to follow the leadership of a dedicated Board of Directors and work alongside the talented, smart and hard-working staff of WREA to satisfy the needs of our membership. WREA remains engaged and eager to work in cooperation with energy policy regulators, power generators and state legislators to develop a solution for the sake of reliability and affordability. We expect to look back ten years from now and rattle off a list of accomplishments that keep our rural co-op moving in the right direction. Big accomplishments are often the result of small milestones, and WREA welcomes the opportunity to serve and honor you- our member consumers. Enjoy your 79th Annual Meeting and 4th Annual Membership Appreciation Event on July 19th beginning at 5:00 pm.

PRESIDENT'S REPORT

By Hal Pearce • WREA Board President



Given our reliance on electricity, there's simply never a good time to be without it. For so many of us, we enjoy camping and the option to slip off the grid, but the reality is that we are seldom without the need for electricity to help power our lives. We've become accustomed to the creature comforts offered by electricity and rely on it to be available at our beck and call.

Grid reliability continues to be a growing concern. Manufacturers are producing electric appliances that are more energy efficient but the drastic increase in electric demand is quickly outpacing the efficiencies gained. The explosion of artificial intelligence and the need for data centers -which process and store massive amounts of information so that we can have it at our fingertips- has elicited the requirement for millions of kilowatt hours annually. Additionally, in 2023, electric vehicles (EV's) comprised 9% of the total vehicles sold (more than one million in total), which far surpassed the expectation of car manufacturers. Keeping pace with a consumer demand to quickly and efficiently recharge while in route has become a challenge in many major cities and further taxes power generation facilities and electric supply manufacturers.

Locally, we've seen a much slower adoption rate of EV purchases, but the number of passersby who used our local charging station increased approximately 42 percent in the past year. In June alone, WREA's local EV charger data reflects twenty unique drivers (drivers who have not previously used that charging station) stopped for a recharge. Regardless of how we feel about EV's personally, the data is telling. There is an increased number of EV's on the road and their demand for a high-speed recharge continues to climb.

Continued pressure from policymakers to decarbonize and retire critical power generation facilities has forced power providers and distribution cooperatives to form a united alliance regarding electric reliability. Surrounded by experts who work within and understand the electric industry, we know that securing reliability must be at the forefront of every conversation with legislators- on both the state and federal levels. While most in the power industry support the reduction of carbon emissions and aim to be good environmental stewards, we also recognize there is a need for baseload generation if we

wish to secure reliability. Moving too fast when retiring critical infrastructure or failing to find middle-ground when planning for the future, is a sure way to manifest a crisis.

Through our statewide organization, Colorado Rural Electric Association (CREA), and its legislative department, we have a greater impact when addressing the challenges we face as distribution cooperatives. While we don't win all the battles, we are provided with a platform upon which we can express our concerns and share the vast expertise of those in the industry. WREA's wholesale power provider, Tri-State G&T has done a noteworthy job educating and coordinating a long-term strategy for reliability while working within the bounds of regulations set forth by the state. As a result of Tri-State's collaboration with lawmakers, we've witnessed some softening to the idea of utilizing natural gas, in an environmentally responsible manner, as a potential method of continued baseload generation. This is great news for Northwestern Colorado. WREA continues to engage in conversations with Tri-State about what role we can play when using one of Rio Blanco County's most available resources- natural gas. As a small, rural electric cooperative, we're grateful to have a seat at the table when it comes to providing a solution for responsible electric generation and will remain actively engaged in the process for the best interest of our membership.

One of the primary responsibilities of a board is to act in a fiduciary role and make financially prudent decisions for the cooperative and its membership. It has long been the goal of the WREA Board of Directors to return member equity at a reasonable and steady pace. In 2023, WREA returned approximately \$1.3 million dollars in capital credits to members from 2008. This August, checks for an additional \$1.5 million will be issued to members from 2009. The responsible use of member equity throughout our 79 years in business has allowed WREA to ebb and flow through market volatility and economic downturn. We are grateful for the cooperative spirit of our consumer members who help keep WREA's financial and equity position strong and steady today.

Because of the forward thinking of management and staff, WREA recently joined a co-op consortium hosted by the Department of Energy. Through the consortium, WREA has access to, and has applied for,

grant funds which have been earmarked for important fire mitigation efforts such as powerline vegetation management and specific distribution upgrades. Although these crucial maintenance projects are budgeted for by WREA on an annual basis, being awarded a grant would help accelerate the pace at which these projects can be completed and secure another level of reliability and affordability for our consumers.

Throughout the Board's assessments in the past year - both financially and strategically- we continue to recognize that our best asset is our staff. The WREA management team has worked diligently to retain talent and encourages training for employees so that WREA staff can remain educated and strong contributors to our community for years to come. While life in Rio Blanco County may be slower paced than in many parts of the country, it's important that we do not become complacent and instead, continue to evolve within the electric industry. As a Board, we put a lot of trust in, and responsibility on, staff to explore new and more efficient ways of doing business and they have yet to let us down.

Although it's held as a financially separate entity, I'd be remiss not to mention the hard work of WREA's wholly owned subsidiary, White River Energy. What started as a small propane company to help service the needs of the White River Valley and the member consumers of WREA, White River Energy has earned a reputation for excellent customer service from neighboring towns and counties. The White River Energy staff works alongside WREA staff to honor a commitment to its community and to its customers. As a cooperative board, we are honored to provide direction for the White River Energy staff, just as we do for White River Electric. Thank you to all the hardworking employees of both WREA and White River Energy for providing exceptional service every day.

On behalf of the entire Board of Directors, we owe a debt of gratitude to the WREA members for being engaged members of our co-op. We welcome your feedback, encourage you to share your thoughts, and value your continued support. Enjoy your 79th Annual Meeting of the membership on July 19th. It's with great honor and pleasure that we gather to celebrate you!

FACTS & FINANCIALS

Year Incorporated: 1945
 Power supplier: Tri-State Generation & Transmission
 Total revenue sales: \$50,256,358
 Total cost of wholesale power: \$38,350,540
 Total kWh sold: 560,037,699
 Maximum kW demand: 88,754
 Average cost/500 kWh: 58.76
 Average cost per kWh: 0.11752
 Property tax paid: \$191,305
 Number of employees: 25
 Total payroll: \$8,001,154
 Total utility plant: \$46,906,807
 Total assets as of December 31, 2023: \$94,811,531
 Miles of line: 1,033
 Meters Served: 3,484

WHERE THE MONEY GOES

79.72% Purchased Power
8.34% Operations & Maintenance
7.21% Administration & General
1.08% Consumer Accounting
2.55% Depreciation
1.10% Long Term Interest

| Financials: Assets and Operating Revenues- Two Year Comparison | | | |
|--|---------------------------------------|------------------------|------------------------|
| Assets | | 2023 | 2022 |
| | Total utility plant | \$46,906,807 | \$47,352,769 |
| | Accumulated depreciation | <u>\$17,374,662</u> | <u>\$16,295,182</u> |
| | Net utility plant | \$29,532,145 | \$31,057,587 |
| | Other property and investments | \$48,766,296 | \$48,566,580 |
| | Currents assets | \$16,423,906 | \$12,363,676 |
| | Deferred debits | \$89,184 | \$848,423 |
| | TOTAL ASSETS | \$94,811,531 | \$92,836,266 |
| Equities & Liabilities | | 2023 | 2022 |
| | Margins and equities | \$70,256,549 | \$69,448,726 |
| | Long-term debt | \$14,326,780 | \$13,642,168 |
| | Current liabilities | \$6,748,848 | \$8,756,516 |
| | Other credits | \$3,479,354 | \$988,855 |
| | TOTAL EQUITY & LIABILITIES | \$94,811,531 | \$92,836,266 |
| Operating Report | | 2023 | 2022 |
| | OPERATING REVENUES | \$50,256,358.00 | \$47,898,474.00 |
| | Cost of Power | \$38,350,540.00 | \$38,576,907.00 |
| | Operating Expenses | \$8,109,402.00 | \$7,924,568.00 |
| | Depreciation | \$1,224,654.00 | \$1,179,039.00 |
| | Interest | \$530,257.00 | \$487,794.00 |
| | Other Expenses | <u>\$109,967.00</u> | <u>\$174,350.00</u> |
| | TOTAL EXPENSES | \$48,104,886.00 | \$48,342,658.00 |
| | Operating Margins | \$2,151,472.00 | <u>\$444,185.00</u> |
| | Interest Income | \$239,431.00 | \$42,985.00 |
| | Non-operating margins | \$186,687.00 | \$399,568.00 |
| | Patronage Capital Credits | \$364,517.00 | \$105,367.00 |
| | Extraordinary item | <u>\$1,000,000.00</u> | <u>\$370,161.00</u> |
| | TOTAL MARGINS | \$1,942,107.00 | \$473,896.00 |

YEARS OF SERVICE ACKNOWLEDGEMENTS



Joe Foster
Employee - 15 years



Dustin Allen
Employee - 15 years



Alan Michalewicz
Employee - 10 years



James H. (J.H.) Sheridan
Employee - 10 years



Kyle Thomson
Employee - 5 years



Ron Hilkey
Director - 20 years



Hal Pearce
Director - 15 years



Mark Rogers
Director - 5 years



Chad Deines
White River Energy - 5 years

Thank you!

WHITE RIVER ELECTRIC ASSOCIATION, INC.

233 6th St • PO Box 958 • Meeker, CO 81641

Customer Service and 24 hour dispatch: (970) 878-5041

Fax: (970) 878-5766

Secure Payment by Phone: (970) 878-8676

Email: wrea@wrea.org

TO SERVE OUR MEMBERS BETTER, WE CAN BE
REACHED DURING THE FOLLOWING HOURS:

Monday to Thursday: 7 a.m. to 5:30 p.m. **Friday:** Closed
(Lobby closes at 5:00 every day)

