

2022-2023

# White River Electric Association Annual Report





# MISSION STATEMENT

*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

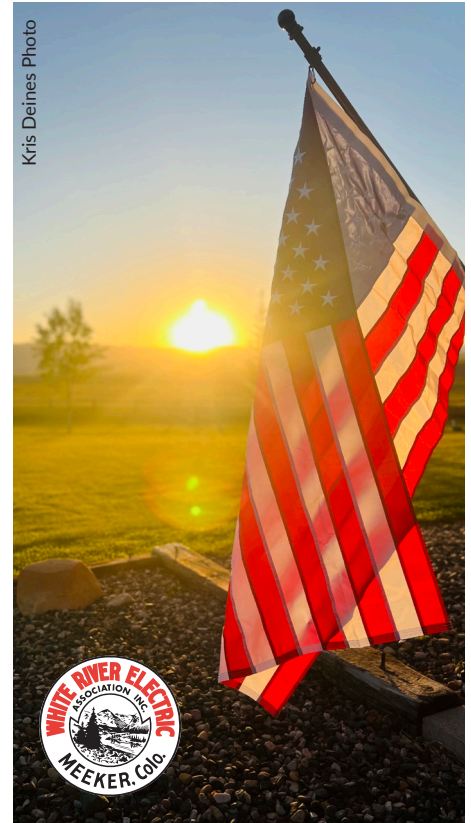
## ELECTION BALLOT - JULY 20, 2023 WHITE RIVER ELECTRIC ASSOCIATION, INC.

**TOWN OF MEEKER DISTRICT- THREE YEAR TERM- VOTE "X" FOR NO MORE THAN TWO**

- ☐ Bryce R. Ducey (Incumbent)  
☐ Hal W. Pearce (Incumbent)

### 2022 ANNUAL MEETING MINUTES

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_



# AGENDA

**WHITE RIVER ELECTRIC  
ASSOCIATION  
ANNUAL MEETING OF THE  
MEMBERSHIP &  
MEMBER APPRECIATION EVENT**  
July 21, 2023 ~ RBC Courthouse Lawn

5:00-6:30 pm  
**Member Appreciation Dinner- Navajo  
Tacos**  
*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**

**Door Prizes**  
• E-Go electric Leaf blower  
• E-Go electric chainsaw  
• Stihl electric mini-trimmer/saw  
• DeWalt electric weed trimmer

**Meekerpalooza & Farmers Market**  
*in partnership with ERBM and Meeker  
Chamber of Commerce*

# GENERAL MANAGER'S REPORT

By Alan Michalewicz • WREA General Manager



**W**REA's mission statement is more than just a mission: it's our commitment. For the past 78 years, our focus on providing safe, reliable, and responsible electric energy at the most reasonable costs possible is something we've worked very hard to achieve. As consumers ourselves, we know inflation has made life difficult—but our focus on providing electric energy at a good value has not wavered. In a semi-annual survey conducted by Colorado Association of Municipal Utilities, WREA falls in the middle of the pack in terms of rates across the state. We are proud of how we measure in comparison to other distribution co-ops in Colorado, because managing finances has become challenging over the last couple of years. Since the beginning of the pandemic, WREA has lost 30% of its electric load while our costs have continued to rise.

WREA works hard to manage the ever-changing costs of materials in a competitive supply market and, unfortunately, inflation has affected us just as it has affected our members. Items like transformers, poles and meters have fallen victim to increasing costs and a tight supply chain. This often means waiting 12 months or more for an order to be fulfilled, and having to pay more for items that are critical to WREA's infrastructure and to reliably serving our consumers.

The issue of reliability has drawn a lot of attention lately. Policymakers are moving the electric industry down a path that concerns both power suppliers and distribution cooperatives. While adopting state and federal requirements to close reliable carbon-based power plants, policymakers are mandating renewable electric resources that, by their "intermittent" nature, are not always adequate to meet ever-increasing demands for electricity. With fewer adequate resources to meet this demand, our nation is at risk of a power supply crisis. Recognizing that the solution to reliability includes a mix of multiple fuel sources, energy experts consistently push to bridge the gap between decreasing fossil fuel production and increasing renewables. Fortunately, those experts are beginning to be heard.

The most popular source for renewable generation is solar, which is a terrific source of energy. The technology for converting the energy of the sun to electricity has improved dramatically in the last few years, and as consumers we regularly hear about the advantages of solar. But there are some important facts that members should know. One disadvantage is that the sun does not shine 24 hours a day, which diminishes the usable capacity of solar panels. WREA has experienced this firsthand. In 2016, WREA developed a small-scale solar farm near Meeker High School and, in 2019, contracted with Cypress Creek Renewables to purchase 100% of its solar generation from a 4-megawatt utility scale solar farm in Piceance Creek. While both solar arrays are worthwhile projects, WREA has only seen a 28% capacity generation factor between the two. That "capacity factor" is a measurement of the amount of electricity produced compared to the maximum amount that could be produced from those facilities. As a result, every kWh of electricity required when solar isn't producing must be provided through an alternative—typically fossil-based power plants. While storage batteries are an alternative, large utility-scale batteries are not fully developed and at this point are extremely cost prohibitive. Notwithstanding these issues with renewables, today our power supplier Tri-State owns or purchases renewables from multiple sites. Last year 35.7% of all power sold by WREA came from renewable generation facilities.

For some of our members, generating their own rooftop solar energy is appealing. Unfortunately, the same capacity factor issue applies to rooftop solar. Moreover, according to recent numbers from the National Renewable Energy Lab, residential rooftop solar is three times more costly per kWh than a utility-scale solar farm. Regardless, WREA supports those wishing to explore renewables, and has a net-metering policy to

accommodate those wishes. We do, however, encourage members to research the issue and ask solar installers lots of questions when considering rooftop solar to make sure their renewable goals are being met and they get the most bang for their buck. Additionally, our approach to net metering recognizes that net-metered consumers still need electricity delivered through WREA's distribution system for backup when the panels are not generating.

Power suppliers have been another hot topic in western Colorado recently. There has been a lot of regional news coverage regarding neighboring co-ops who have decided to terminate their wholesale power contract with Xcel Energy because of future rate uncertainty. White River Electric has a purchase power agreement with Tri-State through 2050, and we regularly and actively participate in rate discussions with Tri-State to alleviate the same uncertainty. WREA director Ron Hilkey represents WREA on the Tri-State Board of Directors, and Ron gives WREA a seat at the table when it comes to rates. We work continuously alongside Tri-State and its other member cooperatives with the goal of developing equitable rates in an ever-changing energy and legislative landscape. WREA is a unique Tri-State member in that it owns its own high voltage transmission system serving members in the Piceance Creek basin, whereas other Tri-State cooperatives primarily utilize the transmission system owned by Tri-State. WREA understands this anomaly is one challenge Tri-State faces as it works to balance the needs of 42 very different member-owners, each with varying demands.

Tri-State has not had a wholesale rate increase since 2017 but recently announced that there will be a 6.36% average wholesale rate increase in January 2024. Although we don't know the exact impact to our members at this time, WREA will communicate those details to the membership as they become available. In the meantime, we will continue to work alongside Tri-State to uphold our mission to you.

Through all these industry changes, WREA continues to focus on the reliability of our system. Cooperatives measure reliability within their service area using "ASAI," which stands for Average Service Availability Index. WREA maintains high ASAI reliability metrics. These important metrics calculate the average time that power is "On", and gauge how many service interruptions occurred, per consumer, as well as the average duration of each outage. WREA remains at a 99.9% availability factor. Much of this success can be attributed to the hard work of our linemen and operations staff. We are grateful for their commitment to this high reliability marker.

Organizationally, WREA has seen some large changes over the last few years. We've been fortunate to welcome a few new members to our staff in recent months. Overall, WREA has gone from 35 employees to 25 employees in the past ten years due to retirements and departures. With these vacancies, WREA promoted from within, which has impacted the responsibilities placed upon our line crew and front office staff. WREA's management and board desired to increase our "bench strength" by back-filling a few line crew positions so that new apprentices could train, on-the-job, with our experienced veteran lineman and learn WREA's electric system. We welcome apprentice linemen Coy Sears, Brayden Magallen and Bailey Hoffmeister to our team.

We also welcome many new members to our community and to our co-op. The installation of fiber internet in many parts of the county has resulted in an influx of people who are able to work remotely while calling Meeker home. We've been fortunate to interact with several of these new residents as they get settled in. On behalf of WREA, we wish you the very best in the coming year and look forward to seeing everyone at the 78th Annual Meeting of the Membership and Member Appreciation Event.

# PRESIDENT'S REPORT

By Hal Pearce • WREA Board President



**S**eventy-eight years.... I know what you're thinking and, no, that's not my age. Seventy-eight years ago, White River Electric was established. When you think about it, it's difficult to comprehend what that kind of longevity really means in the business world. To me, it means being educated, researched, and steadfast all while continuing to adapt to the ebb and flow of the changing times. And most importantly, it means being supported by the community that continues to be the reason you came to exist in the first place. Maybe it's a sign of my own age, but I find myself thinking about the decade when my dad served on the WREA board (1975-1989), and I can't help but wonder if the challenges we face today are similar to those that the board discussed back then—but with a whole new twist. I call them the "three R's".

**Reliability:** In an ever-changing energy climate, we hear a lot about reliability. As the political push to decrease carbon emissions gains ground, many power suppliers continue to fight to be heard. As a result of rolling blackouts last summer on the West Coast, reliability is finally getting attention from policy makers. While most power generators are not opposed to increasing their renewable portfolio, they recognize the need for a more strategic transition and desire a degree of balance when replacing any one particular fuel source with another. A more methodical transition helps provide stability within the electric grid and allows time for power generation to keep pace with the increase in electrification trends (like EV's). Although there doesn't appear to be a clear-cut solution to the best method for power generation, WREA is fully aware of the challenges that lie ahead. WREA continues to keep reliability at the forefront of discussions with our power supplier, Tri-State, to ensure that we can meet the needs of our existing members, as well as accommodate any potential growth.

**Redundancy:** If there's one thing that hasn't changed in seventy-eight years, it's that winter in the White River Valley can be unpredictable. Power outages are inevitable and when Mother Nature unleashes, she usually gets her way—for a little while, at least. Redundancy continues to be one of WREA's primary goals. That means if power is lost in one area, it can be fed from another, which results in shorter outages for consumers. This year, the WREA Board of Directors approved building approximately 3 miles of 138kV transmission line that will tie into Tri-State's Axial Basin line and be routed through Sulfur Creek. This new line will tie directly into WREA's existing Welle Substation, which means a more reliable electric loop for the Town of Meeker. The construction is estimated to be less than half the cost of repairing the existing

19 miles of line that was built in the 1950's, and which has reached the end of its usable life. Power redundancy is part of our commitment to provide reliable power to our end consumers, and we take that commitment seriously.

With cybercrime on the rise, redundancy is also a constant area of focus for our IT department. The need for cyber security might not have existed in my dad's day and age, but it certainly exists now. Cyber criminals seem to be stepping up their game. WREA continually scrutinizes its cyber practices to ensure that we can protect the electric grid and secure our members' data.

**Rates:** We started 2023 with a rate increase, which we recognize had an impact on our consumers. The 4% rate adjustment was the first WREA increase since 2017, but it hit everyone especially hard with the overall cost of fuel, food, and other necessary items reaching an all-time high at the same time. Earlier this year, Tri-State announced it will have a wholesale rate increase of 6.36% in January 2024. WREA will know more in the next couple of months as to how that will affect our overall rates for 2024, and we will communicate any rate adjustments to our members as they are solidified. In the meantime, WREA continues to explore and support any potential growth in our service territory, specifically, the Piceance Creek basin and understands that the oil and gas industry plays a vital role within our co-op and our community.

If "three R's" is good, four is better—right? I would like to RECOGNIZE the WREA staff, who continue to meet and exceed our expectations as a board. We are presently operating with the fewest employees we've had in 15 years. In 2007, we had 26 employees, 3,106 meters and sales of approximately 239 million kilowatt hours per year. This year, operating with the same number of staff, we have 3,469 meters and over 568 million kilowatt hours in sales. WREA staff continue to dig in, get creative, and help meet the needs of our members despite the increase in workload. Individual departments have streamlined expenses by absorbing additional tasks created by recent retirements and continue to review current processes/procedures for efficiencies. The lifeblood of our business, our line crew, work to honor their commitment to electrical safety through member outreach and safety training. They keep our electric system strong and secure, sometimes in the worst of conditions or in the dark of night. There is a deep commitment from all the WREA employees who deserve a great deal of recognition for the favorable health and reputation of White River Electric, and we can't thank them enough.

And finally, thank you to our membership for being the most integral piece to the WREA puzzle and collective drivers of our strong and supportive community. On behalf of the WREA Board of Directors, we tip our hats to you and hope you enjoy your 78th Annual Meeting of the Members and 3rd Annual Member Appreciation Event.

## 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



# FACTS & FINANCIALS

Year Incorporated: 1945  
 Power supplier: Tri-State Generation & Transmission  
 Total revenue sales: \$47,898,474  
 Total cost of wholesale power: \$38,576,907  
 Total kWh sold: 568,510,499  
 Maximum kW demand: 73,415  
 Average cost/500 kWh: 58.76  
 Average cost per kWh: 0.11752  
 Property tax paid: \$216,364  
 Number of employees: 25  
 Total payroll: \$7,522,001  
 Total utility plant: \$47,352,769  
 Total assets as of December 31, 2022: \$92,836,266  
 Miles of line: 1,033  
 Meters Served: 3,469

## WHERE THE MONEY GOES

**80%** Purchased Power

**8%** Operations & Maintenance

**8%** Administration & General

**1%** Consumer Accounting

**2%** Depreciation

**1%** Long Term Interest



## Financials: Assets and Operating Revenues- Two Year Comparison

### Assets

	<u>2021</u>	<u>2022</u>
Total utility plant	\$47,437,007	\$47,352,769
Accumulated depreciation	<u>-\$15,328,021</u>	<u>-\$16,295,182</u>
Net utility plant	\$32,108,986	\$31,057,587
Other property and investments	\$48,561,942	\$48,566,580
Currents assets	\$10,726,591	\$12,363,676
Deferred debits	\$1,272,281	\$848,423
<b>TOTAL ASSETS</b>	<b>\$92,669,800</b>	<b>\$92,836,266</b>

### Equities & Liabilities

	<u>2021</u>	<u>2022</u>
Margins and equities	\$64,735,114	\$69,448,726
Long-term debt	\$12,697,555	\$13,642,168
Current liabilities	\$13,865,566	\$8,756,516
Other credits	\$1,371,565	\$988,855
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>\$92,669,800</b>	<b>\$92,836,266</b>

### Operating Report

	<u>2021</u>	<u>2022</u>
<b>OPERATING REVENUES</b>	<b>\$46,018,884.00</b>	<b>\$47,898,474.00</b>
Cost of Power	\$37,489,961.00	\$38,576,907.00
Operating Expenses	\$7,148,198.00	\$7,924,568.00
Depreciation	\$1,147,608.00	\$1,179,039.00
Interest	\$434,910.00	\$487,794.00
Other Expenses	<u>-\$94,442.00</u>	<u>\$174,350.00</u>
<b>TOTAL EXPENSES</b>	<b>\$46,126,235.00</b>	<b>\$48,342,658.00</b>
Operating Margins	<u>-\$107,351.00</u>	<u>-\$444,185.00</u>
Interest Income	\$58,179.00	\$42,985.00
Non-operating margins	\$98,838.00	\$399,568.00
Patronage Capital Credits	\$381,261.00	\$105,367.00
Extraordinary item	<u>\$370,161.00</u>	<u>\$370,161.00</u>
<b>TOTAL MARGINS</b>	<b>\$801,088.00</b>	<b>\$473,896.00</b>



# YEARS OF SERVICE ACKNOWLEDGEMENTS



Dale Dunbar  
40 years



Todd Gerloff  
35 years



Rick Dade  
35 years



Chris Stanworth  
15 years



Nate Pelloni  
15 years



Brett Berthelson  
15 years



Chris Reidinger  
10 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](mailto: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)

