

2018 GUNNISON COUNTY ELECTRIC ASSOCIATION ANNUAL REPORT

MESSAGE FROM THE PRESIDENT

The futures of the Gunnison Valley and Lake City are looking bright, and I believe Gunnison County Electric Association is positioned to be a primary supporter of the growth in our communities.

First and foremost, I want to thank the employees of GCEA for their hard work and dedication to keeping the lights on in 2018. The average outage time for our members in 2018 was only 3.84 hours. That's less than four hours of outage time over an entire year containing 8,760 total hours. This means that 99.95% of the time, members could turn on lights, keep their food fresh, surf the web (if the internet was up) and charge their cell phone. I feel extremely privileged to know my access to power is that reliable.

Renewable energy opportunities in our service territory are growing and many projects are getting closer to coming to fruition. For example, GCEA is working ever closer to creating a partnership with senior water-rights users to install a hydropower plant at the Taylor River Dam. We also have been reviewing multiple proposals for a 1-megawatt solar facility in the Gunnison Valley. With the completed solar garden in Crested Butte, our members now can buy solar energy and apply it to their bills. And as always, we encourage the membership to participate in the Green Power program. By offsetting your energy usage with green energy credits, you can help to support



BART LAEMMEL, BOARD PRESIDENT

existing sustainable generation facilities and send a message that more such projects are desired.

GCEA is redefining how we help our members with energy use by overhauling our energy efficiency programs, employee education and meter data technologies. Through new programming and meter technology, we will be able to help our members understand their energy usage hour by hour. New processes for

home energy evaluations will provide our members with more personalized information to assist them with saving energy. We will also host open house discussions on energy usage to better educate our members on how to best use their power.


The auto industry is rapidly developing the electric car market and we want to be out in front of this trend. With our electric car charger rebate, electric car loaner program and the installation of more charging stations, we plan to get more people utilizing electric cars and thus cutting down on local air pollution.

As always, GCEA is an industry leader in safety. The co-op was awarded the Certificate of Safety Achievement through the National Rural Electric Cooperative Association and we scored exceptionally well on the Rural Electric Safety Achievement Program through the state trade association. Safety is not just for our linemen; it is a culture adopted companywide. We take pride in doing everything we can to ensure all our people come to work and go home safely.

GCEA believes a more reliable and robust broadband network is a vital component to our growing communities. Although we do not provide broadband services, we are helping to support better access to a faster and more reliable network in our service territories.

These are just a few of the forward-looking programs and projects in motion at your energy co-op. I, for one, am excited about the future of our communities and the ways in which GCEA can make positive contributions. Working together, we can broaden our economies in a safe and environmentally conscious manner.

Thank you,
Bart Laemmel



8 YEARS

GUNNISON COUNTY ELECTRIC ASSOCIATION


06
2
5
19

TUESDAY

POWER OF THE PAST ⚡ FORCE OF THE FUTURE

2019 ANNUAL MEETING

GUEST SPEAKER
DUANE HIGHLEY
CHIEF EXECUTIVE OFFICER
TRI-STATE GENERATION & TRANSMISSION



VOTING & DINNER AT 5 P.M.
BUSINESS MEETING AT 6 P.M.
ELECTION RESULTS AT
THE END OF THE MEETING

GCEA HEADQUARTERS • 37250 W. HIGHWAY 50, GUNNISON
2018 ANNUAL MEETING MINUTES ARE AVAILABLE AT WWW.GCEA.COOP OR BY CALLING 970.641.3520

DIRECTED BY OUR MEMBERS



GCEA Board of Directors (from left to right): Tom Carl, Michelle Lehmann, Bart Laemmel, Greg Wiggins, Mark Daily, Polly Obersler and Chris Morgan.

DISTRICT 1 – Greg Wiggins

DISTRICT 2 – Chris Morgan

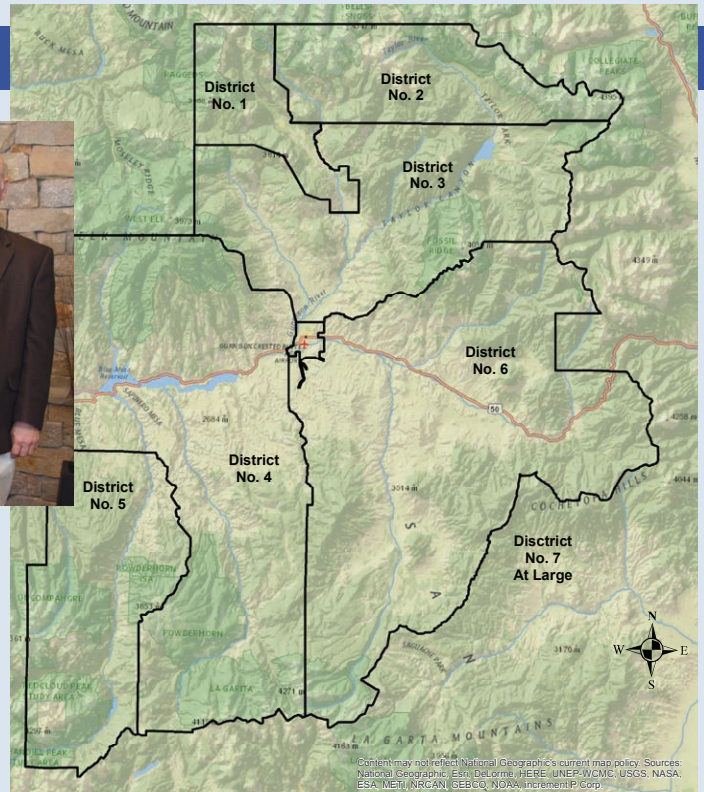
DISTRICT 3 – Bart Laemmel, Board President

DISTRICT 4 – Michelle Lehmann

DISTRICT 5 – Tom Carl

DISTRICT 6 – Polly Obersler

DISTRICT 7 – Mark Daily



POWERED BY PERSONNEL

ADMINISTRATIVE

Mike McBride, Chief Executive Officer

Sherry Booth, Executive Assistant

ACCOUNTING/BILLING/MEMBER SERVICES

Marcia Wireman, Chief Financial Officer

Paula MacLennan, Financial/Human Resources Specialist

Kelley Willis, Accounting Supervisor

Cindy Wells, Accounting Assistant

Jo Anne Bateman, Accounting Assistant

Holly Palmer, Member Relations/Billing Supervisor

Chastity Miller, Billing Assistant

Antoinette Wilson, Member Support Specialist

Sarah Tamarcaz, Billing Assistant

Ali Ackley, Member Support Specialist

Alliy Sahagun, Member Relations Supervisor

Marni Joslyn, Crested Butte Member Support Specialist

Tracy Wheeler, Crested Butte Member Support Specialist

Alantha Garrison, Energy Use Specialist

Logann Long, Communications and Outreach Coordinator

Shane McGuinness, Information Technology Specialist

OPERATIONS

Roger Grogg, Chief Operations Officer

John Stoeber, Line Superintendent

Josie Casebolt, Operations and Engineering Assistant

Todd Fuller, Gunnison Working Foreman

Dustin Cadwell, Gunnison Journeyman Lineman

Robert Summer, Gunnison Apprentice Lineman

Justin Hulick, Gunnison Apprentice Linman

Brent Boyce, Lake City Lead Lineman

Logan Rhodes, Lake City Journeyman Lineman

Jeff Hanggi, Crested Butte Working Foreman

Dan Obersler, Crested Butte Journeyman Lineman

Andy Holsteen, Crested Butte Journeyman Lineman

Michael Pandy, Crested Butte Apprentice Lineman

Roger Lambert, Warehouseman

Greg Katheiser, Fleet Mechanic/Equipment Operator

Wally Baker, Meter/Substation Technician

Ty Percival, Line Locator/Inspector

Jeff Stanley, AMI Technician/Meter Reader

ENGINEERING

Bruce Stephens, Staff Engineer

Erica Soerensen, Geographic Information System Administrator

Ron Copenhaver, Engineering Technician

Brian Muth, Engineering Technician

MESSAGE FROM THE CEO

I am happy to report that 2018 was another successful year for GCEA. However, as a member-focused, not-for-profit organization, success means something different to us. To be sure, we must recover our costs and meet the financial metrics required by our lenders. Doing so is one measure of success and I am happy to report that we met these requirements.

Moreover, we measure success by the degree to which we deliver value to you, our members. This includes not only providing a high degree of reliability and keeping rates affordable, but also providing beneficial programs and choices.

We were able to avoid a rate increase in 2018 altogether. In 2019, we were able to hold the rate increase to an average of 2% and to defer the increase until May 1.

In 2018, we offered, for the second year, a cash option for your annual patronage capital allocation. We also completed preparations for the Credits to Cash program that was rolled out in January of 2019. This program allowed members the choice of cashing out all of their outstanding GCEA patronage capital on a discounted basis.

On the renewable energy front, we exceeded our state-mandated requirement for local, behind-the-meter renewable generation. Nevertheless, we continue working toward the completion of additional local projects. Meanwhile our power supplier, Tri-State Generation and Transmission Association, continues adding significant renewable resources to its portfolio.

During 2018, 32% of Tri-State's power supply came from renewable resources including large hydropower, wind, solar, small hydropower and more. Tri-State has the resources it needs to meet its state-mandated requirement for renewable energy in 2020. It also announced two new projects: a 100-megawatt solar project and a 104-megawatt wind project.

In addition to the renewable energy we get from Tri-State and the small amount produced locally, nearly 6% of our members participated in our voluntary Green Power program. Through this program, an additional 9% of the energy supplied by GCEA is offset by renewable wind energy from eastern Colorado.

During the year, we also added a second vehicle to our electric vehicle (EV) loaner program, allowing more members to gain a real-world experience with an EV. Three additional public charging stations were also installed.

At GCEA, we are excited about the future, and grateful for the opportunity to serve our consumer-members and communities. Thank you for allowing us to meet your energy needs and for your support. We are looking forward to another great year of working together.



MIKE MCBRIDE, CEO

Guest Speaker Duane Highley

Duane joined Tri-State in 2019 and has 36 years of experience with cooperatives. Previously serving as president and CEO for Arkansas Electric Cooperative Corp. and Arkansas Electric Cooperatives, Inc., he led an organization that provided reliable, affordable, responsible power through 17 member systems to 1.3 million consumers. Duane served on the Southwest Power Pool Members Committee and serves as co-chair of the Electric Subsector Coordinating Council, coordinating security efforts between electric utilities and the U.S. government.



DUANE HIGHLEY

2018 HIGHLIGHTS

ELECTRIC VEHICLE STATIONS

To continue the growth of EV and EV infrastructure, GCEA added three new level II (240 volt) EV charging stations to the area with help from the Charge Ahead Colorado grant. The stations are strategically located to enable greater use by existing EV owners and to encourage EV adoption by other drivers.

CRESTED BUTTE

- Parking lot at First Street and Elk Avenue

ALMONT

- Back parking lot of the Almont Resort

GUNNISON

- Elk Creek Marina at Blue Mesa Reservoir

EV PROGRAM

In 2018, we expanded our electric vehicle fleet by purchasing a 2018 all-electric Chevrolet Bolt and a 2014 Nissan LEAF. You can find employees driving the Bolt around town for work errands and trips. The LEAF joined Spark-e in the electric vehicle loaner program. This past year, more than 60 members experienced an EV through the EV loaner program. The electric car loaner program has received national attention, and other rural electric co-ops are interested in following in our footsteps.

SCHOLARSHIP PROGRAM

GCEA awarded 81 qualifying member dependents a scholarship in 2018, thanks to the generosity of members participating in Operation Round-Up, the board of directors, Tri-State Generation and Transmission and Basin Electric Power Cooperative, as well as unclaimed and returned capital credit checks.

GREEN POWER PROGRAM

In 2018, we introduced the Green Power Club. More than thirty percent of your power comes from renewable resources supplied by Tri-State Generation and Transmission Association.

GREEN POWER PLUS

- 100% Offset + more than 30% from Tri-State = at least 130% offset option

GREEN 100

- 70% Offset + more than 30% from Tri-State = at least 100% offset option

GREEN CHOICE

- 12 cents per 100 kilowatt-hour block per month

GCEA FINANCIAL & STATISTICAL INFORMATION

Balance Sheet

	as of 12/31/18	as of 12/31/17
Assets:		
Utility Plant - Net	\$ 28,109,546	\$ 27,888,451
Long Term Investments	11,504,902	11,997,729
Cash & Short Term Investments	5,204,008	5,259,754
Receivables	1,964,192	1,622,041
Materials & Supplies	853,827	824,602
Other Current & Deferred Assets	3,484,703	3,338,047
Total	\$ 51,121,178	\$ 50,930,624
Equity and Liabilities:		
Margins & Equities	\$ 29,948,939	\$ 29,751,132
Long-Term Debt	14,723,851	15,539,076
Current Mat. Long-Term Debt	815,225	791,933
Payables	1,377,861	1,376,656
Consumer Deposits	687,351	669,474
Other Current & Deferred Liab.	3,567,951	2,802,353
Total	\$ 51,121,178	\$ 50,930,624

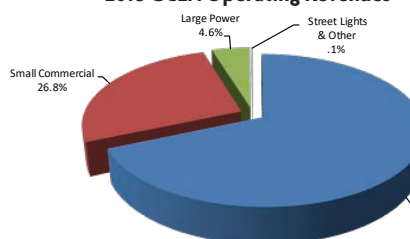
Statement of Operations

	For Year 2018	For Year 2017
Revenue:		
Operating Revenue	\$ 17,986,995	\$ 17,736,740
Expenses:		
Cost of Power	\$ 9,672,094	\$ 9,649,803
Operations & Maintenance	2,705,745	2,776,067
Consumer Accts. & Consumer Info.	1,420,160	1,392,489
Administrative & General	1,759,845	1,606,160
Depreciation	1,387,820	1,356,116
Interest	571,281	640,787
Total Cost of Electric Service	\$ 17,516,945	\$ 17,421,422
Operating Margins	\$ 470,050	\$ 315,318
Interest Income	\$ 117,068	\$ 211,610
Income (Loss) from Equity Invest.	\$ -	\$ -
Non-Operating Margins Other	\$ 20,990	\$ 9,639
G&T & Other Capital Credits	\$ 480,666	\$ 560,545
Non-Operating Margins	\$ 618,724	\$ 781,794
Total Margins	\$ 1,088,774	\$ 1,097,112

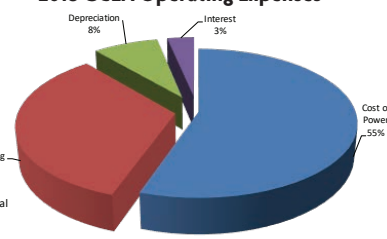
GCEA System Statistics

	2018	2017	2016
Meters Served	10,915	10,777	10,680
Miles of Line	1,089	1,077	1,074
Total kWh Purchased	127,154,065	124,885,298	127,264,176
Average Residential Monthly Use - kWh's	654	651	679
Average Residential Monthly Bill	\$ 111.24	\$ 110.83	\$ 111.92
GCEA System Coincident Peak	27,691	26,245	28,137
Month of High Peak	December	December	December
Full-Time Employees	41	41	39
Wholesale Power Costs/kWh	\$ 0.07607	\$ 0.07727	\$ 0.07473
Retail Power Costs/kWh	\$ 0.12732	\$ 0.12732	\$ 0.12355
Availability of Service Charge	\$ 28.00	\$ 28.00	\$ 28.00

2018 GCEA Operating Revenues*

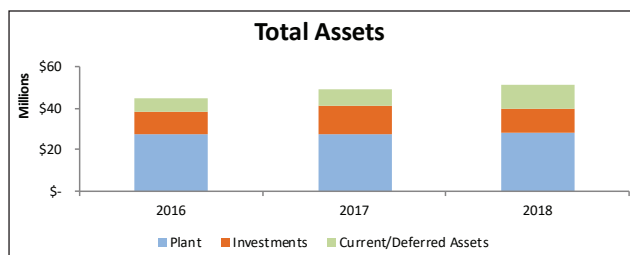


2018 GCEA Operating Expenses

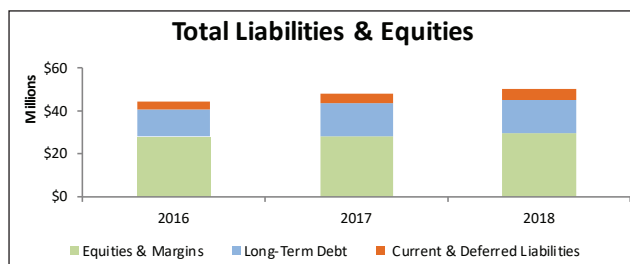


*Excludes Revenue Deferral

Total Assets



Total Liabilities & Equities



2018 HIGHLIGHTS

OPERATIONS DEPARTMENT

The operations department had a busy 2018, and with the lack of snow and moisture, crews were able to start some bigger projects earlier than usual. In January, they started the east rebuild that consisted of approximately 3.4 miles of new line. Work was done while working around energized conductors for the duration of the project. There were several poles set in the wintertime so we did not inconvenience ranchers during the summer.

- In the fall, GCEA worked on a big project with Tri-State Generation and Transmission Association in Lake City. Tree clearing and line maintenance work began August 28 and the majority of the work was finished on October 9.
- One of the biggest projects of the year for GCEA was the Rural Electric Safety Achievement Program. A team of six inspectors came to evaluate GCEA policies, procedures and facilities. At GCEA, we

take safety in the workplace seriously. We received high marks this year and will continue to improve our safety program.

AWARDS

GCEA and its employees were recognized at the 2018 CREA Safety and Loss Control seminar and received the Achievement of Excellence award for its safety performance in 2017. Co-ops are evaluated on certain criteria each year, and the most recent award covered the period between January 1 through December 31, 2017.

- GCEA received a 25-year Length of Service Award from NOAA and NWS (National Oceanic and Atmospheric Administration and National Weather Service) for reporting the weather in the Gunnison area as a volunteer weather spotter. Weather records, including snow and rainfall amounts, were inconsistent or missing until the weather station was installed at the GCEA HQ where staff could regularly collect data.