

# MCREA 2019 ANNUAL REPORT

BY DAVID FRICK, GENERAL MANAGER

On behalf of the board of directors, management staff and employees of Morgan County Rural Electric Association Inc., we are pleased to bring you the 2019 Annual Report.

Morgan County Rural Electric Association is a not-for-profit electric cooperative, and is dedicated to serving our members with a strong tradition and vision for the future. Under the cooperative business model, we are owned by those we serve. A member-elected board of directors guides the MCREA staff on the administration of assets and financial responsibilities of the cooperative.

As a member-owned electric cooperative, it is the responsibility of Morgan County

REA's board and management staff to provide our member-owners with an annual report detailing the association's economic and operational condition. We encourage our membership to review the following pages, which contain comprehensive information about the state of your electric cooperative.

I also want to extend an invitation to our consumer-members to attend the Morgan County REA Annual Meeting on March 21, 2020, at Fort Morgan High School. The doors will open at 11 a.m. for registration and a complimentary lunch, with the business meeting to follow at 12:30 p.m.. The MCREA Board of Directors and management staff are looking forward to reviewing the past year with you and discussing the future plans



DAVID FRICK

for our cooperative. (Lewis Williams, acct #xxx8500)

On behalf of the board of directors, staff and employees at Morgan County REA, we express our thanks to our consumer-members for your support of our electric cooperative, and we look forward to seeing many of you at our annual meeting later this month.

## MCREA STATISTICAL INFORMATION\*

As of December 31, 2019

|  |   |
|--|---|
| Counties Served . . . . .                          | Adams, Arapahoe, Logan, Morgan, Washington, Weld      |
| Power Source. . . . .                              | Tri-State Generation & Transmission Association, Inc. |
| Number of Employees. . . . .                       | 38  |
| Year Organized . . . . .                           | 1937  |
| RUS Borrower No.. . . . .                          | Colorado 15 Morgan                                    |
| Monthly Board Meeting. . . . .                     | 4th Monday  |
| Total Members . . . . .                            | 4,494   |
| Meters Served . . . . .                            | 8,775   |
| Overhead Line. . . . .                             | 2,636 miles   |
| Underground Line. . . . .                          | 198 miles   |
| Transmission Line . . . . .                        | 53 miles  |
| Total Miles of Line. . . . .                       | 2,887   |
| Consumers per Mile . . . . .                       | 3.04  |
| Annual Revenue . . . . .                           | \$43,131,479  |
| Annual Wholesale Power Cost . . . . .              | \$29,573,483  |
| Total Energy Purchased by Members (kWh). . . . .   | 378,850,445   |
| Average Residential Usage per Month (kWh). . . . . | 1,050   |
| Total Plant in Service . . . . .                   | \$68,850,654  |
| Property Taxes. . . . .                            | \$890,599   |
| Interest Paid. . . . .                             | \$1,456,006   |

\* 2019 preliminary unaudited numbers

## MCREA's 83rd ANNUAL MEETING


**Saturday, March 21, 2020**

11 a.m. Registration & lunch  
12:30 p.m. Business meeting

Fort Morgan High School  
Glenn Miller Auditorium  
709 E. Riverview Ave.  
Fort Morgan, CO

Attendees are asked to please enter through the upper gymnasium doors off the school's northwest parking lot. (Kevin Filter, acct #xxx6600)



 Guests enjoy lunch at last year's annual meeting. We hope to see you this year!

# Morgan County REA Board of Directors



**Randolph D. Graff**  
President  
District II



**Cary L. Wickstrom**  
Vice President  
District I



**Larry Hoozee**  
Secretary  
District III



**Brian Pabst**  
Treasurer  
District III



**Timothy A. Peggram**  
District I



**Brian Schlagel**  
District I



**David Arndt**  
District II



**Terry Tormohlen**  
District II



**Terry Linkler**  
District III

## FROM BRIAN PABST TREASURER, DISTRICT III

All members of the association are encouraged to carefully examine this annual report. Included are the balance sheet as of December 31, 2019, and the statements of revenue and expense for the same year. Also shown are the numbers from the previous year.

In my opinion, the financial report fairly presents the financial position of Morgan County Rural Electric Association for the year ending December 31, 2019, and is in conformity with accepted accounting principles applied on a basis consistent with that of the preceding year.

Brian Pabst  
Treasurer

### BALANCE SHEET\*

**Assets**

|  |                          |
|--|--------------------------|
|  | <b>December 31, 2019</b> |
| Total utility plant  | \$ 68,850,654            |
| Accumulated provision for depreciation                     | <u>(\$ 13,291,482)</u>   |
| Net utility plant  | \$ 55,559,172            |
| Nonutility plant   | \$ 184,339               |
| Investment in associated organizations – patronage capital | \$ 19,494,290            |
| Investment in associated organizations – other             | \$ 1,590,099             |
| Cash   | \$ 1,862,747             |
| Temporary investments                                      | \$ 10,360,964            |
| Notes and accounts receivable – net                        | \$ 3,087,096             |
| Materials and supplies                                     | \$ 1,252,234             |
| Prepayments  | \$ 34,100                |
| Current and accrued assets                                 | \$ 13,783                |
| Deferred debits  | <u>\$ 1,520,375</u>      |
| <b>Total assets</b>  | <b>\$ 94,959,199</b>     |

**Liabilities**

|  |                          |
|--|--------------------------|
|  | <b>December 31, 2019</b> |
| Margins and equities                       | \$ 45,724,726            |
| Long-term debt – RUS                       | \$ 22,723,928            |
| Long-term debt – other                     | \$ 18,737,428            |
| Accumulated operating provisions           | \$ 3,778,798             |
| Notes and accounts payable                 | \$ 2,472,737             |
| Other current and accrued liabilities      | <u>\$ 1,521,582</u>      |
| <b>Total liabilities and other credits</b> | <b>\$ 94,959,199</b>     |

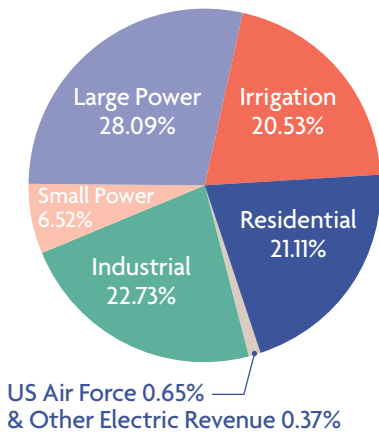
\* 2019 preliminary unaudited numbers

# 2019 FINANCIAL INFORMATION\*

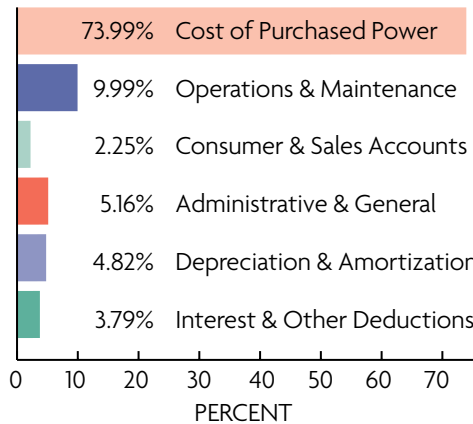
## Operating Statement

| Revenue by class                          | 2018                 | 2019                 |
|---|----------------------|----------------------|
| Residential                               | \$ 8,680,424         | \$ 9,105,803         |
| Irrigation                                | \$ 9,256,574         | \$ 8,855,174         |
| Small power                               | \$ 2,727,868         | \$ 2,811,933         |
| Large power                               | \$ 10,910,739        | \$ 12,116,217        |
| Industrial                                | \$ 9,490,376         | \$ 9,805,521         |
| U.S. Air Force                            | \$ 270,981           | \$ 277,038           |
| Other electric revenue                    | \$ 150,579           | \$ 159,792           |
| <b>Total operating revenue</b>            | <b>\$ 41,487,541</b> | <b>\$ 43,131,478</b> |
|   |                      |                      |
| Expenditures by account                   | 2018                 | 2019                 |
| Cost of purchased power                   | \$ 28,307,707        | \$ 29,573,483        |
| Operation and maintenance                 | \$ 3,903,036         | \$ 3,991,313         |
| Consumer and sales accounts               | \$ 936,837           | \$ 897,862           |
| Administrative and general                | \$ 2,017,069         | \$ 2,060,546         |
| Depreciation and amortization             | \$ 1,824,501         | \$ 1,924,769         |
| Interest and other deductions             | \$ 1,502,722         | \$ 1,519,888         |
| <b>Total cost of electric service</b>     | <b>\$ 38,491,872</b> | <b>\$ 39,967,861</b> |
|   |                      |                      |
| Operating margin                          | \$ 2,995,669         | \$ 3,163,617         |
| Nonoperating margin                       | \$ 393,649           | \$ 810,534           |
| Other capital credits and dividends       | \$ 383,369           | \$ 401,120           |
| Tri-State G&T capital credits (allocated) | \$ 1,018,737         | \$ 1,099,804         |
| Extraordinary items                       | \$ -0-               | \$ -                 |
| <b>Net margin or patronage capital</b>    | <b>\$ 4,791,424</b>  | <b>\$ 5,475,075</b>  |

### 2019 ELECTRIC ENERGY REVENUE BY CLASS\*



### EXPENDITURES IN 2019\*



\* 2019 preliminary unaudited numbers

## Current MCREA Staff & Employees

|                   |                   |
|-------------------|-------------------|
| Bill Annan        | Angie Larson      |
| Rob Baranowski    | Cheryl Lewis      |
| Curtis Berg       | Ray Mann          |
| Kaitlyn Bernhardt | Kevin Martens     |
| Kristie Binder    | Alan Mason        |
| Chuck Blackwelder | Susie Norton      |
| Brad Boppre       | Chris Pachek      |
| Bobby Brenton     | Jamie Plakorus    |
| Josh Bristol      | Rodney Rhoades    |
| Curtis Covelli    | Brandon Ryff      |
| Cirildo Estrada   | Francisco Sanchez |
| David Frick       | Dean Segelke      |
| Joe Graves        | Robb Shaver       |
| Amanda Green      | Deb Strauch       |
| Dave Henderson    | Steve Sundet      |
| Tim Hishinuma     | John Underwood    |
| Suzi Iungerich    | Colton Unrein     |
| Tucker Jochim     | Fabian Vigil      |
| Travis Kallweit   | Tammy Walker      |



This institution is an equal opportunity provider and employer.

## Win \$25 Off Your Electric Bill

Each month Morgan County REA gives two lucky consumer-members a \$25 credit on their electric bill, just by reading *Colorado Country Life*.

Sorry, Jim Field (account # xxx3200) and Refugio Garcia (account # xxx9100); we didn't hear from you. Your name and account numbers appeared in the January issue of *Colorado Country Life*.

There are two more MCREA consumer-member names and their account numbers hidden somewhere in this issue. If you find your name and account number, call member services at 970-867-5688 by March 31 to claim a \$25 credit on your electric bill.

# MEET MCREA'S CANDIDATES FOR BOARD DIRECTOR

These three candidates have submitted petitions to serve on the Morgan County REA Board of Directors. Board elections will take place at the MCREA Annual Meeting on March 21, 2020. Here is some background information about each of the candidates.

## DISTRICT ONE



**Tim Peggram** has served on the board of directors for Morgan County REA since 2003. He earned his Credentialed Cooperative Director Certificate (CCD) through the National Rural Electric Cooperative Association in 2005, the Board Leadership Certificate (BL) in 2009, and Director Gold certification in 2016. He is former president, vice president, and treasurer of the MCREA board. Tim has also served as president of Western United Supply Corporation, and is serving as chairman of the board of directors of Mid-West Electric Consumers Association.

Living in the Wiggins area since his teenage years, Tim earned his associate degree from Northeastern Junior College in agribusiness and studied at the University of Northern Colorado before returning to farming. He raises irrigated corn, alfalfa and wheat and operates a cow/calf operation. Tim has also been very involved in the Wiggins' schools and community by coaching basketball for 30 years, and is an active member of Summit Baptist Church in Wiggins.

Tim and his wife Eileen have five children and six grandchildren.

## DISTRICT TWO



**David Arndt** was first elected to the MCREA Board of Directors in 1993. He fulfilled one term as treasurer in 1994, and served as board president from 2006 to 2010.

During his tenure, David has earned the Credentialed Cooperative Director Certificate (CCD) through the National Rural Electric Cooperative Association by completing five one-day courses, including Director Duties and Liabilities, Understanding the Electric Business, Board Roles and Relationships, Strategic Planning, and Financial Decision Making. He has also been awarded the Board Leadership Certificate (BL) through the national association.

David and his wife, Pam, farm in the Weldona area. They have four grown children and 14 grandchildren. He is a past president of the Morgan County Fair Board and has been active with several youth organizations in our area.

## DISTRICT THREE



**Terry Linkler** is seeking his second term on the MCREA Board of Directors. He is employed by Nutrien Ag Solutions in Fort Morgan as salesman/agronomist/applicator. Terry is currently serving as president of the Lower Platte and Beaver Canal Company. He is also serving on two other water boards, Jackson Lake and the Lower South Platte Conservancy District, and is interested in water laws and regulations.

“Morgan County REA is a vital part of the local and surrounding areas,” he said. “The leadership positions that I have obtained in the past will help me be a leader that I feel is qualified for the MCREA Board of Directors.”

In his spare time, Terry enjoys local sporting events, fishing, watching college football, and traveling to see different parts of the world. He has four children and three grandchildren.

**We hope to see you at the Annual Meeting on March 21, 2020.**  
Join MCREA at Fort Morgan High School at 11 a.m. for registration and lunch.  
The business meeting will begin at 12:30 p.m.