

2019 GUNNISON COUNTY ELECTRIC ASSOCIATION ANNUAL REPORT

MESSAGE FROM THE PRESIDENT

The Gunnison County Electric Association board president usually puts out a statement recapping some of the highlights from the previous year for the June Annual Meeting. Although 2019 was a productive year with significant steps taken in accomplishing a host of initiatives, the beginning of 2020 has presented its own unique challenges. In 2019-2020 the Gunnison County Electric Association Board of Directors and executive staff made strategic moves and partnerships to provide our membership with clean power, securing reliability and strengthening our community.

GCEA participated in a valley-wide effort to combat climate change and strengthen our local renewable energy options. The collaboration between our communities, organizations and private participants was a model example of a community coming together for positive change. The resulting Climate Action Plan called for, among other things, a series of large solar arrays to be constructed in Crested Butte. Partnering with town staff, we developed a plan making the installation of these solar arrays possible. Our energy supplier, Tri-State Generation and Transmission, changed its local generation rules, and to take advantage of these new rules, GCEA will build a large solar garden at our facilities outside of Gunnison. Our members will have access to the power from these panels later this year, and this is by no



BART LAEMMEL, BOARD PRESIDENT

means the end of our efforts to provide local clean energy. GCEA will continue to seek out a partnership to build up to 2.5 megawatts of solar capacity in the Gunnison valley. We signed a contract with the Uncompaghe Valley Water Users Association regarding a hydropower facility on the Taylor Dam, so this project keeps coming closer to fruition. GCEA continues to partner with local governments and organizations to install electric vehicle charging stations.

Working with Region 10 and Gunnison Valley Health, we have secured the grant funding to install fiber optics to three of our four substations. The new lines will bolster communications and reliability across the northern portion of our service territory. This fiber installation will also add to the capacity of our broadband communication throughout the Gunnison Valley.

Our scholarship program sent one teen to the Youth Leadership Camp and two teens to Washington, D.C. We also awarded 85 scholarships to help local youth achieve their collegiate dreams.

Of course, it would be impossible to write a yearly update without touching on the world-altering event that is COVID-19. From a per capita standpoint, the virus hit our small, remote community hard. We understood from the start that having reliable power at a time like this would be essential. Following the lead of our county officials, GCEA has been vigilant in making sure our employees remain safe and the organization can keep the lights on. Our CEO has been a significant contributor to a financial crisis group working on local solutions. The board approved a sizable donation to the local food banks and is working on other programs to help financially struggling people pay their electric bills. I, for one, am impressed with this community and its response to such trying times, but I expect nothing less. GCEA is here to help in any way we can and will keep doing our job so you can keep doing yours.

Thank you for reading this short, but by no means comprehensive, snapshot on the goings-on at GCEA during 2019.

Sincerely,
Bart Laemmel
Board President

THE POWER OF US
Gunnison County Electric Association
81st Annual Meeting
Tuesday, June 23, 2020
5 P.M. REGISTRATION
6 P.M. BUSINESS MEETING
*COVID-19 prohibitions or recommendations against gatherings could cause GCEA to limit attendance or change the meeting format.
To stay up-to-date on annual meeting information, please visit www.gcea.coop.
GCEA HEADQUARTERS 37250 W. HIGHWAY 50, GUNNISON
2019 ANNUAL MEETING MINUTES ARE AVAILABLE AT WWW.GCEA.COOP OR BY CALLING 970.641.3520.



- DISTRICT 1 – Greg Wiggins
- DISTRICT 2 – Morgan Weinberg
- DISTRICT 3 – Bart Laemmel, President
- DISTRICT 4 – Michelle Lehmann
- DISTRICT 5 – Tom Carl
- DISTRICT 6 – Polly Oberosler
- DISTRICT 7 – Mark Daily

(Left to right) Michelle Lehmann, Tom Carl, Polly Oberosler, Bart Laemmel, Greg Wiggins, Mark Daily, Morgan Weinberg

POWERED BY PERSONNEL

ADMINISTRATIVE

- Mike McBride, Chief Executive Officer
- Sherry Shelton Booth, Executive Assistant
- Matt Feier, Strategy Execution Specialist

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 Taramarcas, 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 Advisor
- Logann Long, Communications and Outreach Coordinator
- Shane McGuinness, System Administrator

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 Lineman
- Brent Boyce, Lake City Lead Lineman

- Logan Rhodes, Lake City Journeyman Lineman
- Jeff Hanggi, Crested Butte Working Foreman
- Dan Oberosler, Crested Butte Journeyman Lineman
- Andy Holsteen, Crested Butte Journeyman Lineman
- Michael Pendy, Crested Butte Journeyman Lineman
- Roger Lambert, Warehouseman
- Greg Katheiser, Fleet Mechanic/Equipment Operator
- Wally Baker, Meter/Substation Technician
- Ty Percival, Line Locator/Inspector
- Jeff Stanley, Advanced Metering Infrastructure 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



MIKE MCBRIDE, CEO

As I write this, we find ourselves in unprecedented times. The COVID-19 crisis has temporarily changed our lives. Some are dealing with heartache. Many are dealing with hardships. We recognize that the impact is widespread and could be long lasting. Our hearts go out to all of our members during this time. At the same time, we applaud our community and members for pulling together.

GCEA ended the year 2019 in a strong financial position, which will help us to weather the storm. We are, however, experiencing decreased revenue as well as a substantial increase in past-due balances. Accordingly, we are working more aggressively to control costs. Our primary objective remains unchanged: keeping the power on.

Our last retail rate increase of 2% occurred on May 1, 2019 — we are not currently anticipating a rate increase in 2020. While our financial forecast for 2020 is now certainly overstated, we are doing all we can to hold our rates steady. We have been building a reserve for unforeseen events over the past several years. At the end of 2019, the balance in this reserve was \$1.75 million. While that sounds like a lot, please keep in mind that our total revenue in 2019 exceeded \$19 million.

We plan to move ahead with the annual meeting on June 23, due in part to the fact that our bylaws require that an annual member meeting be held in June of each year. If necessary, we will adapt the format of the meeting to comply with the public health orders in place at that time.

In 2019, we upgraded our electric vehicle experience program by replacing our two 85-mile range vehicles with a 238-mile range Chevrolet Bolt. Members who want to try an electric vehicle can now go farther during their weeklong test drive. We also added public charging stations in Pitkin and Sargents.

In November, our power supplier, Tri-State Generation and Transmission Association, announced a change in policy that will allow GCEA to develop additional community solar. With the solar project currently underway at GCEA's headquarters, GCEA is the first co-op in the Tri-State system to take advantage of the new policy.

In January, Tri-State announced its Responsible Energy Plan that includes the closure of all coal plants in Colorado and New Mexico as well as its coal mine by 2030, with the first plant closure this year. One gigawatt of additional renewable energy was announced and will be in service by 2024. Additional renewable projects will follow. Tri-State is working to complete this transition with no upward rate impact.

GCEA is continuing to work toward local renewable projects that are cost competitive. We made significant progress in 2019 toward a hydropower project at the Taylor Park dam and a permit was requested from the U.S. Bureau of Reclamation.

Thank you for being a part of GCEA and for allowing us to serve you. We will continue striving to make good things happen in the coming year.

ELECTRIC VEHICLE PROGRAM UPDATES

The year 2019 saw a nice ramp-up of the GCEA electric vehicle program with over 100 members participating in a test drive, and the addition of a new electric vehicle to the fleet. As members and employees showed increased interest in venturing outside of Gunnison County to enjoy their EV driving experience, GCEA felt it necessary to provide a longer-range vehicle for their driving comfort and safety. In June 2019, GCEA purchased a Tesla Model 3 with 310 miles of range that can easily take employees to Denver or on other long-distance business trips.

The Chevy Spark and Nissan Leaf were put up for sale, and the Chevy Bolt was then transitioned from the employee fleet to become the new test drive vehicle. As members took the Bolt for a week at a time, photos and stories were shared traveling to places like Buena Vista, Leadville, Vail, Denver, Durango, and Taos. By the end of the year, almost 13,000 miles were driven by members! The Chevy Bolt and Tesla Model 3 were featured in the Gunnison Car Show and participated in a breakfast cruise up to Crested Butte. The Bolt also helped GCEA win the Gunnison Night of Lights 1st place award for best display.

Equally important was the addition of two more EV charging stations to the GCEA service territory in 2019. Level 2 public charging stations were installed at the Silver Plume General Store in Pitkin and the Tomichi Creek Trading Post in Sargents. The total number of GCEA owned stations is now up to eight locations throughout the Gunnison Valley and Lake City.



GCEA's Tesla Model 3.

GCEA FINANCIAL & STATISTICAL INFORMATION

Balance Sheet

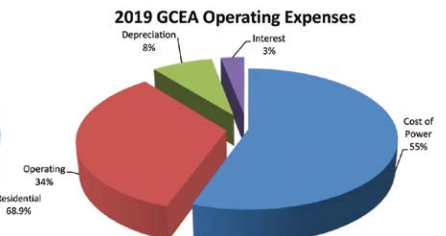
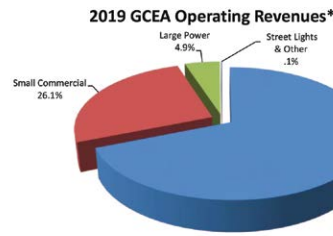
	as of 12/31/2019	as of 12/31/2018
Assets:		
Utility Plant - Net	\$ 28,351,726	\$ 28,109,546
Long Term Investments	11,466,473	11,504,902
Cash & Short Term Investments	4,687,223	5,204,008
Receivables	1,342,575	1,964,192
Materials & Supplies	859,381	853,827
Other Current & Deferred Assets	3,363,519	3,484,703
Total	\$ 50,070,897	\$ 51,121,178
Equity and Liabilities:		
Margins & Equities	\$ 29,140,884	\$ 29,948,939
Long-Term Debt	13,891,388	14,723,851
Current Mat. Long-Term Debt	832,463	815,225
Payables	1,507,598	1,377,861
Consumer Deposits	712,236	687,351
Other Current & Deferred Liab.	3,986,328	3,567,951
Total	\$ 50,070,897	\$ 51,121,178

Statement of Operations

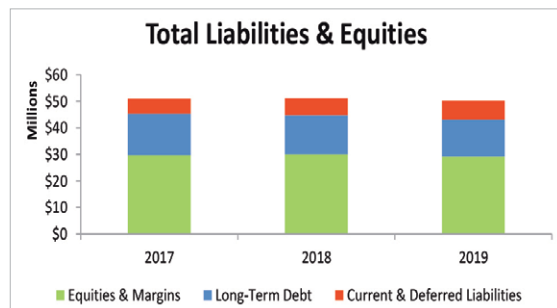
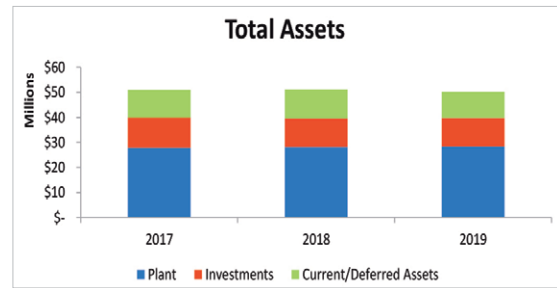
	For Year 2019	For Year 2018
Revenue:		
Operating Revenue	\$ 19,377,596	\$ 17,986,995
Expenses:		
Cost of Power	\$ 10,292,472	\$ 9,672,094
Operations & Maintenance	3,117,261	2,705,745
Consumer Accts. & Consumer Info.	1,425,459	1,420,160
Administrative & General	1,776,786	1,759,845
Depreciation	1,435,908	1,387,820
Interest	554,403	571,281
Total Cost of Electric Service	\$ 18,602,289	\$ 17,516,945
Operating Margins	\$ 775,307	\$ 470,050
Interest Income	\$ 118,459	\$ 117,068
Income (Loss) from Equity Invest.	\$ -	\$ -
Non-Operating Margins Other	\$ 6,861	\$ 20,990
G&T & Other Capital Credits	\$ 515,654	\$ 480,666
Non-Operating Margins	\$ 640,974	\$ 618,724
Total Margins	\$ 1,416,281	\$ 1,088,774

GCEA System Statistics

	2019	2018	2017
Meters Served	11,062	10,915	10,777
Miles of Line	1,094	1,089	1,077
Total kWh Purchased	133,340,326	127,154,065	124,885,298
Average Residential Monthly Use - kWh's	685	654	651
Average Residential Monthly Bill	\$ 117.45	\$ 111.24	\$ 110.83
GCEA System Coincident Peak MW	30,052	27,691	26,245
Month of High Peak	December	December	December
Full-Time Employees	40	41	41
Wholesale Power Costs/kWh	\$ 0.07719	\$ 0.07607	\$ 0.07727
Retail Power Costs/kWh	\$ 0.12918	\$ 0.12732	\$ 0.12732
Availability of Service Charge	\$ 29.00	\$ 28.00	\$ 28.00



*Excludes Revenue Deferral



MORE 2019 HIGHLIGHTS

LOCAL RENEWABLE ENERGY FUND GCEA members may now contribute directly to the local renewable fund, with 100% of their contributions going towards local renewable energy projects. GCEA will use the fund when necessary to help bring a local project to fruition. As of April 2020, the Local Renewable Fund Balance is \$6,275.94.

COMMUNITY SOLAR GARDEN In October 2019, with 50 of the total 72 panels still unsubscribed, GCEA created the community solar garden monthly lease program as an affordable way for members to participate in local renewable energy. For \$4.71 per panel per month, members are able to lease up to five panels. Members subscribed to the remaining panels within a month, and there are currently 15 members on a waiting list for 54 panels.

GCEA will install a new community solar garden on the roof of its

headquarters' shop building. The array is anticipated to be approximately 100 kilowatts, which is 5 times the size of the current solar garden in Crested Butte. Members who are interested in leasing panels in the new community solar garden can contact GCEA and have their name added to the waiting list.

SCHOLARSHIP PROGRAM The scholarship program continued to thrive in 2019. GCEA awarded 85 scholarships to member dependents thanks to unclaimed patronage capital, the generosity of members, the Allen, Somrak and Drake families, Tri-State Generation and Transmission, Basin Electric Power Cooperative, individual directors, and GCEA employees.