

2021 ANNUAL REPORT

MISSION STATEMENT

Yampa Valley Electric Association is a cooperative that enhances the lives of its member-owners through technology and consulting resources that deliver clean, safe, and reliable electric service in an environmentally and financially responsible manner.

GENERAL MANAGER'S REPORT



Crews capture the beauty of Toponas after restoring power to South Routt County. [↗](#)



Steve Johnson
General Manager

The Annual Report for 2021 provides statistical information showing the financial condition and operations for the year. The financial and operating results for 2021 show an increase in kilowatt-hour sales of 1.19% and a 5.14% increase in revenue. The detail of our revenue and expense report shows an operating margin of $-\$2,432,633$. The report also shows other income of $\$11,787$. These items include interest, loss from equity investments, grant revenues, and capital credit allocations received from other organizations in which Yampa Valley Electric Association (YVEA) has a membership. The amounts received, which are in cash, are allocated to YVEA's current membership. The 2021 amount for Capital Credits allocated to members is $\$2,577,306$. For 2022, the board has approved the General Retirement for year 2003 in the amount of $\$365,618$ and 2004 in the amount of $\$3,634,382$, for a total retirement of $\$4,000,000$ which will be processed in December 2022. We are pleased to continue the refund of capital credits to our members.

I thank all the members, Board of Directors, and employees for your continued support.

Sincerely,
Steve Johnson
General Manager

2021 YVEA BOARD OF DIRECTORS

District 1



Glynda Sheehan

District 2



Debbie Cook

District 3



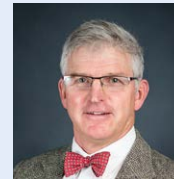
Sasha Nelson

District 4



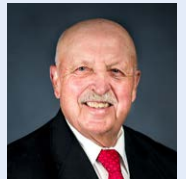
Dean Brosious

District 5



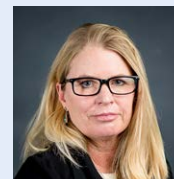
Patrick Delaney

District 6



Tom Fox

District 7



Sonja Macys

District 8



Scott McGill

District 9



Ken Rogers

BOARD CHAIRMAN'S REPORT



Tom Fox
Board Chairman

Each annual meeting, the chairman of the board has the opportunity to report on how Yampa Valley Electric Association (YVEA) is doing, as well as some highlights of the year. While 2021 felt a bit more back to normal, there are still several challenges impacting business at YVEA. One of the biggest constraints we are running into is the supply chain, and the delays and changes this has on our projects during construction season. Additionally, as you are experiencing in your everyday life, the cost of goods and services are rising for YVEA. In 2022, YVEA performed a cost of service and rate study with the consultation of Power Systems Engineering. The study showed that a rate increase is necessary to keep up with the rising costs of wholesale power supply, the expenses to maintain and invest in our infrastructure, and many other escalating costs of doing business. Our members will see this rate increase on their July bills. Rate increases are not easy on anyone— each of us at YVEA realizes our dollar is not going as far as it once was. However, keeping our system up to date is incredibly important. When we don't raise rates, we fall behind on maintenance and system improvements, which has a negative impact on reliability and our ability to meet the power needs of our communities.

To that end, the YVEA board, along with management, has committed substantial resources to improving our aging infrastructure. This is no small task considering our territory is so large. With 2,788 miles of line over an area of 7113 sq. miles, millions of dollars per year will be needed for many years to come. Last year's construction work plan was budgeted at over \$12 million. This investment means shorter and fewer outages for our members, thanks to a system that enables better response times. We are adding more electronic reclosures to our system, which will deliver more precise locations of outages, even in the most remote areas. Many of our substations have been upgraded and are now connected to Luminare Broadband, which has been an incredible upgrade for us. It means even our most remote areas now have communications connectivity to our grid, providing reliable outage information. These benefits are amazing for all members and I am proud to report that, thanks to these improvements and our company's dedication to these projects, YVEA's outage times and frequency have been decreasing.

2021 was also a big year for Luminare, our high-speed broadband company. We continue to add more customers, who share how happy they are with their internet performance since they switched to Luminare. With speeds reaching up to 1 Gb, Luminare's fiber internet is worth waiting for. With our large territory, there is a lot to do over many years as there is so much more to it than just tacking up fiber on poles. If you are interested in service, please call Luminare for more information at (970) 870-4320.

I look forward to seeing you our annual meeting. This year's meeting will be held at the YVEA headquarters in Craig, on June 28, 2022.

Tom Fox

Chairman of the Board of Directors

TREASURER'S REPORT



Wade Pynes, Treasurer

The financial statements for the fiscal year ended December 31, 2021 reflect the sound financial status of Yampa Valley Electric Association, Inc. (YVEA). The association's routine annual financial statement audit was conducted by Bolinger, Segars, Gilbert & Moss, L.L.P. (BSGM), certified public accountants of Lubbock, Texas. BSGM has audited YVEA's balance sheets as of December 31, 2021 and 2020, and the related statements of income, patronage capital, and cash flows for the years then ended, along with the related notes to the consolidated financial statements.

YVEA's responsibility is to prepare and present the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements and errors.

The financial statements were presented to BSGM in February 2022. Yampa Valley Electric Association's 2021 audit report was presented to the board of directors in April 2022. YVEA received a clean, unmodified opinion that all consolidated financial statements have been presented fairly in all material respects.

The data presented in this report is from the 2021 financial statements. Copies of the audited financial statements and the annual report are available at Yampa Valley Electric Association's headquarters.

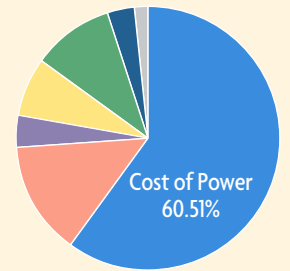
Wade Pynes

Vice President of Finance

2021 STATEMENT OF OPERATIONS

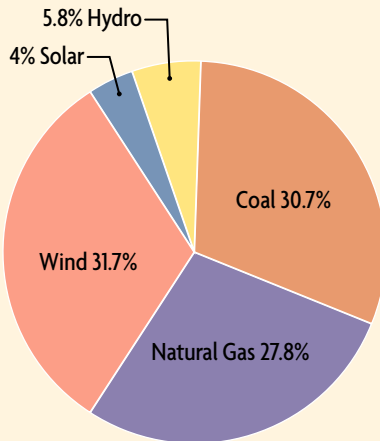
	2021	2020	2019	2018	2017
Operating Revenue and Patronage Capital	\$63,273,535	\$60,180,663	\$58,667,577	\$59,569,286	\$56,192,236
Operation & Maintenance Expense					
Power Cost	\$39,756,400	\$31,853,375	\$32,637,462	\$35,206,836	\$33,704,348
Operating and Maintenance Expenses	\$17,296,880	\$16,397,472	\$15,181,338	\$13,596,264	\$12,990,002
Interest	\$2,284,032	\$1,798,692	\$1,322,565	\$1,197,730	\$1,008,788
Taxes	-	-	-	-	-
Other expenses	(\$81,951)	\$63,187	\$68,168	\$60,286	\$49,125
Total Operation & Maintenance Expense	<u>\$59,255,361</u>	<u>\$50,112,726</u>	<u>\$49,209,533</u>	<u>\$50,061,116</u>	<u>\$47,752,263</u>
Earnings before Interest & Amortization	\$4,018,174	\$10,067,937	\$9,458,044	\$9,508,170	\$8,439,973
Depreciation & Amortization	(\$6,450,807)	(\$6,116,650)	(\$5,957,709)	(\$6,041,860)	(\$5,373,823)
Patronage Capital & Operating Margins	<u>(\$2,432,633)</u>	<u>\$3,951,287</u>	<u>\$3,500,335</u>	<u>\$3,466,310</u>	<u>\$3,066,150</u>
Other Capital Credits & Patronage Dividends	\$463,213	\$514,364	\$318,764	\$275,330	\$266,492
Income/Loss from Equity Investments	(\$822,828)	-	-	-	-
Non Operating Margins - Other	\$371,402	1,450,483	\$68,204	\$1,136,180	\$119,411
Patronage Capital or Margins	<u>(\$2,420,846)</u>	<u>\$5,916,134</u>	<u>\$3,887,303</u>	<u>\$4,877,820</u>	<u>\$3,452,053</u>

COMPARATIVE OPERATING STATISTICS

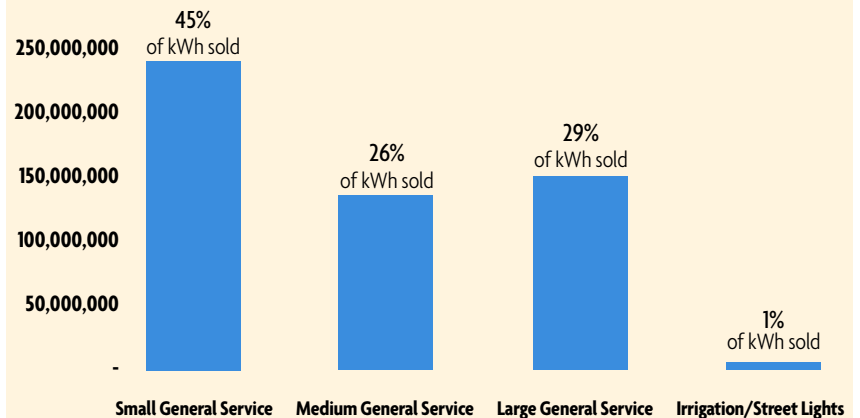


- Operations & Maintenance 13.68%
- Consumer Accounts 3.68%
- Administration & General 7.04%
- Depreciation & Amortization 9.82%
- Interest 3.48%
- Property Taxes 1.92%
- Other -0.12%

2021 RESOURCE MIX



2021 KWH SALES BY RATE CLASS



HIGHLIGHTS OF OPERATIONS

	2021	2020	2019
New Construction & System Improvements			
Miles of Line Built	7.35	6.75	6.75
New Security Lights	16	7	9
New Services Installed	440	459	275
Services Upgraded	21	18	27
Operations & Maintenance			
Average Outage Minutes Per Month Per Consumer	7.1	18.3	33.4
Members Per Employee	217	366	395
Meters Tested	702	214	226
Miles of Distribution Line Patrolled	234	332	467
Miles of Transmission Line Patrolled	269	341	280
Number of Consumer Work Orders Written	742	649	652
Number of Poles Inspected	6,172	3,879	2,806
Underground Cable Locations	10,334	12,327	6,002
Underground Dig-Ins Repaired	35	52	27

COMPARATIVE OPERATING STATISTICS

	2021	2020	2019
kWh Purchased	549,113,120	554,496,538	576,336,895
kWh Sold	539,166,785	532,810,192	562,944,607
Annual Peak Demand kW	115,431	95,519	109,428
Average Number of Meters	27,709	27,425	27,269
Miles of Line	2,788	-	-
Meters Per Mile	9.94	9.12	9.47
Average Return per kWh Sold	\$0.1174	\$0.1129	\$0.1042
Total Revenue	\$63,273,535	\$60,180,663	\$58,667,577
Property Taxes Paid	\$1,262,576	\$1,274,275	\$1,178,574
Power Cost as % of Electric Sales	63%	53%	56%
Principal Paid on Debt	\$2,079,810	\$3,077,263	\$1,510,849
Total Utility Plant	\$229,817,831	\$211,049,910	\$185,311,408
Total Margins	(\$2,420,846)	\$5,916,134	\$3,887,303
Members Equity	45.93%	52.01%	59.24%

YVEA FINANCIAL REPORT AS OF DECEMBER 31, 2021

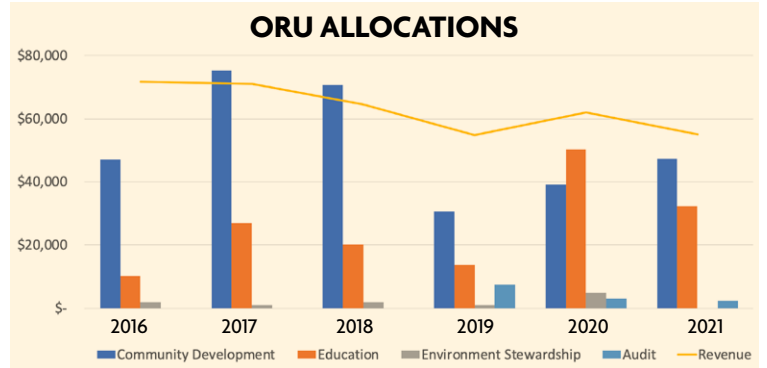
ASSETS	2021	2020	2019	LIABILITIES	2021	2020	2019
Current Assets				Current Liabilities			
Cash - General Fund	\$2,638,971	\$2,094,112	\$4,489,708	Current Maturities of Long-term Debt	\$2,659,576	\$1,961,559	\$1,213,559
A/R General Association	\$7,590,001	\$4,960,997	\$3,415,707	Line of Credit	\$3,750,000	\$4,000,000	\$3,000,000
Materials - Our Stock	\$7,086,333	\$6,182,525	\$4,147,229	Accounts Payable	\$7,434,109	\$9,435,889	\$10,269,013
Prepayment and Other Current Assets	\$397,639	\$58,915	\$20,055	Accrued Expenses	\$1,634,178	\$1,164,344	\$917,989
	\$17,712,944	\$13,296,549	\$12,072,699	Accrued Taxes	\$1,928,756	\$1,718,638	\$1,628,104
Deferred Debits	\$2,228,696	\$2,291,116	\$2,062,076	Customer Deposits	\$531,697	\$590,860	\$578,804
Investments					\$17,938,316	\$18,871,290	\$17,607,469
Associated Organization & Special Funds	\$3,889,390	\$3,741,906	\$3,482,021	Long-Term Liabilities	\$74,735,890	\$55,713,717	\$35,749,492
Other Investments	\$2,480	\$4,959	\$132,139	Deferred Credits	\$8,607,137	\$1,785,829	\$1,805,012
Property Held for Sale	-	-	-	Other Long-Term Obligations	\$2,480	\$4,959	\$132,140
	\$3,891,870	\$3,749,864	\$3,614,160	Total Liabilities	\$101,283,823	\$76,375,795	\$55,294,113
Utility Plant				Equity			
Electric Plant	\$232,737,709	\$212,371,415	\$185,311,408	Capital Equities			
Accumulated Depreciation	(\$77,039,641)	(\$72,524,767)	(\$67,396,732)	Patronage Capital	\$80,545,708	\$79,765,183	\$79,897,692
Total Plant	\$155,698,068	\$139,846,648	\$117,914,676	Other Equities	(\$2,297,953)	\$3,040,200	\$471,806
Total Assets	\$179,531,578	\$159,181,178	\$135,663,611	Total Equity	\$78,247,755	\$82,805,383	\$80,369,498
				Total Liabilities and Equity	\$179,531,578	\$159,181,178	\$135,663,611

OPERATION ROUNDUP



Since teaming up in 2015, Yampa Valley Electric Association and the nonprofit Operation Round Up organization have been improving lives and communities thanks to YVEA members who round up

their electric bill to the next dollar. The pennies members donate each month average only \$6 per year per member, but have contributed more than \$511,386 to nonprofit organizations in the YVEA service territory.



ORU Contributions	2021	2020	2019	2018	2017	2016	2015
Revenue	\$82,392.15	\$92,837.07	\$82,095.91	\$96,901.40	\$106,531.74	\$107,542.08	\$27,288.24
ORU Expenditures	2021	2020	2019	2018	2017	2016	2015
Expenditures							
Community Development	\$47,275.00	\$39,250.00	\$30,516.00	\$70,710.00	\$75,361.00	\$47,119.00	\$15,850.00
Education	\$32,250.00	\$50,320.00	\$13,771.30	\$20,310.00	\$26,892.00	\$10,320.00	\$3,750.00
Environment Stewardship	-	\$5,000.00	\$1,000.00	\$2,000.00	\$1,000.00	\$2,000.00	\$2,300.00
Healthcare	\$7,700.00	\$19,750.00	\$1,000.00	\$9,130.00	\$17,284.00	\$6,210.00	\$4,400.00
Audit	\$2,487.50	\$3,100.00	\$7,550.00	-	-	-	\$2,170.63
Bank Charges	\$30.00	-	-	\$30.00	\$60.00	-	-
Office Expenses	-	-	-	-	-	\$146.57	-
Licenses/organization fees	-	-	-	-	-	\$150.00	\$100.00
Total	\$89,742.50	\$117,420.00	\$53,837.30	\$102,180.00	\$120,597.00	\$65,945.57	\$28,570.63
Loss/profit	(\$7,350.35)	(\$24,582.93)	\$28,258.61	(\$5,278.60)	(\$14,065.26)	\$41,596.51	(\$1,282.39)



YVEA staff discusses Electric Vehicles with a member at an EV education event.