

MCREA 2020 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 2020 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 would encourage our membership to review the following pages, which contains comprehensive information about the state of your electric cooperative.

I would also like to extend an invitation to our member-owners to attend the Morgan County REA Annual Meeting on March 23, 2021 at 6 p.m. via Telephone Town Hall. You can register online on our website, www.mcrea.org. The



MCREA Board of Directors and management staff look forward to reviewing the past year with you and discussing the future plans for our cooperative. (Robert Baltzell, acct #xxx2100)

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

MCREA STATISTICAL INFORMATION*

As of December 31, 2020

Counties Served	Adams, Arapahoe, Logan, Morgan, Washington, Weld
Number of Employees	37
Year Organized	1937
RUS Borrower No.	Colorado 15 Morgan
Power Source	Tri-State Generation & Transmission Association, Inc.
Monthly Board Meeting	4th Monday
Total Members	4,668
Meters Served	8,993
Overhead Line	2,657 miles
Underground Line	202 miles
Transmission Line	53 miles
Total Miles of Line	2,912
Consumers per Mile	3.09
Annual Revenue	\$ 43,615,506
Annual Wholesale Power Cost	\$ 29,013,716
Total Energy Purchased by Members (kWh)	372,911,928
Average Residential Usage per Month (kWh)	1,051
Total Plant in Service	\$ 75,118,275
Property Taxes	\$ 1,025,065
Interest Paid	\$ 1,527,121

* 2020 preliminary unaudited numbers

MCREA's 84th ANNUAL MEETING

Tuesday, March 23, 2021


6 p.m. Telephone Town Hall

This year's meeting will once again be conducted by Telephone Town Hall.

You can register for the meeting online at www.mcrea.org.

We look forward to everyone attending the meeting.



 Register for the Telephone Town Hall Annual Meeting at mcrea.org.

Morgan County REA Board of Directors



Cary L. Wickstrom
President, District I



Brian Pabst
Vice President, District III



Terry Linker
Treasurer, District III



Larry Hoozee
Secretary, District III



Jim Bostron
District I



Timothy A. Peggram
District I



Randolph D. Graff
District II



David Arndt
District II



Terry Tormohlen
District II

FROM TERRY LINKER TREASURER, DISTRICT III

All consumer-members of the association are encouraged to carefully examine this annual report. Included are the balance sheet as of December 31, 2020, and the statements of revenue and expense for the same year. Also shown are the trends of 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, 2020, and is in conformity with accepted accounting principles applied on a basis consistent with that of the preceding year.

Terry Linker
Treasurer

BALANCE SHEET*

	December 31, 2020
Assets	
Total utility plant	\$ 75,118,275
Accumulated provision for depreciation	\$ <12,908,116>
Net utility plant	\$ 62,210,159
Non-utility plant	\$ 176,324
Investment in associated organizations – patronage capital	\$ 19,626,759
Investment in associated organizations – other	\$ 1,641,304
Cash	\$ 3,186,792
Temporary investments	\$ 12,336,581
Notes and accounts receivable – net	\$ 3,046,651
Materials and supplies	\$ 1,792,707
Prepayments	\$ 34,798
Current and accrued assets	\$ 13,719
Deferred debits	\$ 1,271,479
Total assets	\$ 105,337,273
Liabilities	
Margins and equities	\$ 47,007,384
Long-term debt – RUS	\$ 31,774,379
Long-term debt – other	\$ 17,777,278
Accumulated operating provisions	\$ 3,824,394
Notes and accounts payable	\$ 2,275,669
Other current and accrued liabilities	\$ 2,678,169
Total liabilities and other credits	\$ 105,337,273

* 2020 preliminary unaudited numbers

2020 FINANCIAL INFORMATION*

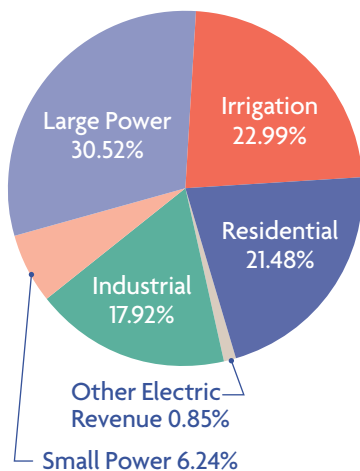
Operating Statement

Revenue by class	2019	2020
Residential	\$ 9,105,803	\$ 9,368,761
Irrigation	\$ 8,855,174	\$ 10,028,227
Small power	\$ 2,811,933	\$ 2,719,754
Large power	\$ 12,116,217	\$ 13,311,845
Industrial	\$ 9,805,521	\$ 7,814,626
U.S. Air Force	\$ 277,038	\$ 265,731
Other electric revenue	<u>\$ 159,792</u>	<u>\$ 106,562</u>
Total operating revenue	\$ 43,131,478	\$ 43,615,506

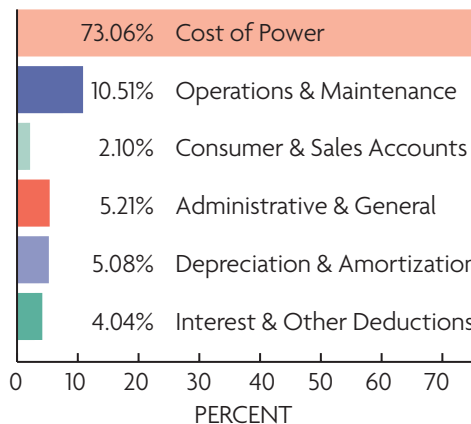
Expenditures by account	2019	2020
Cost of purchased power	\$ 29,573,483	\$ 29,013,716
Operation and maintenance	\$ 3,991,313	\$ 4,174,846
Consumer and sales accounts	\$ 897,862	\$ 834,619
Administrative and general	\$ 2,060,546	\$ 2,070,496
Depreciation and amortization	\$ 1,924,769	\$ 2,016,657
Interest and other deductions	<u>\$ 1,519,888</u>	<u>\$ 1,599,513</u>
Total cost of electric service	\$ 39,967,861	\$ 39,709,847

Operating margin	\$ 3,163,617	\$ 3,905,659
Non-operating margin	\$ 810,534	\$ 273,662
Other capital credits and dividends	\$ 401,120	\$ 411,814
Tri-State G&T capital credits (allocated)	\$ 1,099,804	\$ 643,823
Extraordinary items	<u>\$ -0-</u>	<u>\$ -0-</u>
Net margin or patronage capital	\$ 5,475,075	\$ 5,234,958

2020 ELECTRIC ENERGY REVENUE BY CLASS*



EXPENDITURES IN 2020*



* 2020 preliminary unaudited numbers

Current MCREA Staff & Employees

Troy Baker	Casey Krening
Sergio Baquera	Angie Larson
Rob Baranowski	Cheryl Lewis
Curtis Berg	Ray Mann
Kaitlyn Bernhardt	Kevin Martens
Kristie Binder	Alan Mason
Chuck Blackwelder	Susie Norton
Brad Boppe	Jamie Plakorus
Bobby Brenton	Rodney Rhoades
Josh Bristol	Dean Segelke
Curtis Covelli	Robb Shaver
Cirildo Estrada	Steve Sundet
David Frick	Stacy Syphers
Joe Graves	John Underwood
Amanda Green	Colton Unrein
Tim Hishinuma	Travis Varelman
Suzi Iungerich	Fabian Vigil
Tucker Jochim	Tammy Walker
Travis Kallweit	



This institution is an equal opportunity provider and employer.

Win \$25 Off Your Electric Bill

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

Congratulations Dale and Cathy Fleming (account #xxx1600) you saw your names and account number in the January issue of *Colorado Country Life* and received a \$25 credit on your bill.

Sorry, Nancy Loftesness (account # xxx0400); we didn't hear from you. Your name and account number appeared in the January issue of *Colorado Country Life*.

There are two more MCREA 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 23, 2021. Here is some background information about each of the candidates.

DISTRICT ONE



Cary L. Wickstrom from Orchard is currently serving as Director from District I and Board President. Cary is self-employed in a diversified farming, ranching and cattle feeding operation. Raised in this area, Cary is a graduate of Colorado State University with a degree in Agricultural Business.

Cary is not new to the cooperative business model, having served on the boards of the Wiggins, Horizon, and M & M co-ops. Cary helped start and was the first president of the Colorado Conservation Tillage Association, is a past board member and president of the Colorado Wheat Administrative Committee, and has served on the U.S. Wheat Board. In addition to the MCREA board, he is currently a member of the Farm Bureau, Colorado Livestock Association, CSU Ram Club and the CSU Beef Club. Wickstrom has also served on the Weldon Valley School District Board of Education.

Cary has two daughters, Leigha and Tara, and lists time with his family and friends, travel, snow and water skiing as hobbies and interests.

DISTRICT TWO



Terry Tormohlen lives south of Fort Morgan and is currently serving as Director from District II. Terry recently received the Board Leadership Certificate from the National Rural Electric Association (NRECA). Terry and his wife Connie own Countryside Pullets LLC, a contract chicken grower for Opal Foods in Roggen. Terry is currently serving as Secretary/Treasurer for Colorado Egg Producers. He was also appointed by the Secretary of Agriculture to serve (Maria Sandoval acct#xxx5000) on the Colorado Foundation for Agriculture Committee.

Terry and his wife, Connie, have two daughters; Jasmine Oliver and Briette Tormohlen, along with a son, Adam Tormohlen. Terry enjoys assisting with Ag Education promotion, music, and reading. He truly enjoys keeping up with his grandchildren.

DISTRICT THREE



Brian Pabst from Hillrose is currently serving as Director from District III and Board Vice President. Brian is self-employed, owning and operating an irrigated farm in the Hillrose area, and also does custom farming work for several local neighbors.

Brian is currently serving as a director of the Fort Morgan Local Sugar Beet Growers Association. He is also a current state director and past president of the Colorado Sugar Beet Growers Association, and is serving as co-chair of Western Sugar's joint research committee. Pabst was a member of the Hillrose/Snyder Volunteer Fire Department for twenty-two years. Now retired from the Fire Department, he served as a department officer for eighteen years – seven of those years as fire chief.

Brian and his wife Kim have three grown daughters – Mandi Zwetzig, Kallianne Renton, and Allyson Pabst – and seven grandchildren. He lists family time, camping, hunting, and riding ATV's as his hobbies.