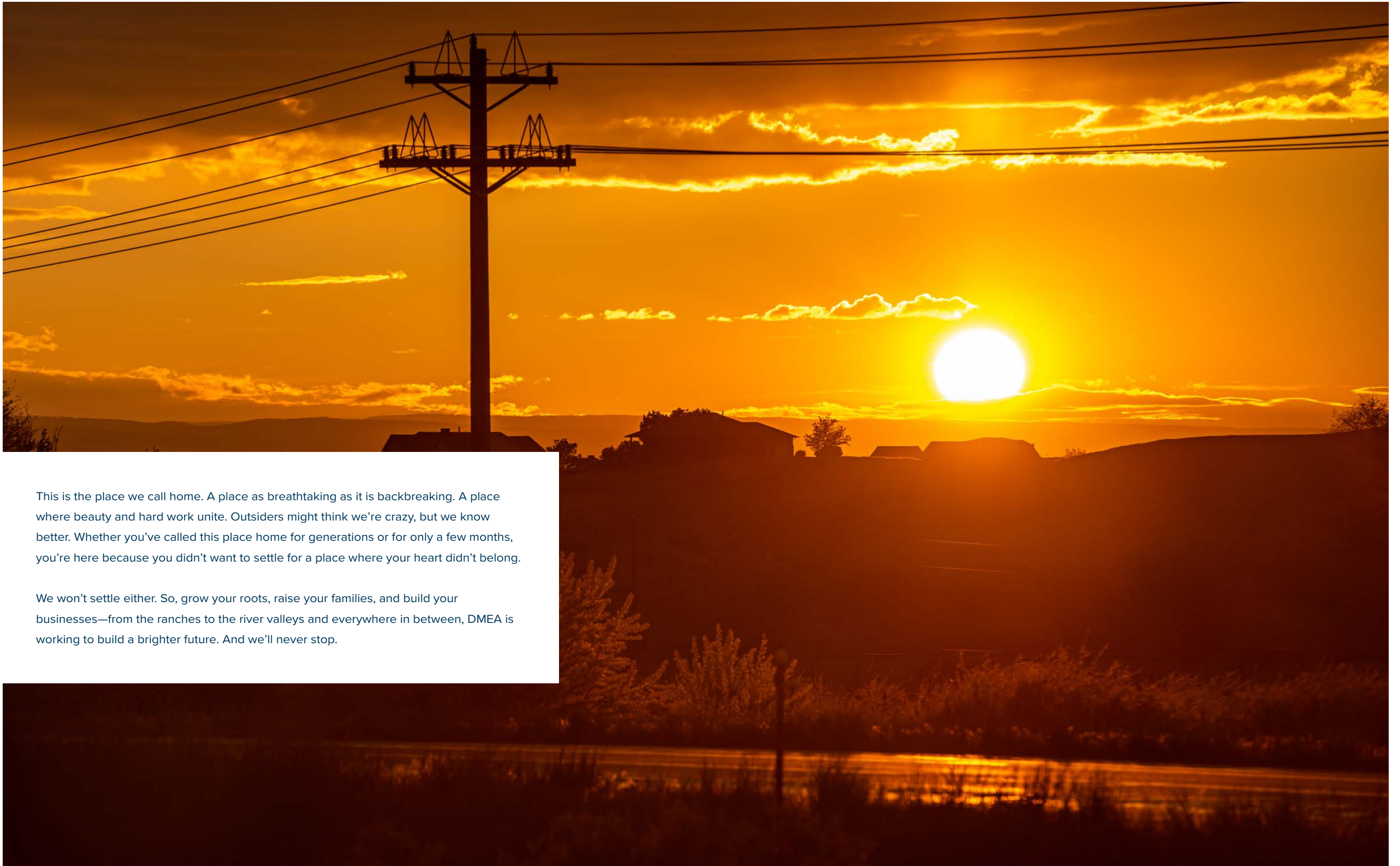


Delta-Montrose Electric Association

# 2018 Annual Report



Never  
Settle



This is the place we call home. A place as breathtaking as it is backbreaking. A place where beauty and hard work unite. Outsiders might think we're crazy, but we know better. Whether you've called this place home for generations or for only a few months, you're here because you didn't want to settle for a place where your heart didn't belong.

We won't settle either. So, grow your roots, raise your families, and build your businesses—from the ranches to the river valleys and everywhere in between, DMEA is working to build a brighter future. And we'll never stop.





# Newer Settle

Jasen Bronec and Bill Patterson

At first glance “Never Settle” may seem like an odd theme. It may make you think of restlessness or unwillingness to compromise. But to us, it means more and it is something to celebrate.

More than 100 years ago, did our communities settle for being at the mercy of an unreliable water source to irrigate our valley? No, they dreamed up the Gunnison Tunnel, an engineering marvel that still brings life to our land.

More than 80 years ago, did our communities settle when larger for-profit power companies said there wasn’t a need for electricity in rural Colorado? No, they joined together and formed an electric cooperative (now DMEA) to light up the countryside.

Just 3 years ago, did our communities settle for being left behind with slow, unreliable internet? No, they raised their voices and asked DMEA to help drive our local communities and economies into the future through Elevate Fiber.

The recurring theme is that our communities and our cooperative will not sit idly by and settle for good enough, second best, or the way it has always been. We strive for more. We strive to be the best, to deliver the best, to continually look for ways to improve, and to serve our great communities.

Today our struggle is to ensure that we are not settling for a power supplier that does not best serve our communities. We will not settle for high rates, we will not settle for continued restraint of local power production, we will not settle for our members continuing to lose the benefit of local power production, and we will not settle for having no true voice.

We will never settle for less than what you deserve. We will continue to fight for you, our member-owners.

*Willie H. Patten*  
*John B.*

## Board of Directors

**Bill Patterson**  
President  
District 1

**Kyle Martinez**  
District 2

**Brad Harding**  
Secretary/Treasurer  
District 3

**Ken Watson**  
District 4

**Chris Hauck**  
District 5

**Damon Lockhart**  
District 6

**Mark Eckhart**  
Vice President  
District 7

**Tony Prendergast**  
Asst. Secretary/Treasurer  
South Region

**Stacia Cannon**  
North Region



## Management Team

**Jasen Bronec**  
Chief Executive Officer

**Virginia Harman**  
Chief Operating Officer

**Wade Pynes**  
Chief Financial Officer

**Kent Blackwell**  
Chief Technical Officer

## 2018 At-a-Glance

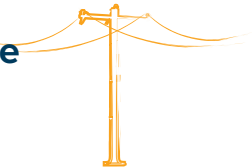
**Members**  
**28,137**



**Meters**  
**33,610**



**Miles of line**  
**3,308**



**Employees**  
**104** **14**  
DMEA Elevate



**Total energy consumed**  
**515,492,487 kWh**







# Energy Services & Renewable Energy



My job as a science teacher is to make the invisible, visible—energy, electric bills, and even our consumption of natural resources is largely invisible to most high schoolers. The solar program makes all of those things real for students. They helped build the array with their own hands and even more learning will take place inside the classroom. This program provides me an opportunity to teach students how to apply concepts from physics, environmental science, and engineering in a tangible way.

- Ben Graves,  
Science Teacher at Delta High School

## Building Bright Futures

It's true that many small things can add up to big changes. But sometimes we get the opportunity to do something big, like build solar arrays at our local high schools and create a new classroom curriculum so students can get hands-on experience with renewable energy.

In 2018, DMEA partnered with Solar Energy International (SEI) and Atlasta Solar to implement a Solar in Schools program. Although DMEA funded the construction of the arrays with a \$150,000 donation from our unclaimed capital credit fund in 2017, the real work kicked off in 2018. SEI designed the arrays and helped create a new classroom curriculum for students and teachers. Atlasta got students out of the classroom and taught them how to build the arrays and connect them to the grid.

The result? Approximately 50kW of solar energy is now powering our local school districts, and each school is incorporating solar production data and a new curriculum in the classroom.

## 2018 Renewable Energy

Net metered members .....	550
Net metered energy .....	3,378 kW
Community solar generation .....	333,823 kWh

## 2018 Energy Savings

Energy Star appliance rebates.....	\$33,800
Commercial lighting rebates.....	\$153,515
Residential lighting rebates .....	\$13,479
Total number of rebates given.....	1,682
Total rebates paid to members .....	\$232,993
Prepay billing members.....	307
Budget billing members .....	631
Paperless members.....	4,346
Paper saved.....	52,152 sheets/year



# Operations & Engineering

## 24/7/365

That's the working hours of DMEA's dispatch center—8,760 hours per year to be exact. The men and women who monitor the electric grid that powers your home work behind the scenes and don't often get the recognition they deserve. They'll tell you they don't do it for recognition though, they do their job 24/7/365 for you.

When you call to report a power outage or service issue at 11 o'clock at night, they answer the call. When you let us know about a sagging power line or burnt power pole, they answer the call. It's this team of six dispatchers who operate our electric system and respond in both routine maintenance and emergency situations to make sure your power is being delivered safely.

Whether they are relaying messages to crews working to restore power or operating our computerized system controls, the dispatchers keep power flowing. We usually like to remind you to thank a lineman the next time you flip a switch or take that first sip of your morning coffee. But this time, let's remember to thank a dispatcher too.

## 2018 Power System Stats

Number of lineworkers .....	24
New system design jobs.....	806
New meters added .....	537
Poles inspected.....	3,850
Poles trussed.....	61
Poles replaced.....	215
Peak system demand.....	91,761 kW
System reliability .....	99.98%



When a pole goes down or the power goes out, it doesn't matter what time it is. Our dispatch center is standing by 24/7 to make sure your power gets restored safely and quickly. Their dedicated work behind that scenes is essential to keeping your lights on.

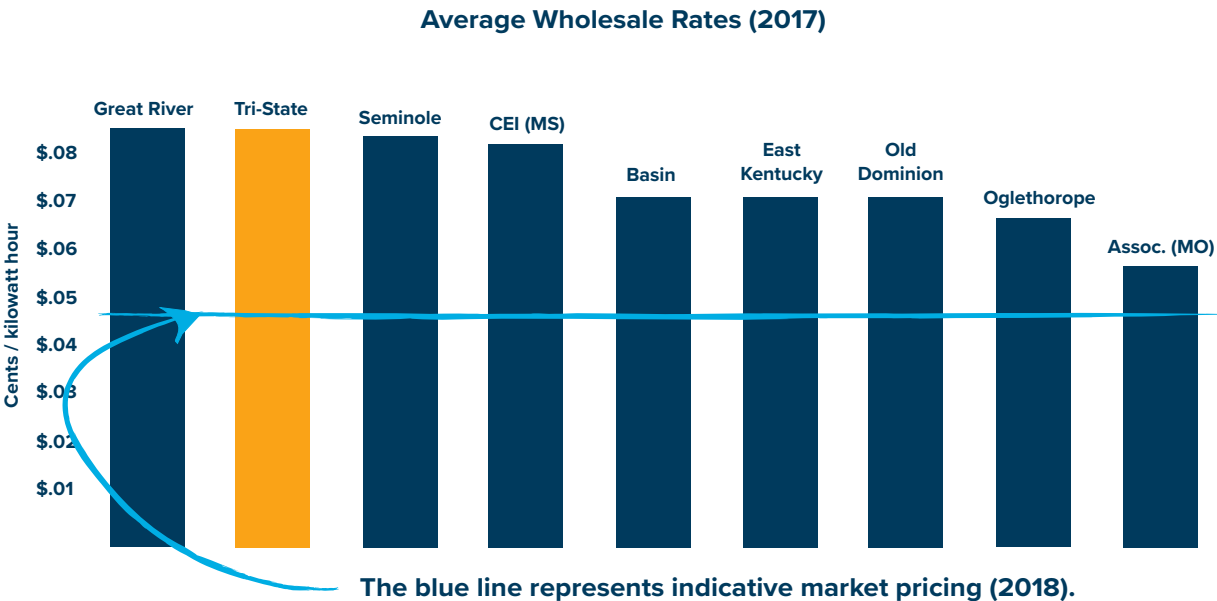
- Mateusz Pena,  
DMEA Engineering Manager

# Finance & Accounting

## Your Future is Worth Fighting For

This is the mantra we tell ourselves every single day. It is THE reason we are doing everything we can to buy out of our wholesale power contract with Tri-State. This journey hasn't been easy—we've faced countless roadblocks from Tri-State and even scorn from our own industry. When that happens, we remind ourselves why we're doing it: because your future is worth fighting for.

What we pay Tri-State for electricity is the number one factor impacting your bill. In fact, it accounts for 64% of every single dollar you pay us. If what we pay Tri-State every year goes up, your rates aren't far behind. We won't settle for that when there are more affordable and more flexible power suppliers out there. Our post-exit plan includes buying reliable and safe power from Guzman Energy at rates significantly less than Tri-State's. And yes, that means even though we'll have to pay a fair exit charge to Tri-State, the reduced cost of power from Guzman provides enough savings to make the exit both economical and the right thing to do for you.



## 2018 Financials

Wholesale power costs.....	\$42,455,182
Hydroelectric plant generation....	29,226,290 kWh
Net savings from hydro generation ....	\$0.023/kWh
Residential kWh charge .....	\$0.10450/kWh
Average use per residence .....	740 kWh/month
Average residential bill .....	\$103.92/month

## Consolidated Balance Sheet\*

<b>Assets</b>		
<b>Plant, Property, and Equipment</b>		
Electric Plant in Service	2018	2017
	198,623,122	187,394,553
Other Property & Equipment	8,898,915	1,513,866
Construction Work in Progress	14,754,244	11,372,272
	222,276,281	200,280,691
Less Accumulated Depreciation	82,935,022	77,963,878
	139,341,259	122,316,813
<b>Other Property &amp; Investments</b>		
Investments in Associated Organizations	52,208,740	52,199,265
Other Investments	137,369	172,735
	52,346,109	52,372,000
<b>Current Assets</b>		
Cash - General	4,714,399	5,106,962
Cash - Restricted	6,465,565	2,636,033
Temporary Cash Investments - Restricted		3,761,000
Accounts Receivable	2,446,499	5,632,975
Unbilled Revenue	5,858,857	6,047,972
Materials & Supplies	3,796,131	3,780,568
Other Current & Accrued Assets	243,148	414,765
	23,524,599	27,380,275
<b>Other Assets</b>		
Deferred Debits	5,657,512	5,834,018
Intangibles	155,948	155,948
	5,813,460	5,989,966
<b>Total Assets</b>	<b>221,025,427</b>	<b>208,059,054</b>
<b>Equities &amp; Liabilities</b>		
Patronage Capital	92,306,128	91,119,024
Other Equities	8,689,483	8,809,024
	100,995,611	99,928,048
<b>Long-Term Debt</b>		
FFB	28,503,874	29,498,669
CFC	31,331,685	23,231,063
CoBank	41,717,291	38,140,776
	101,552,850	90,870,508
Less: Advanced Payments	3,307,890	4,492,746
	98,244,960	86,377,762
<b>Current Liabilities</b>		
Current Maturities of Long-Term Debt	3,842,078	3,570,639
Accounts Payable	4,524,833	6,624,813
Accrued Taxes	931,319	872,001
Compensated Absences	1,725,405	1,567,352
Accrued Interest	301,770	475,178
Other Current Liabilities	52,675	167,117
	11,378,080	13,277,100
<b>Other Liabilities</b>		
Deferred Credits	10,406,776	8,476,144
<b>Total Equities &amp; Liabilities</b>	<b>221,025,427</b>	<b>208,059,054</b>

\* Review the full independent auditor's report online at [www.dmea.com/financial-statements](http://www.dmea.com/financial-statements).

## Consolidated Statement of Income & Patronage Capital\*

<b>Operating Revenues</b>		
Residential	2018	2017
	37,040,280	36,417,988
Irrigation	189,089	175,495
Small Commercial	16,737,367	16,438,534
Large Commercial	8,254,181	8,597,600
Street Lighting & Public Buildings	526,904	553,219
Unbilled Revenue	(246,013)	334,487
Deferred Revenue Plan	250,000	(1,000,000)
Internet Services	400,001	143,941
Other Operating Revenues	5,617,152	4,083,624
<b>Total Operating Revenues</b>	<b>68,768,961</b>	<b>65,744,888</b>
<b>Operating Expenses</b>		
Purchased Power	42,455,182	41,435,419
Cost of Goods Sold - Other	3,367	3,367
Hydro - Operation	609,844	556,369
Hydro - Maintenance	84,673	154,635
Transmission	483,886	485,605
Distribution - Operation	3,783,157	3,694,804
Distribution - Maintenance	2,385,465	2,279,539
Customer Accounts	1,759,689	1,860,366
Customer Service Information	464,344	472,952
Sales	566,068	510,302
Administrative & General	6,565,233	6,407,025
Depreciation & Amortization	7,162,796	5,754,390
Other Deductions	765,816	684,899
<b>Total Operating Expenses</b>	<b>67,089,520</b>	<b>64,299,672</b>
<b>Operating Margins Before Fixed Charges</b>	<b>1,679,441</b>	<b>1,445,216</b>
<b>Fixed Charges</b>		
Interest on Long-Term Debt	3,378,299	2,632,163
<b>Operating Margins After Fixed Charges</b>	<b>(1,698,858)</b>	<b>(1,186,947)</b>
G&T Capital Credits	1,374,549	2,002,295
Other Capital Credits	770,008	713,242
<b>Net Operating Margins</b>	<b>445,699</b>	<b>1,528,590</b>
<b>Non-Operating Margins (Loss)</b>		
Interest Income	355,295	380,369
Gain (Loss) on Disposal of Assets	50,693	(118,493)
Other Non-Operating Income	(119,629)	(67,628)
Provision for Income Tax Expense	442,911	492,998
	729,270	687,246
<b>Net Margins</b>	<b>1,174,969</b>	<b>2,215,836</b>
Patronage Capital - Beginning	91,119,024	89,086,872
Transfers to Other Equities	199,580	7,228
Patronage Capital Retired	(187,445)	(190,912)
<b>Patronage Capital - Ending</b>	<b>92,306,128</b>	<b>91,119,024</b>

## How do DMEH members use energy?

Street Lighting & Public Buildings .....	0.8%
Other Electric Revenue .....	8.8%
Large Commercial .....	12.0%
Small Commercial.....	24.4%
Residential .....	54.0%

Being member-owned isn't just a feel-good business model. It means DMEA must be a good steward of our members' resources. It means DMEA must always look for ways to reduce costs. It means DMEA always has and always will fight to provide our members safe, reliable, and affordable electricity.

- Wade Pynes, DMEA Chief Financial Officer



# Community

## Preserving Our History with Your Spare Change

More than 8,000 DMEA members choose to round up their bill every month, donating anything from a few cents to a few dollars to DMEA's Operation Round Up fund. That money adds up to more than \$50,000 each year, which the Operation Round Up Charitable Trust funnels back to our communities through grants to families and organizations in need.

In 2018, your donations allowed Operation Round Up to provide a substantial \$6,000 donation to the Interpretive Association of Western Colorado. Founded in 1988, the association is charged with preserving the heritage of our most treasured places in Western Colorado, from scenic byways to remote historic landmarks.

Fort Uncompahgre on the Old Spanish Trail is one of the association's most revered sites. Thanks to DMEA's donation—or more accurately, your donations—the exhibits at Fort Uncompahgre received a much-needed facelift just in time for the rush of student field trips. And, as executive director Chris Miller will tell you, it's only by celebrating our rich history that we inspire future generations.

**Sign up for Operation Round Up today so your spare change can start making a difference in your community—877-687-3632.**



## 2018 Community Impact

Scholarships .....	\$35,500
Sponsorships.....	\$58,625
Operation Round Up donations.....	\$55,810
Unclaimed capital credit donations .....	\$109,265

Our facilities have the ability to impact thousands of students within and beyond Montrose and Delta counties to embrace western Colorado's history. We have had over 1500 fourth grade students visit us in the last six weeks. The Interpretive Association greatly appreciates DMEA's contributions and looks forward to working together in the future.

- Chris Miller, Executive Director of Interpretive Association of Western Colorado



# Fast Internet For Real

## Arts Center Celebrates Community Culture

It's easy for outsiders to lump the small communities that make up DMEA and Elevate's service territories together, assuming that "if they've seen one, they've seen em' all." But each and every single one of our communities weaves its own special story. And, thanks to the newly renovated Grand Mesa Arts & Event Center (GMAEC), Cedaredge is telling its story better than ever—like the fact that an 82-million-year-old mosasaur fossil was discovered just outside of town.

The GMAEC was born out of the desire of a community to have more cultural offerings for younger families moving to the area, as well as reviving the local economy. It has quickly become a beloved destination for folks to enjoy the arts, events, education, and entertainment. More than 200 volunteers have successfully pulled off happenin' events week after week since June of 2018—making it the place to be.

It's a place Elevate is proud to be a part of too. We're honored to support GMEAC with our fiber internet, connecting them to the world, because we couldn't agree more. Cedaredge, you've got a story worth telling.



Elevate high speed internet and telephone service has helped us get the Grand Mesa Arts & Events Center off to a 21st century start! Such services are mandatory in this day and age. We find it to be invaluable as we bring arts to Cedaredge and the surrounding area. Elevate is a true arts partner!

- David Starr, Vice President of GMAEC Board of Directors



## 2018 Elevate

Total miles of fiber .....	698
Total live customers .....	5,272
Total phone customers .....	734
Total TV customers.....	214
Progress to full build out .....	45%
Average new customers/week .....	55
Average up time .....	99.999%
Employees .....	14







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# ELEVATE

#### Contact Us:

877-687-3632 | [www.dmea.com](http://www.dmea.com) | [elevateinternet.com](http://elevateinternet.com)

#### Visit Us:

Montrose Office  
11925 6300 Road  
Montrose, CO 81401  
M, W, F, 8am - 5pm  
T & TH, 8am - 6pm

Read Office  
21191 H75 Road  
Delta, CO 81416  
M & W, 9am - 4pm

A Touchstone Energy® Cooperative 

DMEA is an equal opportunity provider and employer.