

[MCREA News]

MCREA Once Again Returns \$2 Million to Members

BY DAVID FRICK || GENERAL MANAGER

The cooperative business model and the seven cooperative principles that guide Morgan County Rural Electric Association's business practices are what separates co-ops from other electric utilities. We are owned by our membership, which means when our members pay their electric bill, they are not only providing compensation for electrical service, but are also making a financial investment in the association. So, when revenues exceed expenses, members can see financial returns in proportion to their transactions with the cooperative. That's how electric cooperatives like Morgan County REA work.

I'm happy to report that, at its regular meeting on November 27, 2017, the Morgan County REA Board of Directors authorized patronage capital retirements totaling \$2 million for a complete retirement of 2001 and 2002 MCREA allocations, along with a complete retirement of 1996 and 1997 and partial retirement of 1998 generation and transmission margin allocations. This is the second straight year that the MCREA Board of Directors returned \$2 million to the membership.

To explain further, MCREA sets its rates to generate enough revenue to cover operating costs, make payments on any loans and maintain an emergency reserve. At the end of each year, we subtract operating expenses from the operating revenue collected during the year. The resulting balance is called an operating margin.

An electric cooperative operates on an at-cost basis by annually allocating to each member, based on the member's purchase of electricity, operating revenue remaining at the end of the year. Later, as financial condition permits, these allocated amounts (patronage capital) are retired and returned to the members in the form of capital credits checks.

As a result of the patronage capital retirements, members who purchased power from MCREA in 1996, 1997, 1998, 2001 and 2002 were sent a capital credits check in the mail that reflected their contribution of capital to Morgan County REA during those years. That may seem like a long time ago. However, those funds helped us reduce the amount of money we needed to borrow from outside lenders to build, maintain and expand a reliable electric distribution system, as well as cover emergency expenses and help us keep our rates steady. As you hopefully are



David Frick

aware, Morgan County REA will not raise rates to our members in 2018 — also for the second straight year.

So, is patronage capital retired every year? Not necessarily. During some years, the co-op may experience unforeseen operating expenses, or severe storms may result in the need to spend additional funds to repair lines. These and other events might increase costs and decrease member equity, causing the board not to retire capital credits. For this reason, Morgan County REA's ability to retire capital credits correlates directly with the cooperative's strength and financial stability. Each year, the board

faces the decision whether to retire capital credits.

Therefore, if you were an MCREA member in any (or all) of the patronage capital retirement years, you should have already received a capital credits check in the mail for your share of the margin allocations. This includes inactive or former members who no longer purchase electricity from MCREA but who purchased electricity during the years being retired.

If you move or no longer receive electric service with Morgan County REA, it is important that you keep us informed of your current address, so that future retirements can be properly mailed to you. Members (or former members) can update their contact information on our website — www.mcrea.org — or by calling the MCREA billing department at 970-867-5688. Keeping your address current will make sure your capital credits check finds its way to you.

On behalf of everyone at Morgan County REA, we wish you a happy New Year and look forward to serving our members this coming year with a strong tradition and vision for the future.



Energy Efficiency Tip of the Month

Looking for an easy way to make your home cozier? Try using area rugs to increase the insulation levels of your floors. Area rugs are stylish and can keep cool air from entering through your floors. Your toes will thank you!

J. Brian Pabst Earns National Director Accreditation

A Morgan County Rural Electric Association board member was among the 28 directors from Colorado electric co-ops receiving their Credentialed Cooperative Director (CCD) certifications, Board Leadership (BL) certificates and Director Gold (DG) designations from the National Rural Electric Cooperative Association at the Regions 7 and 9 meetings held in October.

J. Brian Pabst received the CCD certificate for adding to his knowledge of the electric industry and completing a specific schedule of classes. Today's electric utility environment imposes many demands on electric cooperative directors, particularly the need for increased knowledge of changes in the electric utility business, new governance skills and a working knowledge of the cooperative principles.

To earn the CCD certificate, directors must complete five core courses that demonstrate competencies in industry knowledge, board member responsibilities and financial management.

The next step for directors is the NRECA BL certificate, which recognizes individuals who continue their professional development after becoming a CCD and completing 10 additional credits in advanced, issues-oriented courses.

The final step in NRECA director certifications is the DG designation. To earn DG, a director must complete the CCD and BL certifications and take an additional three board leadership courses.

Elected to the MCREA Board of Directors in 2015, Pabst joins six other Morgan County REA directors to earned the CCD certification from the national cooperative organization. Five MCREA board members hold the BL certificate, with three attaining the DG status.



MCREA Director J. Brian Pabst (left) is congratulated by Board President Randy Graff for earning his Credentialed Cooperative Director certification.

MCREA Conducting Pole Inspections

Morgan County REA is currently conducting pole inspections in its service territory, utilizing independent third-party contractors. The independent contractors began inspecting MCREA's electric poles in December and will run their inspections through March 2018. These crews will be seen on four-wheelers around MCREA poles and infrastructure and are authorized by MCREA to conduct their inspections.

Please review this map of areas where the independent contractors will inspect poles. The highlighted lines indicate where inspections will take place.

If any members have questions about the pole inspections, please call MCREA headquarters at 970-867-5688.



Deadline for College Scholarship Applications Around the Corner

A reminder to high school seniors and current college students: Completed application materials for Morgan County REA's college or vocational school scholarship opportunities must be postmarked or delivered to MCREA headquarters by February 1, 2018.

Morgan County REA, along with Tri-State Generation and Transmission and Basin Electric Power Cooperative, will sponsor a total of nine college or vocational education scholarships for students who reside in MCREA's service territory boundaries and whose parents or grandparents receive electric service from Morgan County REA.

MCREA will award five \$1,000 scholarships, with Tri-State offering two \$500 scholarships and Basin Electric sponsoring one \$1,000 scholarship, all for graduating high school seniors. Additionally, MCREA is offering one \$1,000 scholarship to a current postsecondary student who will be returning to college or trade school.

Only one set of application materials is necessary to apply for all college and postsecondary scholarships from all three cooperatives. (Dennis D. Kitzman, acct #xxx5700) Students applying for the \$1,000 current college student scholarship do not have to be previous MCREA scholarship winners to qualify.

Required application materials for all these scholarship opportunities may be delivered to the MCREA office, 734 Barlow Road, Fort Morgan, or mailed to:

Scholarship Committee
Morgan County REA
P.O. Box 738
Fort Morgan, CO 80701

Applications and more information about these scholarship opportunities can be found at Morgan County REA headquarters, on the website (www.mcrea.org) or at your school's counseling office.



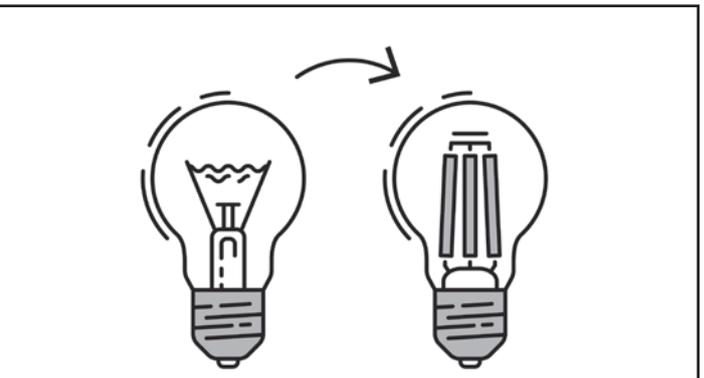
Kevin Martens, Dean Segelke and Bobby Brenton each celebrate 20 years of service with MCREA.

MCREA Employees Recognized for Years of Service

Morgan County Rural Electric Association is proud to recognize employees who reached benchmark years of service to the cooperative. They are (from left) Kevin Martens (20 years), Dean Segelke (20 years) and Bobby Brenton (20 years). Not pictured is Robb Shaver (five years). Thank you to these outstanding MCREA employees for their years of dedication and service.

MCREA Updating "Pull Out List"

Our outside crews work diligently to keep the power going to members, in good weather and bad. While we certainly hope that outages don't occur during inclement weather, the possibility exists that our crews would need assistance from our members should these situations arise, primarily with pulling out equipment that might become stuck in heavy snow, mud, etc. With this in mind, several years ago we created the "Pull-Out List" — members who volunteer to assist crews with stuck



SWITCH BULBS FOR ENERGY SAVINGS

If all our nation's households swapped just one incandescent lightbulb with an Energy Star-certified LED bulb, we would save enough energy to light more than 2 million homes for a year. Energy Star-qualified LEDs last at least 35 times longer than incandescent lights and use at least 75 percent less energy.

vehicles. We are looking to update that list with existing and new volunteers.

Morgan County REA asks members with the equipment to assist in adverse conditions to provide updated contact information so MCREA can contact you quickly should the need arise. If you are willing to help, please contact Deb Strauch at 970-867-5688.



Tri-State Generation and Transmission's Senior Education Program Advisor Michelle Pastor entertains and educates third-, fourth-, and fifth-graders at Woodlin School with "The Story Behind the Switch." (Jeremy and Hilary Kyte, acct #xxx2400)

"The Story Behind the Switch" Visits Woodlin School

The hour-long educational program, "The Story Behind the Switch," developed by Tri-State and sponsored in partnership with Morgan County Rural Electric Association, teaches elementary school children the basics of electricity and

electric safety; the efficient use of electricity; and how electricity is created and gets to the students' homes. It also features hands-on demonstrations including a small generator and a plasma ball.

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, **Joan Wilson** (account # xxx7900) and **James D. Morris** (account # xxx4700), you saw your names and account numbers in the November edition of *Colorado Country Life*. You received a \$25 credit on your bill!

There are two more MCREA members 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 January 31 to claim a \$25 credit on your electric bill.

This institution is an equal opportunity provider and employer.

Resolutions You Can Afford to Keep!

It costs nothing to... ✓

Set the water heater temperature to 120 degrees.

Close off rooms you don't need to heat or cool.

Turn off lights when you leave a room.

Unplug electronics and chargers not in use.

Adjust your thermostat when going to bed or leaving the home.

Spend a few dollars to save a lot more ... ✓

Get a water heater blanket.

Use a programmable thermostat.

Seal air leaks around windows, doors, plumbing, etc.

Replace regular bulbs with CFL or LED light bulbs.

Use a smart power strip for electronics.

To generate more energy savings, visit EfficiencyResource.org.