



# From the General Manager

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 2017 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



David Frick

pages, which contain 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 17, 2018, at Fort Morgan High School. The doors will open at 11 a.m. for registration and a

complimentary lunch, with the business meeting to follow at 12:30 p.m.. The MCREA Board of Directors and management staff are looking forward to reviewing the past year with you and discussing the future plans for our cooperative. [Jim and Margo Kissler, acct #xxx5400]

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're looking forward to seeing many of you at our annual meeting later this month.

## MCREA Statistical Information\*

(As of December 31, 2017)

**Counties Served** — Adams, Arapahoe, Logan, Morgan, Washington, Weld

**Number of Employees** — 41

**Year Organized** — 1937

**RUS Borrower No.** — Colorado 15 Morgan

**Power Source** — Tri-State Generation and Transmission Association, Inc.

**Monthly Board Meeting** — 4th Monday

**Total Members** — 4,215

**Meters Served** — 8,324

**Overhead Line** — 2,642 miles

**Underground Line** — 191 miles

**Transmission Line** — 44 miles

**Consumers per Mile** — 2.89

**Annual Revenue** — \$37,999,114

**Annual Wholesale Power Cost** — \$25,955,795

**Total Energy Purchased by Members** — 332,692,418 kWh

**Average Residential Usage per Month** — 992 kWh

**Total Plant in Service** — \$64,493,187

**Property Taxes** — \$655,232

**Interest Paid** — \$1,307,328

\* 2017 preliminary unaudited numbers

## 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, Dennis D. Kitzman (account #xxx5700), you saw your name and account number in the January edition of *Colorado Country Life*. You received a \$25 credit on your bill.

Sorry, Jeremy and Hilary Kyte (account #xxx2400), we didn't hear from you. Your names and account number were also in January's *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 30 to claim a \$25 credit on your electric bill.

## MCREA's 81st Annual Meeting

**Saturday, March 17, 2018**

11 a.m. Registration and Lunch  
12:30 p.m. Business Meeting

Fort Morgan High School  
Glenn Miller Auditorium  
709 E. Riverview Ave.  
Fort Morgan, CO

Attendees are asked to please enter through the upper gymnasium doors off the school's northwest parking lot. [Brian and Amy Unrein, acct #xxx7900]



Guests gather for lunch at last year's annual meeting. This year's lunch begins at 11 a.m. Saturday, March 17, 2018.

# Morgan County Rural Electric Association Board of Directors



**Cary L. Wickstrom**  
Vice President, District I



**Timothy A. Peggram**  
Treasurer, District I



**David Arndt**  
District II



**Terry Linker**  
District III



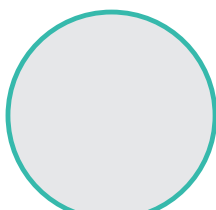
**Randolph D. Graff**  
President, District II



**Larry Hoozee**  
Secretary, District III



**Brian Schlagel**  
District I



**Pending Election**  
District II



**J. Brian Pabst**  
District III

## From Timothy A. Peggram, Treasurer — District I

All members of the association are encouraged to carefully examine this annual report. Included are the balance sheet as of December 31, 2017, 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, 2017, and is in conformity with accepted accounting principles applied on a basis consistent with that of the preceding year.

**Timothy A. Peggram**  
Treasurer

## Balance Sheet \*

<b>Assets</b>	<b>December 31, 2017</b>
Total utility plant	\$ 64,493,187
Accumulated provision for depreciation	(\$ 13,240,145)
Net utility plant	\$ 51,253,042
Non-utility plant	\$ 200,369
Investment in associated organizations – patronage capital	\$ 18,511,456
Investment in associated organizations – other	\$ 1,481,522
Cash	\$ 1,677,787
Temporary investments	\$ 4,299,952
Notes and accounts receivable – net	\$ 2,612,789
Materials and supplies	\$ 927,895
Prepayments	\$ 34,548
Current and accrued assets	\$ 13,783
Deferred debits	\$ 902,983
<b>Total assets</b>	<b>\$ 81,916,126</b>
<b>Liabilities</b>	<b>December 31, 2017</b>
Margins and equities	\$ 39,795,364
Long-term debt – RUS	\$ 15,425,964
Long-term debt – other	\$ 17,198,699
Accumulated operating provisions	\$ 4,482,582
Notes and accounts payable	\$ 2,220,705
Other current and accrued liabilities	\$ 2,792,812
<b>Total liabilities and other credits</b>	<b>\$ 81,916,126</b>

\* 2017 preliminary unaudited numbers

**This institution is an equal opportunity provider and employer.**

# 2017 Financial Information\*

## Operating Statement

Revenue by class	2016	2017
Residential	\$ 8,219,872	\$ 8,274,216
Irrigation	\$ 7,844,078	\$ 8,782,006
Small power	\$ 2,605,150	\$ 2,621,687
Large power	\$ 8,763,878	\$ 9,530,055
Industrial	\$ 8,031,219	\$ 8,383,299
U.S. Air Force	\$ 272,400	\$ 273,266
Other electric revenue	\$ 121,710	\$ 134,585
<b>Total operating revenue</b>	<b>\$ 35,858,307</b>	<b>\$ 37,999,114</b>

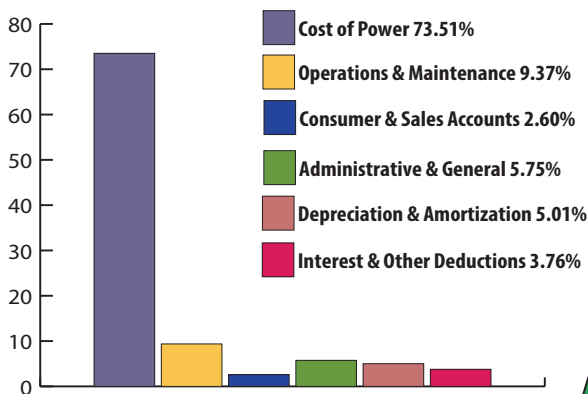
  

Expenditures by account	2016	2017
Cost of purchased power	\$ 23,172,615	\$ 25,955,795
Operation and maintenance	\$ 2,708,563	\$ 3,307,364
Consumer and sales accounts	\$ 1,035,762	\$ 917,300
Administrative and general	\$ 1,995,472	\$ 2,029,860
Depreciation and amortization	\$ 1,577,463	\$ 1,767,343
Interest and other deductions	\$ 1,341,004	\$ 1,331,640
<b>Total cost of electric service</b>	<b>\$ 31,830,879</b>	<b>\$ 35,309,302</b>

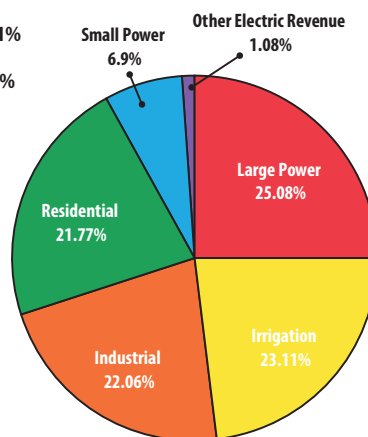
  

Operating margin	\$ 4,027,428	\$ 2,689,812
Nonoperating margin	\$ 203,377	\$ 273,682
Other capital credits and dividends	\$ 283,587	\$ 314,373
Tri-State G&T capital credits		
(allocated)	\$ 655,354	\$ 1,340,264
Extraordinary items	\$ -0-	\$ -0-
<b>Net margin or patronage capital</b>	<b>\$ 5,169,746</b>	<b>\$ 4,618,131</b>

## Expenditures in 2017\*



## 2017 Electric Energy Revenue by Class\*



\*2017 preliminary unaudited numbers

## CURRENT MCREA STAFF AND EMPLOYEES

Bill Annan	Ray Mann
Rob Baranowski	Kevin Martens
Geoff Baumgartner	Alan Mason
Curtis Berg	Ian Moreno
Kaitlyn Bernhardt	Bev Morford
Kristie Binder	Susie Norton
Chuck Blackwelder	Chris Pachek
Brad Boppre	Jamie Plakorus
Bobby Brenton	Rodney Rhoades
Josh Bristol	Brandon Ryff
Curtis Covelli	Francisco Sanchez
Cirildo Estrada	Dean Segelke
David Frick	Robb Shaver
Joe Graves	Erick Sherman
Amanda Green	Deb Strauch
Dave Henderson	Steve Sundet
Tim Hishinuma	Mark Taylor
Suzi Iungerich	John Underwood
Tucker Jochim	Colton Unrein
Travis Kallweit	Tammy Walker
Angie Larson	

## MCREA MAIL-IN BALLOTS FOR DIRECTOR ELECTION

Mail-in ballots were sent to the MCREA membership on February 14, 2018 for the upcoming director elections to be held at the MCREA Annual Meeting on March 17, 2018. The mail-in ballots must be returned to Morgan County REA headquarters no later than 5 p.m. on Friday, March 16, 2018.

As per state law, once a mail-in ballot has been received, that member is not allowed to change their vote, either by another mail-in ballot or by voting in person at the annual meeting. Those members who choose not to vote by mail-in ballot may still cast their vote in person at the annual meeting.

# MEET MCREA'S CANDIDATES FOR BOARD DIRECTOR

These five 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 17, 2018. Here is background information on each of the candidates.

## CARY L. WICKSTROM | DISTRICT 1



Cary L. Wickstrom from Orchard is currently serving as a Director from District 1. He has been a member of the MCREA Board of Directors since 2011 and has earned the Credentialed

Cooperative Director certification from the National Rural Electric Cooperative Association.

Wickstrom 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. While attending CSU, he was a member of Farmhouse Fraternity. Wickstrom is not new to the cooperative business model, having served on the boards of the Wiggins, Horizon, and M & M co-op boards. 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.

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

## TERRY W. TORMOHLEN | DISTRICT 2

Terry Tormohlen is seeking his first term on the Board of Directors for Morgan County REA. Terry is Owner/Operator of Countryside Pullets LLC located south of Fort Morgan, a contract chicken grower for Opal Foods in Roggen.



Terry has been a member and Past President of Colorado Egg Producers for more than 20 years, and is currently serving as Secretary/Treasurer for the organization. He was also appointed by the Secretary of Agriculture to serve on the Colorado Foundation for Agriculture Committee. Terry held a seat on the statewide committee for six years, and currently serves as an advisor. He is also a member of the Fort Morgan High School Vocational Agriculture Advisory Committee, and served as a director for Farmland Co-op in Brush for nine years. Terry is

an active member of the First Christian Church, and serves as an adult Sunday school teacher as well as on several church boards and committees.

A lifelong resident of Morgan County, Terry says that he enjoys singing as one of his hobbies. He is actively involved with two singing groups in the Morgan County area, as well as singing in church functions. Terry and his wife Connie have three grown children – Jasmine Oliver, Adam Tormohlen, and Briette Tormohlen, and four grandchildren.

## Laura D. TEAGUE | DISTRICT 2

Laura Teague is seeking her first term on the MCREA Board of Directors. Her family owns and operates several agricultural businesses, including Teague Diversified, Inc. based in the Fort Morgan area.



Laura has served as Morgan County Commissioner representing District Two for eight years. She will be completing her second term as commissioner this December, and due to term limitations will not be seeking re-election. Laura has served on several boards and commissions throughout her teenage and adult years. She has been a member of the Colorado Air Quality Control Commission for six years, as well as currently serving on the Northeast Colorado Health Department Board of Directors. Laura has also previously served as a member of the Northeast Colorado Association of Local Governments Board of Directors, and the Wiggins School District Accountability Committee.

Laura says that, while her busy schedule with their family business and current career doesn't offer much opportunity for outside interests, she does enjoy raising and riding cutting horses and public speaking. She is proud that her entire family is actively involved with their family businesses. She and husband Gary have three children – Shelby, 22; Tucker, 20; and Charlee Jo, 19.

## KYLE EIRING | DISTRICT 2

A lifelong Morgan County resident and fourth-generation agricultural producer, Kyle Eiring is seeking his first term on the Board of Directors for Morgan County REA. Kyle is Owner/Operator of Eiring Ranch LLC located north of Fort Morgan four



miles west of the Fort Morgan Municipal Airport. He works and manages a cow/calf operation on the ranch, which encompasses a geographic area of more than 2,400 acres.

Kyle has been active in both his community and church. He has been a member of the Christ Congregational Church in Fort Morgan for more than twelve years. His involvement with the church includes active participation with the congregation's youth centered programs and events. Kyle is also a current member of the Fort Morgan Elks Lodge, and has been active with that organization for eleven years. In his younger days, Kyle was a member of the local 4-H and FFA chapters, along with showing cattle and hogs.

Kyle's wife Jennifer is the owner of The Beauty Parlor in Fort Morgan. Together they have three kids – seven-year-old Gracie; four-year-old Benjamin; and one-year old Jacob. He lists team roping, camping, and riding ATV's with his family as hobbies and interests.

## BRIAN PABST | DISTRICT 3

Brian Pabst is seeking his second term on the MCREA Board of Directors. During his tenure as an MCREA Director, Brian has earned the Credentialed Cooperative Director certification from the National Rural Electric Cooperative Association, and currently represents MCREA on the Western United Electric Supply Corporation's Board of Directors. Being self-employed, he owns and operates irrigated farms in the Hillrose area. He also does custom farming 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 the state association's joint research committee. Now retired, Pabst was a member of the Hillrose/Snyder Volunteer Fire Department for twenty-two years. He served as an officer of the department for eighteen years – seven of those years as chief of the department.

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.

