

MORGAN COUNTY REA RETURNS \$4 MILLION TO CONSUMER-MEMBERS

BY DAVID FRICK GENERAL MANAGER

It's time for you to get the credit — capital credits, that is — for helping build, sustain and grow your local electric cooperative. This year, the Morgan County Rural Electric Association Board of Directors approved a patronage capital retirement of \$4 million to those who were consumer-members of the cooperative in the years 2002, 2003, 2008, 2009, 2010, 2011, 2012 and 2013. This is the largest capital retirement in the history of Morgan County REA.

When you signed up to receive electric service from Morgan County REA, you became a consumer-member of an electric utility. While investor-owned utilities return a portion of any profits back to their shareholders, electric co-ops operate on an at-cost basis. So instead of returning leftover funds, known as margins, to folks who might not live in the same region or even the same state as you, MCREA allocates and periodically retires capital credits (also called patronage capital) based on how much electricity you purchased during a year.

At the regular meeting on October 26, the Morgan County REA Board of Directors authorized patronage capital retirements totaling \$4 million for a complete retirement of 2008, 2009, 2010, 2011 and 2012 and partial retirement of 2013 MCREA allocations, along with a complete retirement of 2002 and partial retirement of 2003 generation and transmission margin allocations. This year's retirement is \$1.25 million more than the 2019 patronage capital retirements, which came in at \$2.75 million last year. That is an increase of \$2 million more than the patronage capital retirements in 2016 and 2017, which came

in at \$2 million each year. The patronage capital retirements for this decade are more than the previous two decades combined.

This means consumer-members from those years will be sent a capital credits check in the mail this month, reflecting their contribution of capital to, and ownership of, the cooperative during those years. That may seem like a long time ago. However, those funds helped us manage rates; reduced the amount of money we needed to borrow from outside lenders to build, maintain, and expand a reliable electric distribution system; and covered emergency expenses.

Here are a few commonly asked questions about capital credits and their answers:

What are capital credits (patronage capital)?

MCREA annually “allocates” capital credits to each consumer-member, based on the consumer-member's purchase of electricity and operating revenue remaining at the end of the year. Later, as financial condition permits, these allocated amounts — capital credits — are retired. Since a cooperative's consumer-members are also the people the co-op serves, capital credits reflect each consumer-member's ownership in, and contribution of capital to, the cooperative.

Where does the money come from?

Member-owned, not-for-profit electric co-ops set rates to generate enough money to pay operating costs, make payments on any loans and provide an emergency reserve. At the end of each year, we subtract operating expenses from the



DAVID FRICK

operating revenue collected during the year. The balance is called an operating “margin.”

How are margins allocated?

Margins are allocated to consumer-members as capital credits based on their purchases from the cooperative — how much power the consumer-member used. Member purchases may also be called patronage.

I didn't receive electric service from Morgan County REA in those years.

Will I get any retirement?

No. Capital credit retirements will only be made to consumer-members who purchased electricity in the years listed earlier.

What if I moved or didn't receive a capital credits check?

If you move or no longer have electric service with Morgan County REA, it is important that you keep the cooperative informed of your current address, so that retirements can be properly mailed to you. If you purchased electricity during the years being retired, then you are entitled to a capital credit retirement, even if you move out of MCREA's service area. Consumer-members can update their contact information on our website — www.mcrea.org — or by calling the MCREA billing department at 970-867-5688 to make sure your capital credits check makes its way to you.

THINKING ABOUT SOLAR

BY ROBERT BARANOWSKI MANAGER OF MEMBER SERVICES



ROBERT BARANOWSKI

Thinking about solar? Here are some frequently asked questions:

Q: I will never receive an electric bill from Morgan County REA again, right?

A: There will always be a \$28 facilities charge each month on residential accounts. So, even if you generate more electricity than you use in a given month, you will always receive a bill for the \$28 facilities charge.

Q: Will I be able to “sell back” electricity to Morgan County REA?

A: MCREA banks any excess electricity generated during any given month against later months’ kilowatt-hour usage. As solar generation systems cannot generate electricity overnight, MCREA acts as your “battery” and provides power during off-peak production and overnight. Systems generate the most electricity during sunny days in the middle of the summer, so as production decreases as expected during the fall, the banked kWh credit offsets usage in future months.

Q: Will I get a check from Morgan County REA for power I sell back onto the grid?

A: Not necessarily. While we do have a few customers who receive small checks in January to “true up” any remaining banked generated electricity, most consumers generate less power than they consume in a year, and do not typically receive a check from MCREA. Those few who do have remaining banked kWh at year’s end are reimbursed in mid-January for that balance at MCREA’s avoided cost, which is around 7 cents per kWh.

Q: How large is the federal tax credit for a solar installation?

A: For the rest of 2020, the credit is 26% of system cost for systems installed in the calendar year 2020. You must be the owner of the system and cannot have a lease payment with a solar company. In 2021, the tax credit drops to 22%.

Q: Where can I learn more about MCREA’s net metering policies?

A: Please visit our website at mcrea.org and click on the Service Center drop down menu. There you will find the Net Metering link, where you can find additional information about the net metering program, and even download a PDF net metering application that can be filled out electronically. (Robert and Bethany Grupp, acct#xxx8100) For any additional questions, please give our Member Services Department a call.

Here are some questions you should ask a potential solar installation company:

Q: What should I know before I sign a contract?

A: If you are purchasing a rooftop solar array, be sure to ask...

- What is the total installed (turnkey) cost of the system?
- What is the payback period? What are the assumptions underlying that estimate?
- Will I need to finance the array?
- Who gets the tax credits (the “renewable energy credit”)?
- Will I receive “free” electricity once panels are paid for?
- Does the company offer warranties on panels AND inverters?
- What are the details of the service contract?

A: If you are leasing panels in a rooftop array, be sure to ask...

- What is the upfront cost of the system?
- Are there other customers in the vicinity with comparable systems? How much electricity are their systems producing?
- Who gets the tax benefit (the “renewable energy credit”)?
- Can the lease be transferred if I sell the house?
- Does the lease company have the right to run a credit check?

Q: As a consumer, how can I protect myself and my investment?

A: Research. When you make the decision to invest in residential solar, you are making a significant financial investment. Be sure to do your research on the company. Colorado State University Energy Institute also has great tools and calculators to help you.

- Are the installers North American Board of Certified Energy Practitioners (NABCEP) and solar photovoltaic (PV) electric trained and certified?
- When was your company established and how much solar has it installed to date?
- Can your company provide a list of the projects and references for those projects?
- Are you accredited with the Better Business Bureau? If so, what is your rating?

MCREA Welcomes New Employee



^ Troy Baker is the new GIS Specialist

We are pleased to announce that Troy Baker is Morgan County REA's new GIS specialist. Troy grew up in rural Texas and attended the University of Houston where he received a bachelor's degree in environmental science, systems and modeling.

Troy comes to us from the Texas Department of Transportation, where he was a project manager. We are happy to welcome Troy and his wife Brandee to our cooperative family. Troy will be able to enjoy his love of golf, whitewater rafting and skiing here in Colorado. Please join us in welcoming Troy.

New Director for District II



^ Jim Bostron is the new District II director. Join us in welcoming him.



Win \$25 Off Your Electric Bill

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

Congratulations, Jim and Kim Bell (account #xxx2500) and Terry and Leanne Hanson (account #xxx6500). You found your names and account numbers in the October edition of *Colorado Country Life*. You received a \$25 credit on your electric bill.

There are two more MCREA consumer-member names and their account numbers hidden in this issue. If you find your name and account number, call member services at 970-867-5688 by December 31 to claim a \$25 credit on your electric bill.



MCREA MEMBER PHOTO CONTEST


Thank you to all our members who entered our first Member Photo Contest. We will publish the winning photos in the January issue.

NATIONAL COOPERATIVE MONTH WINNERS

To commemorate National Cooperative Month, Morgan County REA held a drawing each week in October for a member to receive a \$25 credit on their electric bill. To enter, members had to register in person at MCREA headquarters. Congratulations to these winners:

- Week 1 – Eric and Bobbi Hoffman, Grover
- Week 2 – Robert Eckhoff, Keenesburg
- Week 3 – Mike Staley, Fort Morgan
- Week 4 – Kenneth Henderson, Fort Morgan

Thank you to everyone who helped us celebrate National Cooperative Month.

 Morgan County REA is an equal opportunity provider and employer.



Remember Your Co-op Connections Card While Christmas Shopping

The holidays are upon us, and Morgan County REA wants to remind consumer-members to show their MCREA Co-op Connections Card while shopping this season. (James and Astrid Brown, acct #xxx2100) The program offers local, regional and national discounts that consumer-members can take advantage of this holiday season.



There are several local businesses that have partnered with MCREA to participate in the local discount program, and those businesses will display a Co-op Connections participant sticker at their location.

As part of the Co-op Connections program, MCREA consumer-members also have the opportunity to take advantage of discounts on certain prescription medications at local participating pharmacies (discount does not take the place of nor may be added to prescriptions covered by insurance).

More information about the Co-op Connections program can be found online at www.mcrea.org.

Director Nominating Petitions

Nominating petitions for Morgan County REA directors will be available in the MCREA office beginning Thursday, January 14, 2021, and must be returned by Wednesday, February 3, 2021. These two dates comply with electric cooperative election regulations set forth by state law. The complete MCREA board policy dealing with the nomination, balloting and election of directors can be found on our website at <https://mcrea.org/content/elections>, or picked up at MCREA headquarters, 734 Barlow Road, Fort Morgan.

Director elections will take place at MCREA's Annual Meeting on March 20, 2021, starting at 11 a.m. at Fort Morgan High School, 709 E. Riverview Ave., Fort Morgan.

The directors who are up for election in 2021 are:

- District 1 – Cary Wickstrom
- District 2 – Terry Tormohlen
- District 3 – Brian Pabst

HOLIDAY SAFETY

with Safety Sadie



Make sure your pets have a safe holiday, too. Watch them around light strands, cords, and bulbs, to make sure they don't chew on them.

