

» 2021

Annual Report

PEOPLE.
PURPOSE.
POWER.



Your Touchstone Energy® Cooperative



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Annual Report



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PURPOSE.
POWER.



We are committed to not only powering, but also empowering our local communities. View our Annual Report to hear from our employee team as they tell you about the great successes your cooperative has had over the previous year.

These men and women ensure your lights are on when you need it. That our services are there when and how you want them. They work tirelessly to ensure you get all this, at the most affordable price.

Join us in celebrating the people behind your power.

Jeff » President & CEO » Your Cooperative

The Poudre Valley REA membership has much to celebrate from the past year. We ended the year with the best reliability metrics we've ever had on record. We instituted one rate decrease and set in motion steps for another rate decrease in early 2022. We proved our focus on safety was continuous with an impressive record of enduring safety standards. And much more.

But the people behind these successes are the ones who truly deserve the credit. Through sound leadership from your Board Directors and the daily commitment of your

co-op's employee team, these individuals have guaranteed that we stay on target, on mission, and on purpose.



This year we hear from these people directly, as they explain how their purpose helps keep your cooperative on track to deliver on our promise of empowering those we serve.

I invite you to also view our 2022 Virtual Annual Meeting video found online at www.pvrea.coop/annualmeeting or on our YouTube page, www.youtube.com/c/PoudreValeyREA.

Tanner » Lead Lineman » Reliability

We ended the year with the best reliability metrics we have ever had on record. That's one big accomplishment for your cooperative.

There is always a strategic focus on ensuring our uninterrupted service to you, our members. But recently we have asked ourselves, "How can we better serve you? How can we be more dependable for the members who rely on us?"

To that end, we completed numerous projects which increased the overall resiliency of our products and



services. We know electricity is a necessity, and the reliable delivery of power means a great deal to the quality of life we all have here in Northern Colorado.

Some of the past year's highlights:

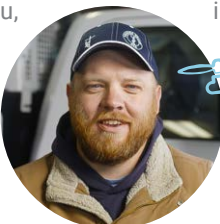
We completed a large transmission project that increased resiliency in our mountainous areas. Our ongoing microgrid project in Red Feather Lakes provides us a chance to learn how new technology can better serve our other areas.

And we certified employees to remotely inspect power lines with drones to decrease interruptions and increase efficiency.

Tom » Journeyman Lineman » Technology

Technology in the utility sector is changing at a rapid pace. It's important that your cooperative adapts to utilize these resources as they become available and are deemed safe and effective at managing our supply of power to you, our members.

Drones allow your cooperative to inspect power lines safely and efficiently, especially in areas that are difficult to get to by foot. Safety is priority number one, and drones allow a lineman to view potential hazards away from energized power lines, reducing the risks associated to working around high-voltage lines or with heavy machinery.



Efficiency is important as we look to reduce interruptions and decrease the time it takes to return service. Our terrain in Northern Colorado can make driving along power lines impossible, and walking the line takes valuable time.



By using drones, we can quickly cover more ground to resume service to you.

Using new technologies, like drones, are examples of how your cooperative is utilizing new resources to better serve you. As a co-op we are committed to training our employees so we can continue to deliver that 'best-in-class' service you deserve and expect now and into the future.

Tara » Billing & Member Services Director » Affordability

In 2021, your cooperative lowered rates for all members. Our first-ever rate decrease of 1.4 percent resulted in \$1.8 million back into the pockets of hardworking families and businesses throughout our service territory. We firmly believe that's the cooperative difference in action!

We also set in motion an additional rate decrease in early 2022. Combined, the cumulative rate decrease of 2.8 percent results in an estimated yearly savings of \$3.8 million for our membership. In a world of rising costs, we're glad we can provide this service for our members.

It's important to note these rate reductions came after years of rate stability. So as of now, Poudre Valley REA members



are paying less for their electricity than they did all the way back in 2013. And we also have the lowest residential rate among cooperatives in Colorado — another reason to celebrate!

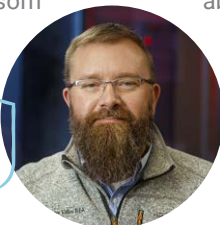
There are other ways we add value to the lives of our members besides remaining affordable. We also offer rate structures and payment plans to fit your lifestyle. We have more ways to pay, including cash payments through Western Union or recurring automatic bank drafts online.

We know electricity isn't a one-size-fits-all, and that we all depend on it for our quality of life. That's why your cooperative remains committed to ensuring we add value to your life.

Ken » Information Technology & Business Process Director » Cyber Security

We've all recently seen the threats hackers and disruptors can have online. Be it infrastructure shutdowns, ransom attacks, or data leaks — in today's day and age secure storage of online information is paramount.

That is why your cooperative has a strategic focus on protecting our portion of the electric grid as well as your personal information. We know there are people and entities out there targeting utilities. As such, we have a layered approach in protecting our data.



We also recognize the sensitive and important information about our members that we have access to. It is crucial that this does not fall into the wrong hands. You can rest assured we are doing everything in our power to protect your data while it is in our hands.

For some cyber security safety tips, please view our 2022 Virtual Annual Meeting video online at www.pvrea.coop/annualmeeting or on our YouTube page, www.youtube.com/c/PoudreValleyREA.

Sam » Strategic Communications Director » Member Experience

Northern Colorado is a growing area, both in the number of people moving in and in the expectations of the people already living here. We've seen an increased need for our resources to be available to you, our members, online 24-7-365.

In our effort to have a better online environment, we are revamping our website. All the features you depend on today will still be available, but we hope you can more easily navigate and access the information you need. We will be sending out more information about this change and what you can expect in the coming months.

We have made additional changes to your member



experience as we strive to provide you with that 'best-in-class' service. We have more ways to pay including cash payment options through Western Union. You can now pay your bill at checkout in various grocery and convenience stores across our service territory.

It is also easier than ever to set up automatic recurring payments online, so you don't have to mail in or physically bring in your cash and check payments each month.

Look for additional ways to pay that may fit your lifestyle better by visiting us online at www.pvrea.coop/account.

Jessica » Community & Member Relations Administrator » Community Support

Your cooperative was built to serve our community. They are the reason we exist. Without our community we wouldn't be who we are. Which is why we do everything we can to empower those we serve.

In 2021 we started the Empower Grant Program to support STEAM education in classrooms across Northern Colorado. Your cooperative successfully funded nearly \$24,000 to projects that focus on science, technology, engineering, arts, and mathematics.

Concern for Community is a cooperative principle we hold dear. Empower Grants allow us to support the education of the youth of our communities. Through the cooperative principle



of Education, Training, and Information, we have the opportunity to explain the cooperative business model to schools and teachers while we tell them about why we created this grant in the first place — because as a cooperative it's part of who we are and what we do — to support those we serve.

Your cooperative will continually invest in our communities. We return profits back to our membership in the form of Member Credits. We also have successfully lowered our rates, returning even more money into the pockets of hardworking families and business. But we also look for ways to support non-profits, community organizations, and those in need because that's the cooperative difference.

The Numbers

SYSTEM STATS

| | 2021 | 2020 |
|-----------------------------------|---------------|---------------|
| Total Services | 50,518 | 48,128 |
| Miles of Line | 4,428 | 4,336 |
| Total kWh Purchased | 1,399,072,958 | 1,331,831,974 |
| System Peak Demand | 267,501 | 245,896 |
| High Peak | July | July |
| Purchase Power Cost | \$104,376,712 | \$103,635,848 |
| Power Cost/kWh | \$0.075 | \$0.078 |
| Property Tax | \$1,708,508 | \$1,669,221 |
| Average kWh Use (Residential/Mth) | 945 | 962 |

BALANCE SHEET

| | 2021 | 2020 |
|--------------------------------------|----------------------|----------------------|
| Assets | | |
| Net Utility Plant | \$183,469,808 | \$182,144,201 |
| Investments In Assoc. Org./Other | 92,121,473 | 92,150,775 |
| Current Assets | 22,648,511 | 20,035,776 |
| Total Assets | \$298,239,792 | \$294,330,752 |
| Liabilities and Capital | | |
| Capital Equities | \$135,829,673 | \$133,294,025 |
| Long-Term Liabilities | 141,437,942 | 132,378,437 |
| Current Liabilities | 20,972,177 | 28,658,290 |
| Total Liabilities and Capital | \$298,239,792 | \$294,330,752 |

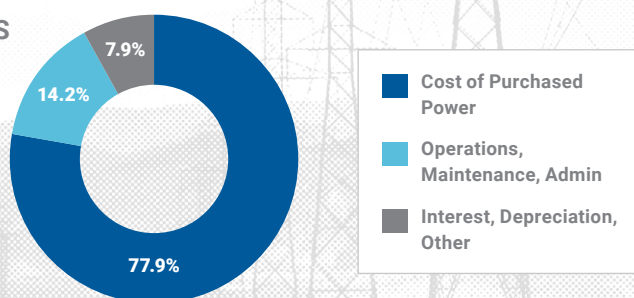
STATEMENT OF OPERATIONS

| | 2021 | 2020 |
|--|----------------------|----------------------|
| Operating Revenue | | |
| Residential | \$58,458,277 | \$56,511,718 |
| Irrigation | 2,036,324 | 2,168,924 |
| Small Commercial | 7,285,301 | 7,154,576 |
| Large Commercial | 68,952,041 | 68,537,154 |
| Public Buildings & Lighting | 563,103 | 539,430 |
| Total Operating Revenue | \$137,295,046 | \$134,911,802 |
| Expenditures | | |
| Cost of Purchased Power | \$104,376,712 | \$103,635,848 |
| Operations & Maintenance | 9,810,111 | 10,540,805 |
| Administrative & General | 9,148,726 | 8,843,639 |
| Depreciation & Amortization | 7,213,516 | 6,683,091 |
| Interest & Other Deductions | 3,411,035 | 3,010,325 |
| Total Expenditures | \$133,960,100 | \$132,713,708 |
| Margins | | |
| Operating Margins | \$3,334,946 | \$2,198,094 |
| Non-Operating Margins | 946,449 | 1,462,815 |
| G&T Capital Credits | 2,341,339 | 2,243,443 |
| Net Margin or Patronage Capital | \$6,622,734 | \$5,904,352 |

*2021 numbers are unaudited at the time of print

**2020 numbers are fully audited

2021 EXPENSES



7 Cooperative Principles

1. Voluntary & Open Membership
2. Democratic Member Control
3. Members' Economic Participation
4. Autonomy & Independence
5. Education, Training & Information
6. Cooperation Among Cooperatives
7. Concern for Community

Board of Directors

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Steven Anderson
Larimer County

Vice Chair
Rick Johnson
Larimer County

Secretary
Peter Hyland
Weld County

Director
Sheryl Dryer
Henderson
Larimer County

Director
Bryan Ehrlich
Larimer County

Director
Thaine Michie
Larimer County

Director
Jan Peterson
Larimer County

Director
Jack Schneider
Weld County

Director
Ron Sutherland
Boulder County

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