



**HIGHLINE**  
**ELECTRIC ASSOCIATION**

Your Touchstone Energy® Partner



# 2023

# Annual Meeting

# Energy Efficiency Rebates

**Use Less. Conserve More.**

As a not-for-profit electric co-op, our focus is on providing our members with safe and reliable electricity, not creating profits for investors. In fact, we encourage all members to use our energy efficiency rebate program and online efficiency tools to help decrease kilowatt-hour use. HEA's rebate program is a great way to start putting energy efficiency to work for you.

## Residential & ENERGY STAR® Certified Rebates

- LED Bulbs
- Clothes Dryer
- Induction Ranges/Cooktops
- Smart Thermostats
- Electric Water Heaters
- Heat Pump
- Evaporative Cooler
- Air Conditioners

# Outdoor Power Equipment Rebates

**Low Noise. No Gas. Go Electric.**

Experience the benefits of making the switch from gas to electric powered outdoor power equipment: low noise, zero gas, zero emissions, and low maintenance.

## Electric Outdoor Power Equipment Rebates

**Walk-behind & Riding Mowers, Snow Blower, Leaf Blower, Chainsaw, Pruner, Trimmer, Electric Bicycle, Power Washer**

Eligible rebates must be submitted within **90 days** of purchase. Rebate amounts under \$50 will be issued as a credit on the Highline account.

All rebates can be found at [www.hea.coop/rebates](http://www.hea.coop/rebates)

Rebates can be submitted to [rebates@hea.coop](mailto:rebates@hea.coop) or PO Box 57, Holyoke, CO 80734.

# **Agenda**

- Call to Order at 6:30 pm
- Invocation
- Pledge of Allegiance
- Determination of Quorum
- Introductions
- Reading of Notice of 2023 Annual Meeting
- Reading and Approval of Minutes of 2022 Annual Meeting
- Nominations and Reports of Petitions Received
- Voice Vote for Uncontested Election
- General Manager's Report
- Financial Report from CFO
- Scholarship Winners Announced
- Unfinished Business
- Member Comments
- Barcode Registration Drawing
- Draw for Prizes & \$2,500 Cash
- Adjourn

Tonight's meal is catered by Happy Jack's in Holyoke, CO.

## **2022 Washington D.C. Youth Tour Attendee**

Nevada Mitchell of Caliche High School

## **2022 Youth Leadership Camp Attendees**

Lamya Kuntz of Lone Star High School

Jack Willeke of Otis High School

Monte Cook of Merino High School

## **2023 Washington D.C. Youth Tour Delegates**

Tayla Martin of Holyoke High School

Samantha Seger of Haxtun High School

## **2023 Youth Leadership Camp Delegates**

Emeri Blochowicz of Revere High School

Madelyn Willeke of Otis High School

## **President's Report by Mike Bennett**

As I write this report, I am pleased to tell you Highline Electric had another good year. On behalf of the board and staff, we welcome you and hope you enjoy your evening with us, celebrating eighty-five years of providing electricity to you, our friends, and neighbors. Your support and participation is valuable and I would like to thank all of you for taking time from your busy schedules to be here this evening.

Three director positions are up for election this year, two directors from district one and one director from district two. The incumbent directors from each district have submitted their petitions for re-election. No other petitions have been submitted, so in compliance with Highline's by-laws, an election will not be held.

Highline's operating margins for 2022 were \$2,856,934 above budget. This year's irrigation season provided better than budget margins while sales to our compression load members were down. The board once again agreed to return capital credits. General capital credits totaling \$1,454,429 were returned and special retirements totaling \$170,113 were also retired to estates. The board is very happy to announce that there will be no rate increase for 2023.

Energy efficiency programs will continue to be offered at Highline in 2023. If you are considering new LED lighting, purchasing outdoor power equipment, converting to an electric water heater, updating your heating/cooling systems, or installing new electric motors, contact the Highline office and find out what it takes to be eligible for the many rebates that are available.

With the assistance of Tri-State, Highline continues to donate to the 4-H councils and the fire departments within our service territory. Scholarships each year are also provided to many recipients for the continuation of their education beyond high school.

2022 was a very busy year for Highline's line crews, engineering and office staff. Constructing many new services, maintaining the current facilities, and managing the daily affairs of the company is an ongoing process.

Keeping Highline's system reliable, efficient, and providing electricity 24/7/365 is a daunting task. We, the board, are proud of the work Highline's employees do to accomplish this for you, our consumers. Should you have questions about this evening's events or anything

else, don't hesitate to contact Highline's office or one of your board members. Once again, thank you for your support and thanks for attending this meeting!

## **Tri-State Report by Leo Brekel**

Tri-State Generation and Transmission (Tri-State) is a member owned cooperative that supplies and delivers wholesale electricity to our 42-member distribution coops. 2022 proved to be a challenging operating year. Pursuant to a rate settlement with the Federal Energy Regulatory Commission (FERC) wholesale rates to member coops were reduced 2% beginning in March of 2022. This is in addition to the 2% reduction that started in March of 2021.

Although the budget for 2022 indicated that we would have minimal margins, several unexpected operational items occurred. A couple of items are familiar to all of us, inflation and supply chain difficulties. Additionally, the price of natural gas was abnormally high during the summer and into the fall. When natural gas was needed for generation, the cost exceeded projections in the budget. During the financial audit, corrections to the Asset Retirement Obligations at Tri-State needed to be adjusted. All of these things together increased costs about \$95 million. Fortunately we were able to use our Rate Stabilization deferred revenue to cover these increased costs.

The Rate Committee met throughout 2022 and reviewed the rates and everything associated them. A proposed new rate will be considered by the Board. When a rate is approved it will be filed with FERC. We expect a rate increase that will begin in 2023. This will be necessary as Tri-State recorded zero margins for 2022. Although margins were zero, we were able to meet the financial ratios required by our indenture and the banking community.

Several issues remain at FERC waiting for their rulings. Some of these are buyout numbers for members wishing to exit Tri-State and buyout numbers for members wishing to utilize partial requirement contracts. Currently three members have indicated they wish to leave Tri-State and five have indicated interest in partial requirements contracts. The position of the Tri-State Board is that if anyone exits or self-supplies a part of their requirements, the remaining members need to remain whole. I am hopeful that FERC will agree with the Board's assessment.

Looking forward, we await the rulings from FERC on the issues mentioned above and several other things. We will be considering adding more renewables. However, reliability and the economics of

doing so will be determining factors in those deliberations. Tri-State will be making transmission improvements in Eastern Colorado for reliability and to accommodate renewables and other generation. Current plans are to have a Regional Transmission Organization operating in our service territory in 2026.

Despite the challenges Tri-State is facing, we will continue to provide generation and transmission at the most reasonable cost that we can. Tri-State will continue listening to our members and perform all of the things that this coop is intended to do. I have enjoyed being the Highline Electric representative on the Board at Tri-State. Should you have questions please contact the Highline office or me.

## **Western United Report by Ted Carter**

Western United Electric Supply is pleased to report to the membership that sales of \$227.6M during fiscal year 2022 exceeded the prior year by 38.5% and set a record for sales in a fiscal year. The increased sales are attributed to continued housing development throughout WUES 10 state service territory, a more than 50% increase in the sales of transmission and substation material and the doubling of sales in our recently expanded Utah, Nevada and Idaho territory. Sales growth was also impacted by significant inflationary increases. The majority of Western United's sales continue to come from the membership as our 77 members accounted for 82.5% of sales in the fiscal year. Sales generated from the 38 members from six states participating in the WUE inventory management program was approximately \$173M or 76% of total sales. A record volume of total sales for the fiscal year were shipped from WUE's four warehouses. A total of 64.4%, equivalent to \$146.5M, was shipped from the Brighton, CO, Albuquerque, NM, Salem, UT, and St. George, UT, warehouses, an increase of \$41M or 39% over the prior fiscal year.

Continued growth in the industry combined with the ongoing worldwide supply chain crisis and associated product shortages saw lead times on materials required by our membership increase dramatically. Western United continued to invest heavily in inventory to meet the demand by our members and customers. WUE increased our warehouse inventory levels from last year's record high to over \$42.6M in FY2022. This represents a 30% increase from the prior year and an all-time high. High inventory levels resulted in WUE averaging a modest 3.32 turns, a 6% increase from the prior year and above the corporate goal of 3 turns. Western United utilizes inventory turns as a key performance indicator, however, our first

priority is to have the products our membership requires in stock, especially during times when availability from manufacturers is uncertain.

Gross margins for fiscal year 2022 totaled \$26.4M and exceeded last year's previous record high by \$9.4M.

Net Income totaled \$16.8M and is also the highest in WUE's history and an increase of \$7.2M or 75% over the prior year. Member's equity totaled \$65M at the close of the fiscal year. WUE redeemed the balance of all outstanding fiscal year 2015 member patronage certificates during 2022 totaling over \$2.9M as we lead the industry in returning cash back to our membership. Member patronage as a percent of purchases for FY2022 was 9% and 67.5% of the gross margins earned from our members were returned to them in the form of cash and patronage at the end of the fiscal year.

WUE's order backlog at the end of the fiscal year totaled over \$96.9M, a 273% increase over the prior fiscal year and a historically high amount. We anticipate that fiscal year 2023 sales will remain strong, however, persistent inflation and rising interest rates may reduce member year over year sales as new construction projects slow. WUE anticipates increased sales from its focus on substation and transmission jobs as well as additional growth in the Utah, Nevada and Idaho market.

## **CREA Report by Jim Lueck**

Colorado Rural Electric Association has been diligently monitoring 2023 proposed legislation. One bill of particular interest has been HB23-1039, Electric Resource Adequacy Reporting. This bill would require power suppliers in Colorado to report their energy resources inventory of produced and purchased power to prove they have capacity to meet their customers' needs.

HB23-1039 emerged from the Texas freeze that sent natural gas and electric rates skyrocketing. Xcel Energy in Colorado has been chastised for getting caught up in the same problem. Colorado PUC approved a \$7 per month surcharge for Xcel Energy customers to cover the cost overrun in 2020.

At this time, 3/10/23, 408 bills have been introduced and it is up to our CREA Lobbyist and staff to monitor what bills might have a direct impact on Colorado electric co-ops. No small task.



Interestingly enough, the 2023 Colorado Legislature has formed a Joint Select Committee on Rising Utility Rates. The purpose of this committee is to determine why natural gas and electricity rates are so expensive.

The fox guarding the chicken house comes to my mind for some reason.

Since 2010, the Colorado Legislature has been pushing alternative energy, all the while calling for the shutdown of coal fired plants, blackballing our energy industry in Weld County and never answering at what cost do their actions have.

Now that consumers/voters have raised their voices do the legislators look to cover their tracks? My guess is that Xcel Energy will be levied a fine and the consumers will pay for that also. It will be interesting to see how that posturing works out.

Gun bills have taken the spotlight in the Legislature lately and that has consumed a lot of politicians' time. If politicians are occupied with other bills it diverts them from proposing more legislation that directly impacts rural electric co-ops.

I would like to thank our HEA membership for allowing me to serve on the Highline Electric Board and likewise on the CREA board. Please keep reading your Colorado Country Life Magazine and thank you for your interest in your co-op.

## **NREA Report by Merlin Prior**

Highline Electric Association's territory consists of rural consumer-members in Northeast Colorado as well as a significant number of consumer-members in southwest Nebraska including irrigation load. With this diverse load in Nebraska we are a member of Nebraska Rural Electric Association, made up of 34 Nebraska rural electric systems which work cooperatively to make sure we continue to have affordable, reliable and safe electricity. Constant monitoring of state and federal regulations, US Congress & Nebraska legislature is necessary, along with a watchful eye towards what is happening and how it will affect our ability to keep the power available 24/7.

Many new innovative ideas, new senators and representatives and perceived new sources of electric power through renewable energy projects are constantly being put before our systems' boards as better than what we traditionally have depended on. Sorting out the most reliable, economical and best combination of projects for the

growing power needs and consumers' preferences is challenging. The choices must work for our coop and the system as a whole for long term dependability.

The NREA staff and member systems strive to maintain strong relationships with state and federal elected representatives as well as regulating commissions so we can provide them with reliable information to make sound decisions preserving our rural power systems.

One of the challenges deals with net metering of new renewable power generated by consumers wanting to sell extra generated power back to their power provider. This creates inequities for the rest of the consumer-members. Education is needed to discuss the fairness and use of existing infrastructure built to supply power to the Association. NREA is striving to develop ways to accomplish these education needs with the consumers and legislative members by using the Working for Nebraska programs. This effort is to provide important details for understanding the principles involved. Nebraska is presently one of the top states in the US for lowest economical rates and most reliable electrical grid systems. I encourage you to go to the HEA website to view informative videos which can help you better understand issues and services we provide. Please contact HEA with questions you don't find answers to.

HEA & NREA are committed to excellence in providing electric services safely, efficiently and economically for you, our consumer-members. The NREA will continue to provide association services, training and monitoring of legislative and regulatory initiatives that affect Nebraska rural electric systems.

I want to thank the HEA members for allowing me to represent you on the HEA Board of Directors and the opportunity to represent HEA on the NREA Board of Directors.

Thank you for attending this year's annual meeting and your support of HEA.

# Employees

## **Holyoke**

Robie Adams  
Eric Anderson  
Alex Astley  
Diana Baeza  
JT Baker  
Ryan Bingham  
Luke Bracelin  
Bob Bradley  
Kris Camblin  
Dustin Carrick  
Steve Deaver  
Deanna Deselms  
Jason Doleshall  
Carson Ebke  
Morgan Eurich  
Rance Ferguson  
Joanie Groshans  
Mark Harshbarger  
Tyler Hase  
Carl Haughn  
Jessie Heath  
Dennis Herman  
Remington Hielscher  
Tadius Huser  
Jim Jackson  
Elliot Jones  
Ben Kafka  
Dan Kafka  
Tammy Kroeger  
Eric Luedke  
Mendi Lutze

Josh Martin  
Matt McCabe  
Melissa Nelson  
Elise Pocock  
Derek Roberts  
Imer Rodriguez  
Nick Saylor  
Landon Shaffer  
Tracy Simpson  
Deon Skomp  
Justin Wert  
Christopher Yanez  
James Ziebarth

## **Ovid**

Seth Baker  
Jeff Blochowicz  
Sarah Dille  
Jeff Pocock

## **Sterling**

Karson Harryman  
Joni Kinney  
Darrin Manuella  
Chris McKay  
Matthew Miller  
Jeff Poe  
Jace Rhodes





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