

a special edition
including 2014 financials



Powerlines

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Sustainable Benefits for the Future



Delta-Montrose Electric Association (DMEA) Chief Executive Officer, Jasen Bronec

Always keeping in mind the economic health of our communities and members; the Delta-Montrose Electric Association (DMEA) Board of Directors continually looks for ways to help stabilize rates and mitigate financial liabilities for the cooperative. With those goals in mind, the board recently adjusted the current pen-

sion benefit for bargaining and non-bargaining unit employees. With this change, the DMEA Board addressed a strategic goal to assure “future employee benefits will be sustainable and cost effective.”

Effective April 1, 2015, all new DMEA employees are not eligible to participate in the pension benefit. Instead, they receive a defined contribution to a 401K plan. This change in the pension program will reduce future liabilities for the cooperative while still providing a competitive retirement benefit for employees.

For all businesses, compensation packages support the vital business goals of attracting, retaining and motivating quality employees. At DMEA, in order to best serve our membership with affordable, safe, and reliable electrical service, our compensation plan is designed to ensure we employ a high-quality workforce.

Effective management of compensation requires a total compensation approach, which encompasses base

pay, incentive, and performance management. Each of these components has a specific purpose in the overall strategy to deliver the right level of incentive to employees. Compensation plans also provide a framework to control ongoing salary costs.

Just as it is important to have sufficient compensation to attract, retain and motivate, it is also equally important not to overspend on labor. As a member-owned cooperative, it is absolutely necessary that we offer sufficient compensation to provide quality service while also meeting our obligation to the membership not to overpay our employees.

DMEA follows an established compensation plan policy to pay industry-specific competitive salaries and provide employee benefit programs that will attract and retain qualified employees. This plan is designed to ensure that we continue to provide excellent service to our members and encourage ongoing employee performance and professional growth.



Bright Spot - Solar Shines

Couple Balances Luxury with Efficiency

Tim Delaney and Kathy Rusconi are both pilots by trade. But for them, the allure of the sky doesn't stop at cruising altitude. The husband and wife duo were also early adopters of solar power and among DMEA's first net-metered members.

Tim and Kathy have three renewable energy systems on their home. A 3-kilowatt solar photovoltaic system produces enough energy to cover the family's electrical needs. They also have two solar hot water systems, which provide enough hot water for all of their domestic needs, as well as a 400-gallon hot tub.

Even with the hot tub, Tim and Kathy produce enough energy to cover 100% of their electric needs, and the a dedicated solar hot water system keeps the tub up to temperature throughout the year. "We're not depriving ourselves. We have all the energy needs of a normal home. But we also knew we didn't want to be constantly consuming," said Kathy.

Tim and Kathy have made the most out of their renewable energy systems by following a simple rule: efficiency first. Prior to investing in solar energy, they equipped their home with Energy Star appliances, compact fluorescent and LED light bulbs, and better insulation. "We feel that efficiency and renewable energy should always be paired together," said Tim.

Today, there are almost 200 DMEA net-metered members producing power at their home or business. Unlike a traditional electric meter, a net meter allows power generated at the site to flow back onto DMEA's power lines when the generation system is

producing more energy than is needed. That energy is measured in kilowatt hours (kWh).

Net-metered members are allowed to accumulate these kWh in a bank called accumulated net generation. They can use their accumulated net generation throughout the year when their system isn't producing power.

Annually, each net-metered account is true-up, and members are paid for their accumulated net generation, via check or a bill credit. The first annual true-up took place this April when the co-op paid back almost \$90,000 in net-metering credits to members.

"For some people it's about the economics. For others, it's about doing what they feel is right. Luckily today, those two things are getting closer together. The price of installing solar panels has dropped significantly in the last five years," said Tim.



Montrose Student Goes to D.C.

Every June more than 1,300 high school students from towns and small cities in rural America spend a week in the nation's capital as part of the National Rural Electric Youth Tour.

Participating in the Youth Tour is a great way to learn about this great nation, develop leadership skills, gain a better understanding of electric cooperatives, and make friendships that will last beyond the week.

This year, the DMEA representative is Montrose high school senior, McKenna Griffin. Congratulations, McKenna!



Net-metered members, Tim Delaney and Kathy Rusconi show their rooftop photovoltaic system (top left), solar hot water collector (top right) and hot tub, which is heated almost entirely with solar energy.





Home Cookin'

Win a small appliance! Submit recipes (submit name & city) to: DMEA Newsletter P.O. Box 910, Montrose, CO 81402 or communications@dmea.com DMEA does not test nor endorse any recipe.

DMEA & CoBank: Sharing the Love with Sharing Ministries



DMEA Board President, Olen Lund (left) and DMEA CEO, Jasen Bronec (right) present a \$5,000 check on behalf of CoBank to Sharing Ministries Executive Director, Oneda Doyal (center). The check matches a DMEA donation for a total of \$10,000!

In 1996, a retired pastor, along with his wife and three other local couples saw a need for a small food pantry in Montrose to provide food assistance to struggling families. They established Sharing Ministries, Inc.

This non-profit organization is located in Montrose, Colorado and has been serving the needs of that community for 19 years. The organization has been leasing an old 3,000 sq. ft. railroad building on N. Rio Grande Avenue, since 1997, but growing demand has prompted the group to look toward expansion.

Sharing Ministries asked the DMEA Board for assistance, and the board agreed to donate \$5,000. As helpful as that was, DMEA wanted to do more.

CoBank is a national cooperative bank serving vital industries across rural

America. As all cooperatives do, CoBank contributes to the communities it serves. As a member of CoBank, DMEA has access to CoBank's 'Sharing Success' program which invests in charitable causes across rural America.

DMEA applied for a matching grant on behalf of Sharing Ministries. Now the grant is doubled to a total of \$10,000!

"It is truly an honor to support community-strengthening organizations like Sharing Ministries," said DMEA CEO, Jasen Bronec.

"And we are grateful to CoBank for sharing our concern and investing in our community."

It is well known that cooperatives care for their communities but when cooperatives work together, the benefit can be even greater.



Spaghetti Salad:

- 1 lb. thin spaghetti (uncooked)
- 1 tomato, coarsely chopped
- 1 green pepper or sweet banana pepper, diced
- 1 onion, chopped
- 1 3.12 oz. bottle salad topping
- Italian salad dressing

Break spaghetti in thirds; cook as directed on package; rinse in cold water; drain. Mix together spaghetti, tomato, onion, and pepper. Add salad topping and mix. Pour Italian salad dressing over salad to suit your taste. Refrigerate. Serve cold. Very good summer salad.

- Josie Melton, Cedaredge

Zucchini Cookies:

- ¾ c. butter
- 1 ½ c. sugar
- 1 egg
- 1 tsp vanilla
- 1 ½ c. peeled and grated zucchini
- 2 ½ c. flour
- 2 tsp. baking powder
- 1 tsp. cinnamon
- ½ tsp. salt
- 1 c. chopped nuts
- 1 6 oz. pkg. chocolate chips

Slightly grease cookie sheet. Put heaping teaspoon of dough for each cookie. Bake at 350° for 15 minutes or until light brown. Makes 4 dozen cookies.

- Evelyn Tuck, Cedaredge

Bright Ideas

Win a small appliance! Submit ideas (with name & city) to: DMEA Newsletter P.O. Box 910, Montrose, CO 81402 or communications@dmea.com DMEA does not test nor endorse any bright idea.

Dirty Sewing Machine?

Use a coffee pot brush to clean your sewing machine. It will be long enough to poke into even the farthest recesses and narrow enough to fit into those thousand-and-one crevices where lint clings.

- Donna Vair, Paonia

Delta-Montrose Electric Association & Subsidiary
Consolidated Balance Sheet
December 31, 2014 and 2013

ASSETS	<u>2014</u>	<u>2013</u>
UTILITY PLANT		
Electric Plant in Service	168,968,346	150,667,654
Other Property and Equipment	1,767,825	1,774,628
Construction Work In Progress	3,021,400	18,712,032
Less: Accumulated Depreciation	<u>(64,528,565)</u>	<u>(60,836,150)</u>
TOTAL UTILITY PLANT	<u>109,229,006</u>	<u>110,318,164</u>
INVESTMENTS & OTHER PROPERTY	<u>49,317,143</u>	<u>48,196,182</u>
CURRENT ASSETS		
Cash & Cash Equivalents	8,898,241	9,152,703
Accounts Receivable and Unbilled Revenue	10,210,294	11,228,507
Materials and Supplies	2,490,541	2,713,070
Other Current and Accrued Assets	<u>115,705</u>	<u>109,571</u>
TOTAL CURRENT ASSETS	<u>21,714,781</u>	<u>23,203,851</u>
DEFERRED DEBITS	<u>364,763</u>	<u>10,604</u>
TOTAL ASSETS	<u>180,625,693</u>	<u>181,728,801</u>
LIABILITIES & CAPITAL	<u>2014</u>	<u>2013</u>
CAPITAL EQUITIES		
Patronage Capital	88,553,802	87,875,766
Other Equities (Deficit)	<u>7,059,457</u>	<u>5,979,635</u>
TOTAL CAPITAL EQUITIES	<u>95,613,259</u>	<u>93,855,401</u>
LONG-TERM DEBT	<u>69,207,045</u>	<u>73,895,316</u>
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	2,735,742	2,920,735
Accounts Payable	5,216,116	5,021,485
Accrued Taxes	957,322	1,003,013
Accrued Employee Compensated Absences	1,435,829	1,632,244
Accrued Interest	94,941	101,363
Other Current Liabilities	<u>76,302</u>	<u>75,935</u>
TOTAL CURRENT LIABILITIES	<u>10,516,252</u>	<u>10,754,775</u>
DEFERRED CREDITS	<u>5,289,137</u>	<u>3,223,309</u>
TOTAL LIABILITIES & CAPITAL	<u>180,625,693</u>	<u>181,728,801</u>

Delta-Montrose Electric Association & Subsidiary
Consolidated Statement of Revenue & Patronage Capital
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Electric Energy Revenue & Gross Sales	62,758,356	63,526,143
Miscellaneous Revenue	1,728,755	1,762,917
	<u>64,487,111</u>	<u>65,289,060</u>
OPERATING EXPENSES		
Cost of Power & Goods Sold	42,016,045	44,886,421
Power Production	752,149	73,869
Operating Expenses - Transmission	394,028	617,033
Operating Expenses - Distribution	3,562,802	3,567,659
Maintenance of Distribution Plant	1,804,412	1,749,987
Customer Accounts	1,644,608	1,487,119
Other Customer Expenses	531,883	567,146
Administrative and General	4,668,385	4,327,857
Depreciation	5,549,728	4,952,423
Other Deductions	17,652	102,666
	<u>60,941,692</u>	<u>62,332,180</u>
OPERATING MARGINS - BEFORE FIXED CHARGES	3,545,419	2,956,880
FIXED CHARGES - INTEREST ON LONG-TERM DEBT	2,767,473	2,660,198
OPERATING MARGINS - AFTER FIXED CHARGES	777,946	296,682
CAPITAL CREDITS	2,652,082	3,328,551
NET OPERATING MARGINS	3,430,028	3,625,233
NON-OPERATING MARGINS (LOSS)		
Interest Revenue	318,049	241,579
Affiliated Company Income (Loss)	-	-
Gain/(Loss) on Disposal of Assets	19,519	(344,563)
Other Non-operating Revenue	(13,765)	368,793
	<u>323,803</u>	<u>265,809</u>
NET MARGINS	3,753,831	3,891,042
Patronage Capital - Beginning of Year	87,875,766	85,864,040
Transfer to Other Equities	(318,059)	(643,443)
Patronage Capital Retired	(2,757,736)	(1,235,873)
PATRONAGE CAPITAL - END OF YEAR	88,553,802	87,875,766

The Difficult Search for 'Easy'

A member recently asked one of our service representatives why our website had changed. "It hasn't," replied our rep.

The member had searched "Pay my DMEA bill" on her browser and pulled up one of many web services who offer online automatic bill pay for common services like DMEA and other utilities. It is important to note that these sites are not endorsed by DMEA and that there are usually extra

fees associated with using their services.

If you are interested in setting up an automatic bill paying system, please call us directly or sign onto your account through DMEA's SmartHub app at www.dmea.com. DMEA does not charge any fees for our online and autopay services.

Call 1-877-687-3632 (OUR-DMEA) or visit www.dmea.com for more information.

Crisscross Solution

MAY CRISSCROSS SOLUTION:

ACROSS: 1. GROUNDING PIN 4. INNOVATIONS 5. BASIN 6. MYCHOICE 8. DIRECTORS 9. CAPITAL CREDITS **DOWN:** 1. APP STORE 2. GENERATOR 3. TAPE 7. CEDAREDDGE

Congratulations to Jean Strauss of Montrose, our winner for March and to Rebecca Kramer of Cedaredge, our winner for April. Check next month's newsletter for a new crisscross puzzle.



Delta-Montrose Electric Association

1-877-OUR-DMEA
(1-877-687-3632)

P.O. Box 910, Montrose, CO 81402

www.dmea.com

Locations:

11925 6300 Road, Montrose

21191 H75 Road, Delta

DMEA Board Of Directors:

Bill Patterson, *District 1*; Brent Hines, *District 2*; Olen Lund, *District 3*
Jim Elder, *District 4*; Marshall Collins, *District 5*; Terry Brown, *District 6*
Mark Eckhart, *District 7*; Tony Prendergast, *South Region*
John Gavan, *North Region*

DMEA board meetings are open to all members. They are generally held on the 4th Tuesday of each month beginning at 3pm with the public comment period at 5pm. Call 240-1212 to confirm specific dates, times and locations.

DMEA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W. Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.



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