

San Luis Valley Rural Electric Cooperative



Walking the Walk

Annual Meeting 2015



Your Touchstone Energy® Cooperative
The power of human connections®



Scott Wolfe

SLVREC President of the Board of
Directors

Annual Meeting Agenda

5:30 p.m. Registration Opens

6:45 p.m. Presenting of Colors

6:50 p.m. Invocation

7:00 p.m. Determination of Quorum &
Start of Business Meeting

Business Meeting Agenda

1. Call to Order
2. Reading of the Notice of Meeting
3. Reading of Previous Mailing
4. Previous Meeting Minutes - Action Items
5. Report of President
6. Executive Officers' Report
7. Report of Treasurer
8. Unfinished Business
9. New Business
10. Adjournment

Please RSVP

**If you are planning to attending please
RSVP with the number in your party by
June 4th, 2015**

719-852-3538 or 800-332-764

As we reach Annual Meeting time again, I would like to take this opportunity to express what a great sense of satisfaction I have gained from serving another year as President of the SLVREC Board of Directors.

We have seen many amazing changes over the past year. I would once again like to thank CEO Loren Howard and the SLVREC team for their dedication to its members. True to our cooperative roots we continue to serve our members with diligence, effective communication, leadership, responsiveness and innovation.

I feel the greatest example of this has come in the form of Cielo powered by SLVREC. Once again the REC strives to bring technology to those areas where there is a void. SLVREC is not afraid of the hard work and time that it takes to serve our communities. We are here to improve the quality of life in the San Luis Valley while helping to strengthen economic development in the area.

Notice is hereby given that the Annual Meeting of the members of San Luis Valley Rural Electric Cooperative, Inc. will be held:

**Tuesday, June 9th, 2015
Rodeway Inn***

SLVREC members are encouraged to attend. Registration opens at 5:30 p.m. and door prize drawings will be held during the meeting.

The business session of the Annual Meeting will begin at 7:00 p.m. The purpose of the meeting is to elect a Director for District 1, Rio Grande County and District 7, Member at Large; to vote upon reports covering the previous fiscal year; and transact other business that may come before the meeting.

Light refreshments will be served in lieu of dinner. Door prizes this year include a 39" television, a Keurig Coffee maker, four Tablets, four \$250 bill credits, ½ a beef, ½ a pig and various other gift cards. Prizes will be limited to those who attend the meeting.

If you need more information or special accommodations to have full and equal enjoyment of the Annual Meeting, please call 719-852-3538 or 800-332-7634 or send e-mail to power@slvrec.com.

*Rodeway Inn (formerly Inn of the Rio Grande) is located near the junction of HWY 17 and 160 in Alamosa, CO.

This past year we began new initiatives and completed others. First, the cooperative ended the year in good financial condition. While the finances are acceptable, staff is working to reduce costs and improve SLVREC's cash position to limit borrowing in order to meet operating expenses. Another important financial metric is the Modified Debt Service Coverage (MDSC) ratio. SLVREC does all its borrowing with National Rural Utilities Cooperative Finance Corporation (NRUCFC) whose required MDSC is 1.35. The SLVREC 2014 MDSC was 1.91. Another measure of fiscal efficiency is that in spite of undertaking many new projects including the entire fiber optic and telecommunications network, the number of employees of SLVREC is just one more than 3 ½ years ago totaling 50 employees.

In 2014, SLVREC completed a Fiber to the Home (FTTH) pilot project in the Plaza area selling to 15 of 20 homes passed. In January, FTTH work commenced in the South Fork area. All of the SLVREC employees have worked diligently to make this broadband and telephone business a success. This business is different than the electric business because it requires a substantial sales effort; customer service has stepped up to that challenge. With over 130 sales orders currently, the sales team has a budgeted goal of 350 new customers by the end of 2015, but is hoping for 500.

Also in 2014, two projects commenced. First, our aging and now obsolete electric meters are being replaced with current technology meters. Advantages of these new meters include allowing any member to track their usage on a daily basis and providing members and customer service representatives with accurate and timely usage information. This will help solve questions on high bills, reducing electric consumption, and near real time outage information helping to reduce the length of outages. The second project is the replacement of the Supervisory Control and Data Acquisition (SCADA). The fiber optic cable connecting all substations will provide reliable and consistent communications needed to fully implement the SCADA upgrades. Once the SCADA system is fully rolled out, a technology known as distribution automation will be utilized. This will reduce outage times.

This coming year, SLVREC will be working more closely with Valley Economic Development groups to do our part in bringing new business into the Valley. Finally, I want to express my continued appreciation to the Board of Directors for the strategic guidance they provide and allowing me to be a part of this cooperative. My wife, Karen, and I enjoy the many advantages of being in the Valley. We look forward to many more years of serving you, the members of SLVREC and the residents of the San Luis Valley.



Loren Howard
C.E.O. of SLVREC



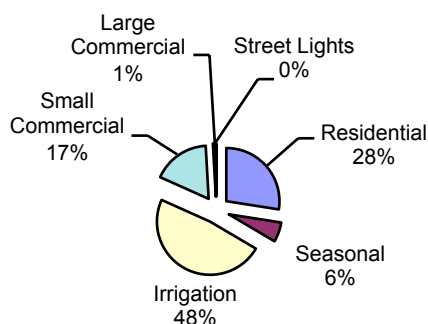
2014 Financial Report

STATEMENT OF FINANCIAL CONDITION (12/31/2014)

With Comparative Amounts for The Year Ended December 31, 2013

ASSETS	2014	2013
CURRENT ASSETS		
Cash and Temporary Investments	\$ 547,098	\$ 874,048
Accounts Receivable	1,498,537	1,679,220
Materials and Supplies	2,060,511	1,954,954
Prepayments and Accrued Assets	365,532	346,434
TOTAL CURRENT ASSETS	4,471,678	4,854,656
OTHER ASSETS		
Other Property and Investments	22,264,645	22,491,740
Deferred Debits	542,687	608,219
TOTAL OTHER ASSETS	22,807,332	23,099,959
PLANT		
Electric Plant	113,264,155	105,825,492
Less: Accumulated Depreciation	(37,853,051)	(35,841,799)
NET VALUE OF ELECTRIC PLANT	75,411,104	69,983,693
TOTAL ASSETS	\$102,690,114	\$97,938,308
LIABILITIES AND EQUITY		
CURRENT AND ACCRUED LIABILITIES		
Accounts Payable	1,539,265	2,049,790
Consumer Deposits	147,473	139,356
Other Current and Accrued Liabilities	2,800,523	2,904,978
Current Portion - Long-Term Debt	1,268,029	1,176,649
TOTAL CURRENT & ACCRUED LIABILITIES	5,755, 290	6,270,773
OTHER LIABILITES		
Long Term Debt due CFC	41,450,461	40,102,563
Deferred Credits	236,835	250,178
Accumulated Operating Provisions	-	3,396
Notes Payable	7,375,000	5,050,000
TOTAL OTHER LIABILITES	49,062,296	45,406,137
MEMBERS EQUITY	47,872,528	46,261,398
TOTAL LIABILITIES AND EQUITY	\$102,690,114	\$97,938,308

Sales by Consumer Classes

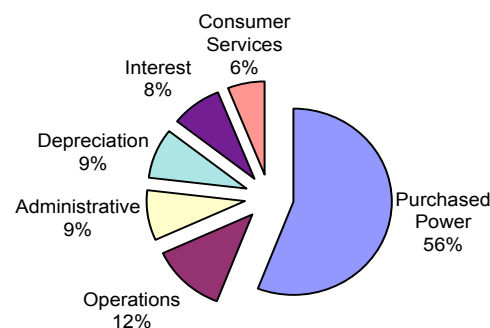


STATEMENT OF OPERATIONS (12/31/2014)

With Comparative Amounts for The Year Ended December 31, 2013

REVENUES	2014	2013
Sales of Electric Energy	\$30,583,351	\$30,690,835
Other Electric Revenue	134,875	205,134
TOTAL REVENUES	30,718,226	30,895,969
EXPENSES		
Purchased Power	16,828,958	16,855,022
Operations and Maintenance	3,697,480	4,045,823
Consumer Accounting & Service	1,825,324	1,877,301
Administrative & General	2,619,517	2,145,558
Depreciation & Amortization	2,622,514	2,528,413
Interest	2,299,017	2,290,476
Other Deductions	218,464	136,371
TOTAL EXPENSES	30,111,274	29,878,964
MARGINS		
Operating Margins, Net	606,952	1,017,005
G & T	1,281,949	1,540,672
and Other Capital Credits		
Other Non-Operating Margins	(192,992)	177,527
NET MARGIN	\$1,695,909	\$2,735,204

Expenses



Minutes Annual Meeting June 2014

The following directors were present: Scott A. Wolfe (president), K. Cole Wakasugi (vice-president), Ernest D. Ford (corporate secretary), Michael D. Rierson, Richard P. Inman, Eleanor E. Valdez, and Carol Lee Dugan. Corporate officers present included Loren H. Howard (chief executive officer), Gregg Kampf (corporate attorney), JoAn R. Waudby (corporate treasurer), Michelle Trujillo (assistant corporate secretary).

President Scott Wolfe welcomed all those in attendance and thanked SLVREC employees and the Inn of the Rio Grande for a successful meeting.

Cub Scout Troop 287 presented the colors and led the Pledge of Allegiance.

Eleanor Valdez gave the invocation.

Scott Wolfe thanked Cub Scout Troop 287 along with their leaders for their service at this meeting in presenting the Colors and leading the Pledge of Allegiance.

Scott Wolfe introduced members of the board of directors, along with the corporate attorney, chief executive officer, and corporate officers. He also recognized members of San Luis Valley Rural Electric Cooperative and Tri-State G&T staff.

Loren Howard introduced special invited guests.

Scott Wolfe introduced the Credentials Committee: David Young (chairperson) and Teri Brownell. David Young presented a verbal report declaring a quorum with 84 members present.

The Annual Meeting of the membership of San Luis Valley Rural Electric Cooperative, Inc. was called to order at the Inn of the Rio Grande in Alamosa, Colorado at 7:02 p.m. pursuant to legal notice sent to the membership in accordance with the bylaws.

Corporate Attorney Gregg Kampf certified that the Notice of Annual Meeting had been properly and legally performed. A copy will be kept on file for record.

Kampf introduced the uncontested director from District 6, Mineral/Hinsdale Counties Incumbent Richard P. Inman.

Due to the uncontested election, Kampf asked that a motion be entertained to have the candidate elected by acclamation.

A motion was duly made and seconded; Richard P. Inman (District 6, Mineral/Hinsdale Counties) was elected for a term of four years.

Kampf asked for a motion to be entertained to dispense with the reading of the 2013 Annual Meeting minutes as amended to correct the location of the annual meeting. A motion was duly made and seconded to dispense with the reading of the minutes and to approve them as amended to correct the location of the 2013 Annual Meeting.

Richard Inman, Scott Wolfe, Michael Rierson and Cole Wakasugi, SLVREC Scholarship Committee recognized the 2014 scholarship recipients and presented them with a small gift.

The Adams State University (ASU) 4-year Scholarship recipient spoke briefly about her future plans and thanked SLVREC for the scholarship.

The 2014 recipients are listed below:

ASU 4-year Scholarship

SLVREC Electric Lineworker Scholarship

Basin Scholarship

SLVREC Robert Wolfe Scholarship

SLVREC Past Director Scholarship

SLVREC Retired CEO (John & Ray Villyard) Scholarship

Tri-State G&T Scholarships

Jessica Crowther

Ty Blades

Mitchell Vanderpool

Diana Flor Gonzales-Gutierrez

Luke Bright

John Haefeli

Zane Brink

Sarah Ehrlich

Krista Stienart

Sargent High School

Graduate

MV High School

Center High School

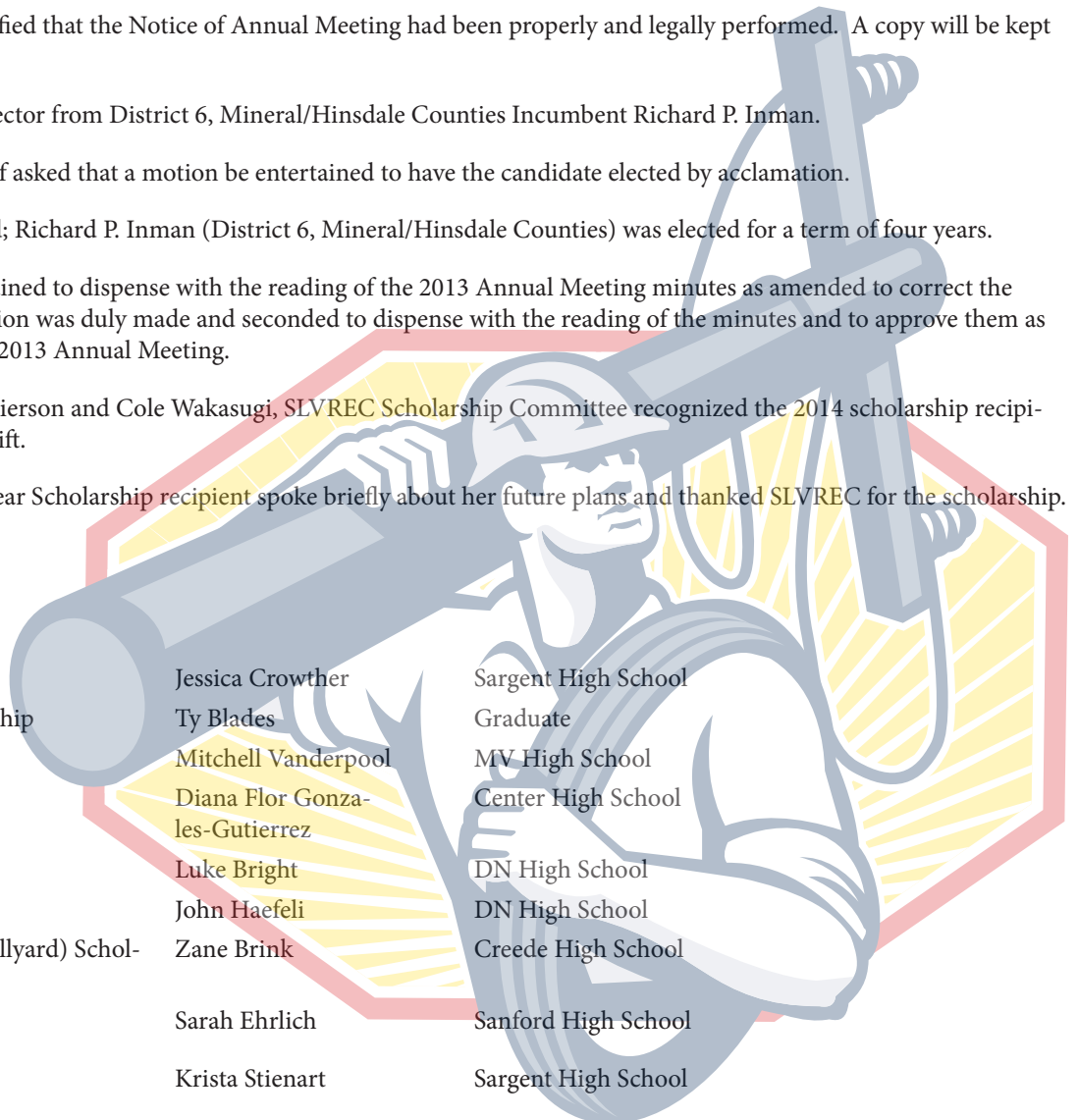
DN High School

DN High School

Creede High School

Sanford High School

Sargent High School



Minutes Continued

SLVREC & Tri-State G&T Scholarships

Savanna Faucette

Sanford High School

Travis Keller

MV High School

Jordyn Neely

MV On-line Academy

Melissa Romero

Centennial High School

Nick Walters

SDC High School

SLVREC Employee Dependent Scholarship

Lindsay Jensen

DN High School

The Washington D.C. Youth Tour and Leadership Camp recipients were announced.

Youth Tour

Kaitlin Martinez

DN High School

Leadership Camp

Ethan Martinez

MV High School

Scott Wolfe thanked all in attendance and gave a brief speech regarding how SLVREC is working to improve communications and service to our members.

Loren Howard provided highlights of the 2013 accomplishments and factual comparisons along with future focus on system improvements.

JoAn Waudby presented the annual treasurer's report. Waudby provided an overview of the 2013 Statement of Operations and the general financial condition of SLVREC.

Unfinished Business:

None

New Business:

Loren Howard addressed the following questions:

1. Net metering limits in the state of Colorado.
2. SLVREC emergency contingency plans.
3. SLVREC offering internet service.

Kampf declared the meeting adjourned at 7:42 p.m.

