

Loren Howard

CEO of REC and Cielo



This past year has had several challenging events, including 1) complaints filed by several REC electric system customers and the Town of Crestone after the implementation of revised electric rates, 2) U.S. Fish and Wildlife notices regarding avian electrocution

incidents and 3) in early 2020, managing the COVID-19 restrictions implemented by federal, state and local authorities. While many of the challenges are ongoing, at least resolutions to the listed challenges are in the works.

A settlement agreement was reached in the PUC rate complaint which revised the residential rates to a substantially smaller demand charge, mitigating the rate impact on some members. Protection of birds from electrocution on REC power lines has been a long-standing effort, however with several recent raptor incidents, REC crews have been working on a more concentrated effort to rebuild power lines. Most of this avian protection work has been in the northern part of REC's service territory.

The spread of the coronavirus took its toll on many daily routines in 2020 for virtually every person, and REC was no exception. While REC offices were shut down in late March and most employees worked remotely or with minimal contact, Cielo has gone above and beyond to get Valley residents connected. These efforts have been especially helpful for students in the Valley who had to attend classes online. Being connected has never been so important, and Cielo provided the ability to not only attend school online, but keep families in touch and businesses operating.

Renewable energy continues to be of interest throughout our membership with scores of new net meter installations in REC's system in the past year. REC's agreement to purchase the power from the Penitente Solar Project continues to benefit every REC electric customer. With Tri-State creating additional classes of membership, REC will have an opportunity to not only fill our current five percent self-supplied renewable electricity portfolio but explore additional renewable resources beyond the five percent wholesale power agreement limitation. Tri-State has also rolled out the Responsible Energy Plan which is designed to take Tri-State's generation fleet to 50 percent renewable by 2024.

This year, 2020, will see the continuation of the efforts to engage members through the stakeholder engagement process which will include member focus groups to discuss rates and provide member input to the Board of Directors. Also, a broader survey of REC's members is planned for the middle of 2020. This survey will provide the opportunity for all members to express their perspectives on utility rates, renewable energy and other selected topics. Cielo will continue to expand providing Valley residents great phone service and Internet connectivity. Improvements on REC's electric distribution system include completing remote connections to all but two of our electric substations. This remote connectivity and control will reduce response times to power outages and improve the security of REC's electric system.

In spite of the challenges of 2019 and early 2020, REC continues working on building a more reliable electric system, expanding phone and Internet connectivity to residents and more community engagement throughout the San Luis Valley.

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2020 ANNUAL REPORT

Carol Lee Dugan

REC Board President
District 1 – Rio Grande County



2020 has been a difficult and interesting year for all of us in the San Luis Valley. I am proud to commend REC staff and employees for assisting our members through these very trying times. The REC has kept reliable electricity service to our members, as well as supplying the community with Ciello for dependable connectivity.

Loren Howard, our CEO, is a very forward-thinking individual, who has selected and addressed impressive projects. Examples include our Penitente Solar Project, upgrading infrastructures and replacing outdated lines and equipment which improved the technology needed to aid the ever-changing electric services for the San Luis Valley community.

I would also suggest that every member please educate themselves with the REC website. This is the best avenue to find updated information on what the REC is doing and planning to address for the organization. Dates of meetings, community training and education are located on this functional website.

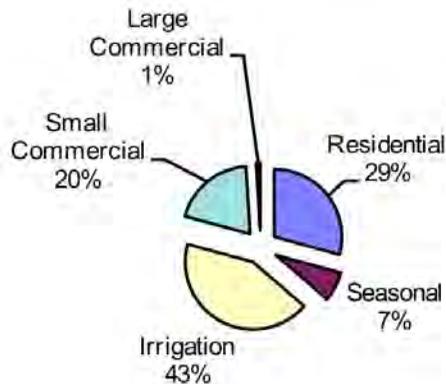
I enjoy being the representative for Rio Grande County for the REC board. All board members have always given their all in serving our members. As the president I look forward to continued improvements and challenges. I am honored and pleased to serve on such an active board.

Financials

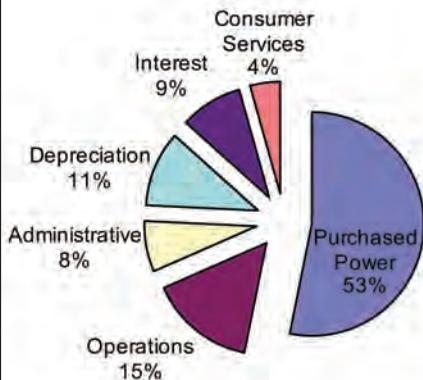
STATEMENT OF OPERATIONS December 31, 2019

	2019
REVENUES	
Sales of Electric Energy	\$ 34,341,690
Other Electric Revenue	168,864
TOTAL REVENUES	34,510,554
EXPENSES	
Purchased Power	17,561,906
Operations and Maintenance	5,037,713
Consumer Accounting and Service	1,430,884
Administrative and General	2,425,611
Depreciation and Amortization	3,606,360
Interest	2,949,320
Other Deductions	23,226
TOTAL EXPENSES	33,035,020
MARGINS	
Operating Margins, Net	1,475,534
G & T and Other Capital Credits	1,125,327
Loss on Equity Investment	(2,064,500)
Other Non-Operating Margins	130,863
NET MARGIN	\$ 667,224

Sales by Consumer Classes



Expenses



BALANCE SHEET December 31, 2019

	2019
ASSETS	
CURRENT ASSETS	
Cash and Temporary Investments	\$ 3,163,537
Accounts Receivable	3,920,587
Materials and Supplies	4,040,138
Prepayments and Accrued Assets	453,977
TOTAL CURRENT ASSETS	11,578,239
OTHER ASSETS	
Other Property and Investments	24,132,663
Deferred Debits	351,743
TOTAL OTHER ASSETS	24,484,406
PLANT	
Electric Plant	152,452,361
Less: Accumulated Depreciation	(51,170,411)
NET VALUE OF ELECTRIC PLANT	101,281,950
TOTAL ASSETS	\$ 137,344,595
LIABILITIES AND EQUITY	
CURRENT AND ACCRUED LIABILITIES	
Accounts Payable	1,561,262
Consumer Deposits	552,410
Other Current and Accrued Liabilities	3,211,777
Current Portion - Long-Term Debt	2,634,489
TOTAL CURRENT AND ACCRUED LIABILITIES	7,959,938
OTHER LIABILITIES	
Long Term Debt due CFC	62,955,330
Deferred Credits	992,792
Accumulated Operating Provisions	-
Notes Payable	13,170,000
TOTAL OTHER LIABILITIES	77,118,122
MEMBERS EQUITY	52,266,535
TOTAL LIABILITIES AND EQUITY	\$ 137,344,595

BOARD OF DIRECTORS

Carol Lee Dugan, President
719-852-3931

Keenan Anderson, Vice President
719-849-8304

Stephen Valdez, Secretary
719-588-0430

Scott Wolfe
719-852-0966

Cole Wakasugi
719-937-9514

Kip Nagy
719-850-0749

Wade Lockhart
719-588-9246

CEO

Loren Howard
719-852-6630

SLVREC Office (toll free)
800-332-7634

SLVREC Office (local calls)
719-852-3538

Email: power@slvrec.com



2019 Meeting Minutes

MINUTES ANNUAL MEETING OF MEMBERSHIP SAN LUIS VALLEY RURAL ELECTRIC COOPERATIVE, INC. 11 JUNE 2019

The following directors were present: K. Cole Wakasugi (president), Carol Lee Dugan (vice-president), Scott Wolfe (corporate secretary), Michael Rierson, Kip Nagy, Stephen Valdez, and Keenan Anderson. Corporate officers present included Gregg Kampf (corporate attorney), Loren H. Howard (chief executive officer), JoAn R. Waudby (corporate treasurer), Michelle Trujillo (assistant corporate secretary).

President K. Cole Wakasugi welcomed those in attendance.

Cub Scout Troop 307 presented the Colors and led the Pledge of Allegiance.

Monroe Johnson gave the invocation.

Wakasugi thanked Cub Scout Troop 307 along with their leader for their service at this meeting in presenting the Colors and leading the Pledge of Allegiance.

Wakasugi introduced members of the board of directors, corporate attorney, chief executive officer, corporate officers, and special invited guests.

Wakasugi introduced the Credentials Committee Karla Willschau (chairperson) and Kim Temple. Karla Willschau presented a verbal report declaring a quorum with 115 members present.

The Annual Meeting of the membership of San Luis Valley Rural Electric Cooperative, Inc. was called to order at the National Guard Emergency Readiness Center in Alamosa, Colorado at 7:00 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 director Carol Lee Dugan from District 1, Rio Grande County and Mike Rierson (Incumbent) and Wade Lockhart (Candidate) of District 7, Member-at-Large. The incumbent and candidate from District 7 addressed the membership.

Carol Lee Dugan of District 1, Rio Grande County, ran uncontested and will serve a term of four years.

Kampf called for the voting to begin and

asked the representatives of the 3rd party counting agency to collect all ballots when voting ceased. He stated that the results of the vote would be announced as soon as they are available the following business day and that the incumbent and candidate running for District 7 could be present for the count.

Kampf asked for a motion to be entertained to dispense with the reading of the 2018 Annual Meeting minutes and approve them as submitted.

A motion was duly made and seconded to dispense with the reading of the minutes and to approve them as submitted.

The 2018 Adams State University Scholarship recipient Anthony Lewis addressed the membership and expressed his thanks and gratitude for the scholarship and how it has helped further his education.

Cole Wakasugi announced the 2019 scholarship recipients and the committee presented them with a small gift.

The 2019 recipients are listed below:

ASU 4-year Scholarship: Aleceya Tolsma, Alamosa High School

SLVREC Robert Wolfe Scholarship: Gracie Burkhart, Sargent High School

SLVREC Past Director Scholarship: Kaitlynn Martin, Centauri High School

SLVREC Past General Manager Scholarship: Cori Curtis, Alamosa High School

SLVREC & Tri-State G&T Scholarships: Timothy Cestone, Del Norte High School; Daniel Miller, Jr., Monte Vista High School

Electric Lineworker Scholarship: Donathan Chavez, Sanford High School; Maximo Salazar, Sanford High School

SLVREC Board of Directors Scholarship: Amanda Avila, Monte Vista High School

SLVREC Staff Scholarship: Lanie Dillon, Sargent High School

SLVREC Employee Dependent Scholarship: Kylee Henderhan, Monte Vista High School

Basin Electric Power Cooperative: Brooke Gammill, Creede High School

Aleceya Tolsma addressed the membership in thanks of the 2019 ASU 4-year Scholarship.

K. Cole Wakasugi talked briefly about his time serving on the board and the opportunity to make differences in the community when we can all come together.

JoAn Waudby presented the 2018 financials. The presentation included statistical comparisons between 2017 and 2018 including margins, revenues and sales. She also provided year-to-date information through April 2019.

Loren Howard thanked everyone for attending the meeting and discussed in general the rate design and the PUC claim filed by 30 members and the Town of Crestone. His presentation began with education about a cost of service study, a 2015 – 2019 comparison depicting budgeted revenue and actual revenue collected, overall rate comparison spreadsheets, an explanation of demand and energy, and reviewed an actual billing statement including the reiteration of the customer charge, demand charge and energy charge.

Loren Howard answered questions presented by members.

Unfinished Business:

Member Matthew Robinson addressed the membership discussing net meter rates and the demand rate structure effects on his household. He also read some statements of a PUC filing from a different electric company that tried to implement a demand rate.

Other members commented on ETS heaters and water heater tips to lower the demand and single-phase rate versus three-phase rates were mentioned as well.

New Business:

None.

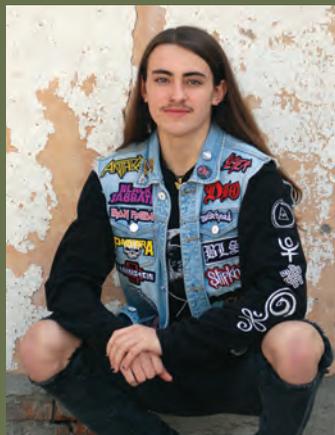
Loren Howard and JoAn Waudby fielded questions from the membership present.

Kampf declared the meeting adjourned at 8:07 p.m.

2020 Scholarship Recipients



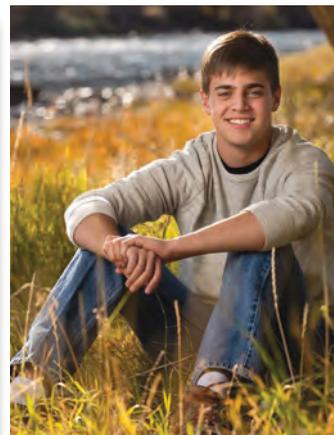
ASU Four-Year Scholarship:
Alyssa Mortensen,
Sangre de Cristo



Electric Lineworker Scholarship:
Isaias Minchaca,
Sierra Grande



Robert Wolfe Scholarship:
Grace Whitehorn,
Creede



Past Director Scholarship:
William Perez,
Del Norte



**Past Retired GM Ray Villyard &
CEO John Villyard Scholarship:**
Ariel Caldon, Sanford



SLV REC Scholarship:
Makenzie Rogers,
Sangre de Cristo



SLV REC Scholarship:
Kelsey Poe,
Sangre de Cristo



SLV REC Scholarship:
Lexi Metz,
Sangre de Cristo



SLV REC Scholarship:
Ryan Holland,
Sargent



Tri-State G&T Scholarship:
Clay Kimberling,
Sargent



Tri-State G&T Scholarship:
Dynaee Johnson,
Centauri



Board of Directors Scholarship:
Garrett Valdez,
Centauri

Not Pictured: REC Dependent Scholarship: Caden Alonzo, Alamosa



POWERING A VITAL VALLEY

P.O. Box 3625
Monte Vista, CO 81144

POWERING OUR COMMUNITY

ANNUAL MEETING AGENDA TUESDAY, JUNE 9, 2020

7 A.M.-6 P.M.

**ANNUAL MEMBERSHIP MEETING AT
SLV REC OFFICE, MONTE VISTA**
*Light refreshments, prize drawings**
*(*must attend membership
meeting to be eligible)*

7 P.M.

**START OF VIRTUAL
BUSINESS MEETING**

*Business meeting will be conducted
online. For viewing link,
go to slvrec.com or call
719-852-3538.*

**ALL MEMBERS ARE ELIGIBLE TO
VOTE IN THIS ELECTION
ONE MEMBERSHIP = ONE VOTE**

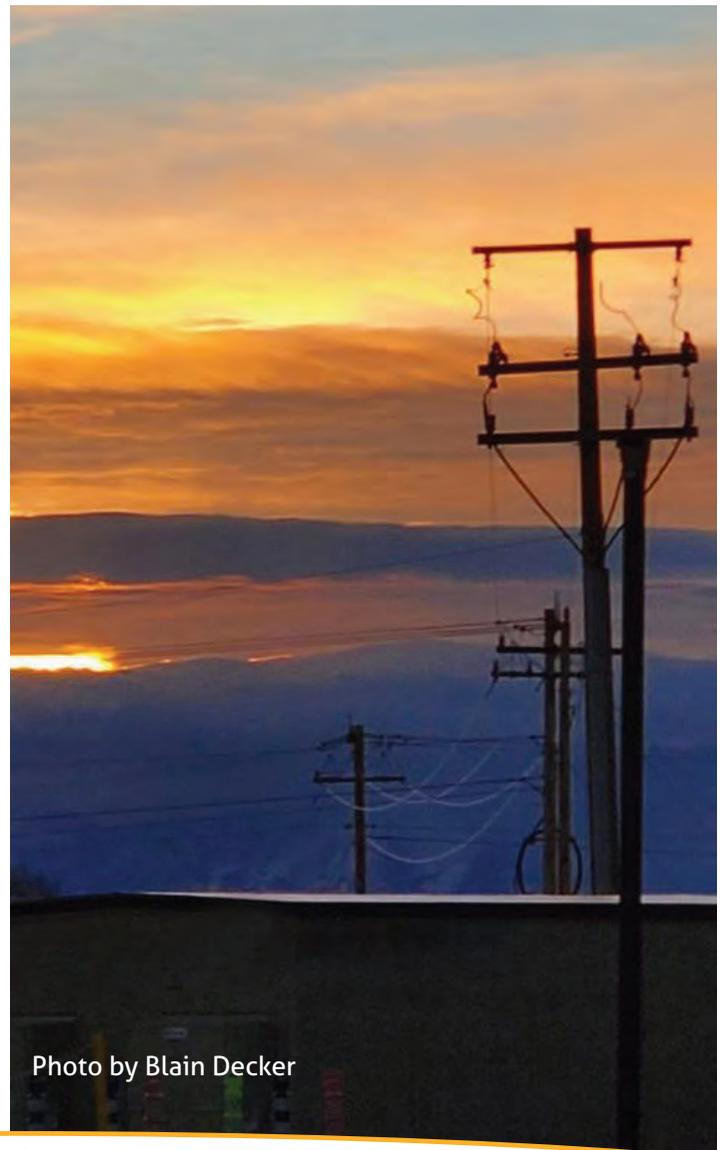


Photo by Blain Decker

Your Touchstone Energy[®]
Cooperative 