**Poudre Valley REA**

**Annual Meeting Speech**

**March 28, 2015**

Thank you President Schneider.  Good morning and welcome to Poudre Valley REA’s 76th Annual Meeting. As always it’s encouraging to see such an impressive turnout. On behalf of your cooperative’s employees, I also want to thank you for your attendance today. If this is your first time attending our Annual Meeting I extend a special welcome to you.

Poudre Valley REA in terms of providing electric service to some of the rural areas of Northern Colorado has it challenges. Nine members per mile of line, with very diverse service points including homes, businesses, family farms, second homes, industrial and oil and gas loads that dot are service territory. From a utility perspective more density means you can recovers costs easier due to the sheer fact you can spread costs among more people in shorter distances.

Up on the screen you can see our service territory, we cover an area greater than 2,000 square miles, larger than the states of Delaware and Rhode Island. We operate and maintain about 4,000 miles of line.

It can be hard to put into perspective the value the electric service you receive from Poudre Valley REA contributes to the quality of your life, but I hope to put a little light on today.

We entered into 2014 with no rate increase even though we did see a wholesale rate increase at the beginning of 2014 of 1.6% or $1.9 million. Our wholesale power costs represents about 80% of our entire operating expenses. So any increase to our wholesale power cost typically means an increase to you. However, over the past few years we have taken an in-depth look at both operating and employee costs and worked hard to create some significant savings for the Cooperative.

I am pleased to report that in 2015 we were able to hold the line on rates once again. That is two years in a row with rate stability and six years in a row we have not increased rates to cover any internal Poudre Valley REA costs.

Too follow up further on our rates, I am proud to report that in 2015 PVREA has the lowest average residential rate of any Colorado Cooperative purchasing their wholesale power from Tri-State G&T.

I don’t want to be doom-laden, but I do want you to be aware that we may be seeing significant increases on the horizon to our wholesale power costs due in part to no comprehensive national energy bill insight and EPA’s recent Clean Power Plan regulations.

With upward pressure on rates, I also want to remind you that we have a number of programs and services designed to assist you in reducing your energy bills. Our programs and services include energy audits, allowance for home insulation and weatherization improvements, rebates for energy efficient lighting, home appliances and electric motors to name a few. In 2014 we provide more than XXX energy efficiency rebates totaling $xxx,xxx. Take advantage of these rebates while they are still available.

I had the distinct privilege to represent Poudre Valley REA in our nation’s capital this year as we were recognized as a leader in rural renewable energy development. In our continuing effort to economically incorporate renewable energy and seek ways for our members to diversify their energy portfolio we energized our second community solar farm in late 2014. The 632 kilowatt farm is estimated to produce a little under than 1 million kilowatt-watt hours of renewable electricity in its first year.

This community solar farm concept allows us to assist more of our members who desire to participate in renewable energy. It affords the opportunity to renters, those who live in homes poorly situated for solar as well as those who may not want to deal with the required maintenance of having an actual roof top solar.

Your Board of Directors remains committed to exploring and incorporating Renewable Energy Alternatives that are economically viable. As a result, I am excited to report we have entered into a power purchase agreement for a total of 8 megawatts of distributed solar generation to be constructed in our service territory. Due to the size of this project the arrays will be broken down into two sites that will have about 20 acres for each site. The two 4 megawatt arrays are scheduled to go online before the end of the year and are expected to produce over 15 million kilowatt-watt hours of renewable energy annually.

Operationally we had a very busy year. The economy took a big upswing in Northern Colorado and as a result we connected more than 950 new members to the Poudre Valley system. Constructed or replaced more than XXX miles of new power line. Cleared vegetation from more than X,XXX miles of right of way and replaced more than XXX defective poles.

Starting in 2014 we worked on the first phases of line segmenting our system…by doing this we are able to detect and restore your power quicker…fewer blinks… fewer outages… outages of shorter duration …Something we all want and desire.  Due to the size of this project this will be a multi-year initiative.

In 2014 your service reliability averaged ninety-nine point nine percent, so on average we were out of electricity for about two hours per member. Day or night with sunshine, blizzard, flood or fire we are here to serve you 24/7.

From a member perspective our product has changed very little in the last 76 years but the service expectation that the member has changed quite a bit and I believe we have risen to that challenge. It’s more than simply keeping the lights on, your house warm or your food cold. It’s also about leveraging technology to improve our service and meet your expectations.

In 2014 we completed our Advanced Metering Infrastructure or AMI Project. Along with our AMI Project and other recent investments in technology we have enhanced our ability to predict outages before they take place and respond quicker to these outages as well.  We are able to pinpoint stresses in our distribution system and replace or improve our infrastructure before a problem or an outage develops.

One of the highlights this technology has brought is an outage map you can access on your mobile device or home computer enabling you to see the outages we are aware of and when the outages are restored.

We also have an App known as Smart Hub that allows you to report outages, monitor your usage, make payments and manage your account all by using your mobile device or computer.  If you have not signed up for Smart Hub, I invite you to go to our website and do so.

One of the most exciting new services we recently launched is a Pay As You Go account option. With a Pay As You Go account, members pay for electricity before it is consumed. It’s the same concept as filling up your car with gas. When your electricity tank runs low, you hop online to SmartHub or call into the office and put more money in the tank. It gives members control of their electric bill and studies show at least a 10% reduction in electric use for those that use this option.

Before I close I do want to touch basis on safety. Safety is Number One at Poudre Valley. There’s no question that electricity is one of the safest and easiest-to-use forms of energy – but because it’s so much a part of our everyday lives, we all can become complacent. We work very hard in providing our employee with a safe work environment. We do that by providing proper equipment and tools… ensuring adequate maintenance and repair of that equipment … and replacing things before they cause a problem.  We do that by providing training and oversight to ensure we’re up-to-date and in compliance with all safety regulations and industry best-practices.  We have a quest for zero accidents, day in, day out for all employees, members and general public.

I am proud to report that in 2014 we had no lost time accidents and as of today we are going on 805 days without a lost time accident. Our previous record was 400 days. An achievement we are all proud of.

An important point to remember is that as a not-for-profit co-op, Poudre Valley is not interested in selling you something you don’t need. We are not about maximizing sales; we’re about maximizing member satisfaction.   With that in mind we were able to retire a total of $3 million dollars in capital credits, previous margins, in 2014 to our members. This was by far and away are largest capital credit retirement in our history! This is part of the Cooperative Difference and one of the tangible values you receive being part of a Cooperative.

In closing, I want to thank all the employees, both past and present, for their dedication and professionalism.  They work hard and are very responsive in meeting the daily demand and expectations of a growing membership. The board for their vision and leadership and the membership for our patronage and support.

Thank you for listening, please enjoy the rest of the meeting!