2012 was celebrated as the International Year of Cooperatives at Highline Electric Association's annual meeting Tuesday, March 20 at Phillips County Event Center.

Highline is one of 29,200 co-ops of all kinds across America. While electric cooperatives serve only 12 percent of American consumers, their lines cover 75 percent of the nation, delivering power to 42 million Americans in 47 states.

General manager Mark Farnsworth addressed members concerning Highline's financial situation, as reported by Dennis Herman, manager of member and corporate services.

In 2011, Highline purchased 520,705,201 kWh from their power supplier, Tri-State G&T. This was down 59.4 million kWh from the previous year.

Farnsworth said in 2010 the co-op sold over 548 million kWh, but in 2011 they sold 484 million kWh, a decrease of 64 million kWh and about $250,000 less in bottom line margins to Highline.

"Our irrigation sales were less than budgeted, but the main drop in kWh sales was caused by the low cost of natural gas," said Farnsworth. Highline has two gas compression stations that either did not run in 2011 or reduced their usage.

"The reason is the vast amount of natural gas production that has happened in the eastern United States from fracking techniques," added Farnsworth. "The gas pipeline companies are not moving gas east like they envisioned two years ago."

Operating revenues for 2011 were just under $47 million, a decrease of $4 million from 2010. Despite a negative operating margin of $693,628, Highline was still able to meet all mortgage requirements and stay in good standing with their lenders.

Highline posted other non-operating margins from cooperatives it is a member of. 2011 margins were $1,942,038, which is comprised of the Highline-generated operating margins of negative $693,628; $2.42 million generated by memberships in Tri-State, Western United and CFC; and $63,884 in interest income. The bottom line margin of $1,942,038 is allocated to Highline members as capital credits.

In 2011 the Highline board of directors approved a capital credit refund that included the general retirement of $1,541,437 and retired estates totaling $229,307 for a total of $1,770,744 retired to members.

Herman said Highline ended 2011 with cash and investments of $1.4 million.

Highline's plant growth has been steady over the last five years. Their utility plant ended 2011 valued at $85.7 million, which is a $3.9 million increase over last year. In 2011, they also added 14 miles of new overhead and underground lines and installed 60 new services.

Highline continues to maintain a strong balance sheet, said Herman. They ended 2011 with an equity level of 60.3 percent.

Herman concluded his report noting the cost to maintain the plant and make sure electricity was available was 15 percent of the total expenses in 2011. Depreciation and interest was another eight percent, and their cost of power was 77 percent of their expenses last year.

Highline looks to 2012

Farnsworth explained Highline's budget for 2012. They removed kWh sales to their two gas compression loads, with a budget to sell 331 million kWh for 2012.

This is a decrease of 153 million kWh from 2011, which will equate to a loss of operating margins in the $400,000 range, and when added to the loss of margins from the recovered energy generation project, those margins will be less by $750,000 to $800,000.

Highline did not increase rates in 2011, but did raise rates in 2012 for two reasons. “We had a 4.8 percent increase from our power supplier, and we have the situation from our two large gas compression loads. We did not budget either load to run in 2012,” said Farnsworth. “We budgeted a 5.5 percent increase in the cost of electricity for those reasons. We will make our financial ratios in 2012.”

Farnsworth reported their recovered energy generation project is one of the most successful renewable energy projects in Colorado, generating electricity 47 percent of the time, even running on only one turbine. Highline has lowered their cost of power by almost $1.6 million since they brought it on line.

One of Highline’s energy efficiency options is irrigation load control, which saved participating members $790,000 in 2011. Also in 2011, Highline and their power supplier provided members over $85,000 to improve the efficiency of motors and appliances.

Farnsworth said in the past year they have been testing two small scale renewable energy products—a 2 kw wind machine and a 1.5 kw solar array. “Our desire is to explore options that make sense and are affordable and achievable for both Highline and you,” he said.

Highline will provide members with $4,000 for a qualified renewable project. The cooperative has also been working with developers on community-sized wind projects.

Farnsworth noted that because of a revolving loan fund at Highline, they have made an operating loan to the Haxtun Community Childcare Center and are in the process of working with a business owner and the Stockade Restaurant in Ovid.

Because of Highline's Co-op Connections Card, members saved $1,840.34 or 73.1 percent of the total cost of their medications in 2011.

Highline partners with YW Electric in several areas to share costs, noted Farnsworth, and will be working with them in 2012 on a pilot AMI project.

Keeping electric rates affordable a challenge

Farnsworth said Highline's small commercial rates are competitive with other cooperatives, municipals and investor owned utilities in Colorado, but issues are working against them in their efforts to keep members' electric bills affordable.

Ken Reif, senior vice president/general counsel for Tri-State G&T, said there is a "war on coal." Around 85-90 percent of energy used in a day comes from coal power. Tri-State has invested in coal-fired power plants, which are some of the most reliable, efficient and cleanest ways to make energy.

However, proposed environmental regulations could make coal power more expensive. Reif said Tri-State already complies with the existing regulations, but new proposed rules and programs could require them to buy expensive equipment or even make it impossible to build new coal-fired power plants.

He questions whether these rules will make much of a difference. "We don't want dirty air any more than the environmental communities," Reif concluded.

Farnsworth said they have asked their members to participate by sending e-mails from the Our Energy, Our Future website as well as by contacting elected representatives through a grassroots effort.

In a written report, Highline board president and representative on the Tri-State board Leo Brekel, reported Tri-State finished 2011 in very good financial condition.

The 4.8 percent rate increase for 2012 was due to increased fuel prices, complying with more regulations and a few other items. Long range forecasts indicate rate increases for the next several years.

Reports were also given by Michael Bournia for Western United and by Jim Lueck for Colorado Rural Electric Association.

Four directors elected

Incumbents Jim Lueck, Mike Bennett, Bruce Gerk and Merlin Prior were elected to the Highline board for districts 1, 2, 3 and 4 respectively.

Youth reports presented

Kelsey Garretson of Haxtun told about her experiences at the 2011 Washington, D.C. Youth Tour. Justin German of Chase County, Neb. was announced as this year's youth tour delegate.

Brianna Bade of Julesburg and Kyra Ness of Haxtun reported on their trip to the leadership camp near Steamboat Springs. Delegates for this year's camp will be German, Shelby Selby of

Creek Valley High School in Chappell, Neb. and Tara Cook of Sterling.

Scholarships awarded

2012 scholarship winners were announced during the Highline annual meeting.

Earning the $1,000 Basin Elecric member cooperative consumer scholarship is Austin Killin of Holyoke with Kacia Smith of Chase County as alternate.

Winners of the $1,000 HEA scholarships to four-year colleges are Cheyanne Herbert of Fleming, Kayla Sherman of Sterling, Kacia Smith of Chase County, Chantel Heathers of Chase County, Annsley Brophy of Yuma and Nathan Frantz of Fleming. Alternates are Kelsey Garretson of Haxtun and Kailin McClung of South Platte.

$1,000 HEA scholarship winners to two-year or technical schools are Laura Gerk of Holyoke, Marquel Gueck of Haxtun, Tyson Weingardt of Caliche and Mariah Struckmeyer of Holyoke. Hope Delaware of Merino is the alternate.

Tri-State G&T/HEA $500 scholarships were awarded to Jolee Fitzsimons of Caliche and Morgan Wilkening of Fleming, with Emily Hartman of Revere and Reid Baumgartner of Holyoke as alternates.

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