



# CONSUMER

HOLY CROSS ENERGY » COMMUNITY » YOU!

## CONNECTION

ANNUAL MEETING AND REPORT EDITION

VOLUME 32 | ISSUE 3 | SPRING/SUMMER 2017

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Cooperatives

## ANNUAL MEETING NOTICE

THE 78TH ANNUAL MEETING OF MEMBERS OF HOLY CROSS ENERGY WILL BE HELD AT 6:30 P.M. ON THURSDAY, JUNE 8, 2017, AT 4 EAGLE RANCH, LOCATED AT 4098 HIGHWAY 131, WOLCOTT, COLORADO, TO CONSIDER AND ACT UPON:

- Minutes of the 2016 Annual Meeting of Members
- Reports of Officers, Directors and Staff
- Election of two Directors for three-year terms
- Such other business as may properly come before the meeting or any adjournment thereof

Registration and fun  
begin at 4:30 p.m.

A BBQ dinner  
will be served from  
5:00 – 6:15 p.m.



This event and celebration is for Holy Cross Energy Members, their families and guests. Come enjoy the Caribou Mountain Collective String Band, a delicious BBQ dinner and snap some old west photos (costumes provided) of your friends and family. For the little buckaroos, they can delight in pony rides, corn hole, horseshoes, stationary steer roping, cowboy golf and a campfire with s'mores. These activities start at 4:30 p.m. and will continue through the Business Meeting. A prize drawing, for Members only, takes place right after the Business Meeting. Some of the wonderful prizes available include an iPad Mini, Google Home, Nest Thermostat and more! Must be present to win – so don't miss out by leaving early.

[www.holycross.com](http://www.holycross.com)



DEL WORLEY  
Chief Executive Officer

# CHIEF EXECUTIVE OFFICER REPORT

Holy Cross Energy (HCE) had a solid financial performance in 2016. HCE returned \$6.7 million dollars in member equity in 2016. There was a 1.1% increase in energy sales from 2015. HCE's rates remain stable and are among the lowest of the Colorado Cooperatives.

The new enhanced metering system project was successfully completed early in 2016. We are experiencing the many benefits, which include:

- Faster response time to outages
- Remote connects and disconnects
- Individual hourly electric usage by consumer
- Identification of voltage issues

We also began a prepay system to allow consumers a new option for paying their bills.

In the environmental arena, HCE added a fourth community solar array, a 150 kW low income solar array and exceeded our five-year energy efficiency plan goal a year early. With the help of wind and solar spot-market purchases, HCE's clean energy was close to 35% for 2016.

The HCE Board of Directors, Management, and employees are continually striving to improve technology, processes, customer service, and service reliability to better serve you.

I hope to see you at our Annual Meeting at the 4 Eagle Ranch in Wolcott.



MEGAN GILMAN  
Board Chair

# BOARD CHAIR REPORT

Holy Cross Energy is in a period of transition with a lot to be thankful for and much to look forward to. The organization continues to operate with an eye to the future and a focus on strategic planning related to electricity supply, demand and services. As we reflect on the past nearly eight decades of the organization, we recognize the strong foundation and leadership which has allowed us to be in this forward-looking position.

HCE maintains reliable service and rates among the lowest in Colorado, while continually increasing our renewable energy supply and providing programs to help our Members save energy. This outstanding position is due to the leadership of the Chief Executive Officer, Del Worley, and the

dedicated staff at HCE, who work tirelessly for the benefit of our Member-owners. This strong foundation has provided the stability and deep technical knowledge which allows HCE to be versatile, sustainable and well-prepared for the challenges and opportunities of the electric utility industry for years to come.

Shortly, HCE will begin a new chapter with the transition to our 5th Chief Executive Officer in 78 years. We all look forward to welcoming our new CEO with open arms while bidding a fond farewell to Del Worley. The Board would like to thank our Member-owners for their support as we navigate the changing utility industry. We look forward to a bright future with you.



Thank you to the 2016 Board of Directors for their hard work all year.





MINDY TAGLER  
Vice President - Finance

# 2016 FINANCIAL REPORT

The 2016 financial operating results for Holy Cross Energy (HCE) were an operating margin of \$7,856,493 and total margin of \$8,797,747. Total operating revenue for the year was \$121,355,943. Once again, HCE exceeded all lender required financial and operating ratios. The Electric Cost Adjustment (ECA) average was lower than budgeted and provided a credit to Members four months of the year. This credit was primarily due to low-cost economy power purchases and other expenses coming in below the budget. Energy sales increased from 2015 by 1.1%, attributed mainly to weather and a slight increase in new construction. The pattern of minimal new consumer growth continued in 2016, with 0.1% consumer growth for the year.

Net Plant additions for 2016 totaled just over \$6.7 million. Additions for the year consisted of: distribution and transmission plant - \$6.4 million, headquarters plant - \$125k, and Comanche 3 generation facility - \$226k.

HCE made cash refunds of member equity during the year of \$6.7 million. Through December 2016, Holy Cross has retired \$142.4 million to its Member-owners.

The Board of Directors, Management and Staff of HCE have a strong commitment to maintaining the financial strength and integrity of HCE while balancing competitive rates, environmental awareness and continuing a high level of reliability. To help achieve these objectives, HCE prepares a Financial Work Plan each year which is a detailed blueprint of projected energy sales, revenues, cost of power, operating costs and projected plant expansion. To look further into the future a 20-year Long Range Financial Forecast is also prepared and updated annually.

Once again, HCE exceeded all lender required financial and operating ratios.

## STATEMENT OF NON-DISCRIMINATION

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs).

Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.), should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), and at any USDA office, or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

1. Mail: U.S. Department of Agriculture  
Office of the Assistant Secretary for Civil Rights  
1400 Independence Avenue, SW  
Washington, D.C. 20250-9410;
2. Fax: (202) 690-7442; or
3. Email: [program.intake@usda.gov](mailto:program.intake@usda.gov).

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# WESTERN DISTRICT CANDIDATE PROFILES



**David Hornbacher**

Member since 2010  
Carbondale, CO

As a member since 2010, I have experienced Holy Cross Energy's commitment to reliable service, customer excellence, rate management, and an expanding renewable energy portfolio. To build on this tradition of excellence, I will leverage my 30 years of Colorado electric utility experience to serve HCE Members through strategic vision, sound decisions and direction that builds the organization capacity to succeed in a changing electric industry.

Reliable and responsible energy are the cornerstones of a strong organization. Responsible energy is a transition to the fuels of the future. I am committed to advancing HCE's renewable energy portfolio advocating progressive goals that support our environmental stewardship and stabilize our energy cost in the future. In my current role as the Director of Utilities for Aspen, our team achieved

a 100% Renewable Energy portfolio in year 2015 while maintaining low rates. It is possible and I have the experience necessary to propel HCE along a similar path of rate stability and stewardship.

I will support policies that enable dedicated HCE staff to continue delivery of reliable energy and that leverages technology including the recently installed advanced metering system to improve service while reducing outages and operating cost. It is my priority to connect Members to expanded energy conservation and efficiency programs which is the opportunity to invest in our homes and business while saving on the monthly electric bill.

Your vote counts and determines the direction of HCE. I hope that my vision and capacity to deliver results will earn that vote.



**Clemons M. Kopf**

Member since 1996  
Glenwood Springs, CO

I am an electrical engineer and 47 year resident of Garfield County, with a bachelor of science in electrical engineering and served in the U.S. Army. I was the chief engineer of Holy Cross Energy (1970-1975) and consulting electrical engineer for the Alpine events site for three Winter Olympic Games (1988, 2002, and 2010). I am a lifelong member of the Sierra Club, Environmental Defense Fund, and the Crystal River Valley Environmental Protection Association.

My public service has been as the Chairman of the Colorado Air Quality Control Commission for 11 years, a member of the Garfield County Board of Review, the Glenwood Springs Fire Department, and the Glenwood Spring High School Basketball Referees Association. I installed 37 panels (10 kW) of solar electric energy on my home in 2014.

My goal as Board Member is to fulfill HCE's mission statement **"to provide its Members with the best possible services at a reasonable and competitive cost consistent with sound business and environmental practices"**.

Auden Schendler's (of the Aspen Skiing Company) endorsed candidates have won every contested election at Holy Cross Energy for the past nine years. This year Auden Schendler is endorsing City of Aspen Director of Utilities, Dave Hornbacher, for Western District Director of Holy Cross Energy. Don't vote for Dave, vote for me, Clem Kopf, an independent candidate, who will keep my eye on the ball (reliability, sustainability, and cost), and represent you.

Thank you for your consideration.



**Tom Edward VonDette**

Member since 2004  
Rifle, CO

I've been ranching in the Rifle area my entire life. I also own and operate Mountain Locating, a private utilities locating service, with 20 years' experience. During that time I have been locating for Holy Cross Energy and other utility companies in the Colorado River Valley from Battlement Mesa to Vail, and also up the Roaring Fork Valley. I have taken great pride in working with the Holy Cross crews to protect our utility and the contractors over the years.

I'm the President of the Holy Cross Cattleman's Association and I have served on the Energy Advisory Board for the past four years. I am also a member of the Pitkin Eagle Garfield Damage Prevention Council (PEGDPC).

I'm a 4th Generation Coloradoan and a 3rd Generation Holy Cross Member.

I look forward to being able to represent all the Members and their concerns as I have been involved in many aspects of energy in the valley throughout the years. I live and ranch in the western end of the district and will make sure down valley Members are represented and their points of view heard.

I respectfully ask for your vote to be elected to the Board, to help move Holy Cross Energy to be the optimal utility for all uses, incorporate clean energy where it will work and guarantee reasonable costs for all users.



**Jared W. Kerst**

Member since 2005  
Glenwood Springs, CO

I have resided in the Colorado, Roaring Fork, or Eagle River valleys my entire life with the exception of my college years when I earned a BS in Business Administration from CU Boulder. My family and I currently live in Spring Valley outside of Glenwood Springs where my business and home are served by Holy Cross Energy.

As the owner of Rivendell Distribution & Sod Farm, an agriculture based small business, my only experience in energy production is with photosynthesis. Energy consumption, however, is very much a factor in our farm business operation and every-day life. I am seeking election to the Holy Cross Board of Directors to represent Members, families, farms, and business in the decisions made about the direction of our exceptional co-op in delivering that energy.

I have always known Holy Cross Energy as "our" electric utility and hold the organization in high esteem. I consider the roots of Holy Cross Energy to be uniquely local, its history of service to be exceptionally progressive, and its direction to be refreshingly innovative. As a Board Member I will support the efforts of the very capable Holy Cross employees in continuing to provide reliable, responsible, and affordable energy. Decisions brought before the Board should be approached with an emphasis on seeking balance. Environmental and fiscal stewardship should go hand-in-hand. I will encourage efforts that explore opportunities for growth, technological advancement, and industry partnerships while maintaining a focus on delivery of excellent service to current membership.



**Adam L. Wibby**

Member since 2015  
Carbondale, CO

Electricity is our most important utility, from the simplicity of powering your alarm clock, to running an entire business. The Western District deserves reliable and efficient energy that we can all be proud of, energy that is there when you need it, provides jobs, boosts the local economy, and improves the beautiful state that we all live in.

My name is Adam Wibby and I am running to represent Holy Cross Energy as a forward thinking innovator. We need new ideas to bring more reliable, efficient and local renewable energy into our homes through affordable execution. With my personal experience as a business owner, research and development engineer, and practicing electrician, I plan to: 1) Launch a customer feedback program to hear what is most important to you, the customer; 2) Work with surrounding districts to design programs to address

your concerns and suggestions; 3) Develop self-sustaining environmental programs to empower Holy Cross for future change such as an electric car rebate designed to repay itself through added revenue due to vehicle charging; 4) Build more community solar sites giving access to renewables for renters and homeowners without roof space; and 5) Make paperless communication the default for new customers to reduce overhead costs and environmental impacts, while maintaining the option to opt in for snail mail.

Renewable energy should be our priority, but it's going to take clever programs to grow sustainably. I intend to push for further innovation and more efficient systems that save money for the business and the customer.

Thank you.

## INCUMBENT DIRECTOR PROFILE



**Megan M. Gilman** – NORTHERN DISTRICT (Member Since 2006)

I look forward to the opportunity to continue working on behalf of the Members of Holy Cross Energy. My respected colleagues on the Board of Directors have entrusted me as Board Chair and I continue to work hard as a liaison between the Board, staff and community stakeholders. I respect the responsibility that I have been given by the membership and work each day to ensure that I have the necessary information and insights to make decisions in the best interests of Holy Cross Energy, its staff and its Members.

In addition to serving you in the Holy Cross Board room, the Board of Directors has entrusted me to represent our cooperative in regular meetings with colleagues at the state and national level. I

represent Holy Cross on the Colorado Rural Electric Association, meeting with other cooperative directors throughout the state to share challenges and opportunities and to present the unique and diverse perspectives of our Holy Cross membership.

Access to reliable electricity has an amazing impact on our daily lives in our households, schools and businesses. It is important to continue to balance the cost and reliability of this power with a sincere focus on reducing the environmental burden of our electricity production and proactively preparing our utility for the challenges and opportunities of the future. We've made outstanding progress in balancing these priorities, and I look forward to continuing this important work.



# DIRECTOR ELECTION

Earlier this year, a Notice of Right to Nominate Directors was published in seven newspapers of general circulation in Holy Cross Energy's service territory. Six individuals posted nominations with Holy Cross Energy.

One petition was received for the Northern District Director position from incumbent Director Megan M. Gilman.

Five petitions were received for the Western District Director position: David Hornbacher, Clemons M. Kopf, Tom Edward VonDette, Jared W. Kerst and Adam L. Wibby.

See "Candidate Profiles" and "Incumbent Director Profile" (Pages 4 and 5) for additional candidate information.

In recognition of a non-contested election in the Northern District, incumbent Director Megan M. Gilman will be reelected for another three-year term by acclamation.

You may vote for one of the five Western District nominees by mail or in person at the Annual Meeting. If you choose to vote by mail, you must mark the enclosed ballot in accordance with the voting instruction listed on the blue Secrecy Sleeve. Your marked ballot must then be placed in the Secrecy Sleeve and mailed to the certified public accounting firm, Tapp & Associates Inc., in the enclosed pre-paid return envelope, which must be signed by the member. Return envelopes not signed by the member shall not be counted. Your ballot, whether sent by mail or hand delivered, must be received by Tapp & Associates Inc. on or before Thursday, June 8, 2017, by 6:00 p.m.

**SAMPLE BALLOT**

**2017 Ballot – Western District Director Election**  
(Please read "Candidate Profiles" and "Director Election" articles on pages 4, 5 and 6.)

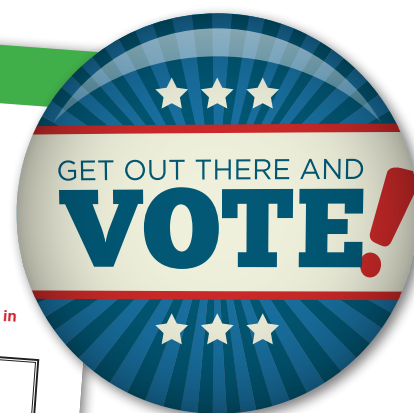
**Voting Instructions:**

1. Only members of Holy Cross Energy may vote.
2. Vote for **one** candidate in the **Western** District.
3. Insert **completed** ballot into the blue Secrecy Sleeve.
4. Insert blue Secrecy Sleeve into the pre-paid return envelope provided and seal. *(Please do not include payments.)*
5. **Sign** the back of the return envelope on the signature line. Your signature must agree with the name(s) on the adjacent label.
6. A person signing for a member, who is a business or public entity, must be authorized to do so.
7. After signing, mail to Tapp & Associates, Inc. Your ballot must be received on or before Thursday, June 8, 2017, by 6:00 PM.

**Vote For One Candidate in the Western District**

**Western District**

<input type="checkbox"/>	David Hornbacher Carbondale, CO
<input type="checkbox"/>	Clemons M. Kopf Glenwood Springs, CO
<input type="checkbox"/>	Tom Edward VonDette Rifle, CO
<input type="checkbox"/>	Jared W. Kerst Glenwood Springs, CO
<input type="checkbox"/>	Adam L. Wibby Carbondale, CO



## SEVEN COOPERATIVE PRINCIPLES

Cooperatives are guided by and operate in accordance with seven basic principles. As listed below, one or more of these principles will be expanded upon in future editions of the Consumer Connection Newsletter.

In Colorado, the twenty-two electric distribution cooperatives belong to a statewide organization known as the Colorado Rural Electric Association (CREA).

1

Voluntary  
and Open  
Membership

2

Democratic  
Member  
Control

3

Members'  
Economic  
Participation

4

Autonomy  
and  
Independence

5

Education,  
Training and  
Information

6

Cooperation  
Among  
Cooperatives

7

Concern  
for  
Community

# FINANCIAL INFORMATION

## COMPARATIVE BALANCE SHEET

ASSETS:		
	12/31/2015	12/31/2016
Total Utility Plant	\$400,754,624	\$408,189,365
Less: Reserve for Depreciation	\$116,529,380	\$125,399,636
Net Utility Plant	\$284,225,244	\$282,789,729
Investments in Assoc. Organizations:		
- Patronage Capital	\$4,110,666	\$4,418,939
- Other	\$3,097,980	\$3,077,945
Investments in Subsidiary Companies	\$8,923	\$8,923
Cash in Bank	\$8,082,271	\$11,270,903
Temporary Cash Investments	\$2,072	\$2,072
Notes and Accts Receivable Net	\$11,866,792	\$10,300,071
Materials & Supplies	\$3,527,848	\$3,376,298
Non Utility Property-Net	\$1,296,775	\$1,244,550
Deferred Debits	\$464,794	\$346,120
Other Assets	\$2,619,001	\$3,277,159
<b>TOTAL ASSETS</b>	<b>\$319,302,366</b>	<b>\$320,112,709</b>
<b>LIABILITIES:</b>		
Long Term Debt RUS/FFB	\$32,607,053	\$31,838,414
Long Term Debt CFC	\$138,112,028	\$138,625,437
<b>Total Long-Term Debt</b>	<b>\$170,719,081</b>	<b>\$170,463,851</b>
Patronage Capital	\$72,145,093	\$72,589,085
Other Margins & Equities	\$39,987,679	\$42,101,163
Accounts & Notes Payable	\$10,905,010	\$9,988,814
Consumer Deposits	\$609,362	\$558,722
Deferred Credits	\$15,188,102	\$14,867,532
Other Current Liabilities	\$9,748,039	\$9,543,542
<b>TOTAL LIABILITIES</b>	<b>\$319,302,366</b>	<b>\$320,112,709</b>

## STATEMENT OF OPERATIONS

Year Ending December 31, 2016

<b>Operating Revenues:</b>	
Residential Sales	\$66,848,925
Commercial Sales	\$51,425,899
Public Lighting	\$132,769
Other Electric Revenue	\$2,948,350
<b>Total Operating Revenue</b>	<b>\$121,355,943</b>
<b>Operating Expenses:</b>	
Power Production Expense	\$10,678,405
Cost of Purchased Power	\$49,215,398
Transmission Expense	\$1,885,982
Distribution Expense:	
- Operations	\$10,454,580
- Maintenance	\$4,358,785
Consumer Accounts Expense	\$3,683,601
Consumer Service/Information/Sales Expense	\$2,031,028
Administrative & Gen Expense	\$10,221,764
Depreciation Expense	\$12,469,513
Interest on Long Term Debt	\$8,480,841
Interest Expense Other	\$19,553
Other Deductions	\$0
<b>Total Operating Expenses</b>	<b>\$113,499,450</b>
<b>Net Margin from Operations</b>	<b>\$7,856,493</b>
<b>Other Margins:</b>	
Interest Income	\$147,491
Income From Equity Investments	\$0
Other	\$793,763
<b>TOTAL MARGIN FOR YEAR 2016</b>	<b>\$8,797,747</b>

## OPERATING STATISTICS

	1950	1960	1970	1980	1990	2000	2010	2012	2014	2016
Revenue per kWh sold (\$)	0.0476	0.0354	0.0256	0.0423	0.0657	0.0640	0.0845	0.0946	0.0998	0.0980
Cost of purchased power (\$) <sup>(1)</sup>	0.0024	0.0076	0.7597	10.310	29.350	27.919	61.862	64.278	72.734	69.630
Cost per kWh purchased (\$)	0.0115	0.0075	0.0110	0.0312	0.0438	0.0302	0.0520	0.0534	0.0589	0.0567
Power as a % of revenue	31%	26%	42%	76%	70%	48%	59%	57%	60%	58%
Number of employees	9	14	39	82	117	154	158	153	157	155

<sup>(1)</sup> Value denoted in millions of dollars

# Celebration & Annual Meeting

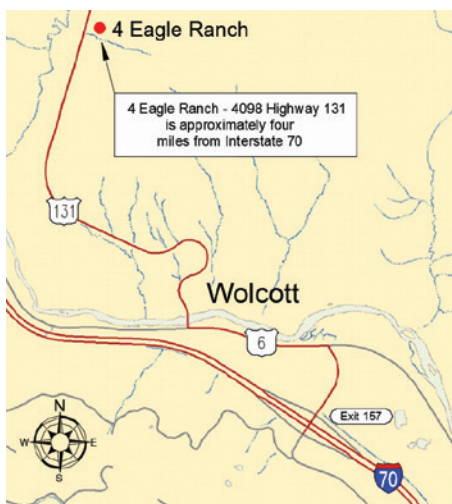
THURSDAY, JUNE 8, 2017  
@ 4 EAGLE RANCH, WOLCOTT



Come for the Fun, Stay for the Meeting!

## SCHEDULE OF EVENTS

4:30 p.m.	Doors Open for Registration; Kids Activities
5:00 – 6:15 p.m.	BBQ Dinner
6:30 p.m.	Business Meeting
7:40 p.m.	Prize Drawing



## MEAL, PRE-REGISTRATION & SPECIAL ARRANGEMENTS

### RSVP OPTIONS

To make your meal reservation, pre-register or notify us of special arrangements (hearing, visual or physical impairment concerns), we would appreciate your RSVP via one of two options:

#### By Phone:

Call (970) 947-5511 or (970) 947-5536. We accept collect calls if it's long distance.

#### Online:

Visit [https://www.holycross.com/annual\\_meeting](https://www.holycross.com/annual_meeting)

*Please submit your RSVP by 4:30 p.m. on Monday, June 5, 2017.*



## REMINDERS

1

Before you vote, please read "Western District Candidate Profiles" and "Director Election" articles.

2

Make sure you sign the back of the Pre-Paid Return Envelope on the signature line.

