



A NOTE FROM YOUR BOARD CHAIR

DAVID MUNK Chair

Navigating these changing times with your interests in mind.

It's safe to say that we will all remember 2020 for the rest of our lives. As we all adjust to the immense changes affecting nearly every aspect of our lives, I am grateful for the chance to share what HCE and your Board of Directors have been working on during the past year, including our COVID response and future outlook.

I'm proud of our entire staff for moving into action even before official distancing and shutdown orders were issued in March. The dedication to safe and reliable electric service from our leadership and throughout the organization led us to set up remote work capabilities quickly and efficiently. HCE led Colorado utilities in the development of workplace practices to ensure the health of our staff while also preparing for potential spring storms and outage response. As we move into our summer season, we are joining with local and regional partners to reduce wildfire risks while modifying response plans to protect staff from potential COVID exposure.

The focus today is on the safety and economic health of our communities.

It's under the shadow of the pandemic that the ongoing work of HCE staff

takes on greater meaning. First and foremost, our commitment to safety, reliable electric service, and affordable rates remains unwavering.

Because of these commitments, HCE is in very solid financial health, even while making headway toward our clean energy goals, completing significantly expanded wildfire mitigation work, installing system upgrades, developing projects like the Basalt Vista Net Zero Affordable Housing community with Habitat for Humanity, and introducing innovative programs such as PuRE, among many others.

As part of our commitment to you and the communities we serve, we have been launching new initiatives to help our members weather these unusually challenging economic conditions. We've been an important partner for 80 years, and we continue to be committed to serving you in these difficult times.

You will find more detail in the report which follows, our virtual annual meeting, and throughout the year via the HCE website, community events including Brats & Kilowatts, and various other online digital channels. Our Board is committed to you, our members, and to hearing YOUR voice - in good times and bad. We are here for you and look forward to meeting your needs and exceeding your expectations.

Be safe and stay healthy,

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Dave Munk, Board Chair



A NOTE FROM YOUR CEO

BRYAN HANNEGAN
President & CEO

It is my pleasure to present to you the 2019 Annual Report of the Holy Cross Electric Association.

As members and owners of your electric cooperative, I know you expect only the highest level of performance from us, and I'm proud to report that this past year we have continued to safely deliver increasingly reliable and affordable electric power to you and the communities you live in. In addition, we have made great strides forward during 2019 in delivering on our Seventy70Thirty plan to provide 70% clean energy to our members by 2030, while maintaining the safety, affordability and reliability of service you've come to expect from us.

As we continue to lead the responsible transition to a clean energy future, I want to take this opportunity to remind you of three characteristics that makes HCE uniquely suited to meet your current and future energy needs:

Your Cooperative

HCE is your rural electric cooperative. Each of you as our members is also an owner, and we operate by reinvesting revenue back into the communities we serve with stable rates and services that benefit our members and the communities they live in. Our Board of Directors are fellow members who are elected via a democratic process to ensure the way in which we conduct business is in the best interest of our members. We are your local electric cooperative.

Your Community

The communities we serve and the individual members who act as our shareholders will always come first. The wellbeing and resiliency of any one member is only as secure as the whole membership. In that spirit, HCE is proud to be a community partner, sponsor, educator and champion of causes and organizations doing the work to further us all into the future.

Your Choice

Choose your power. Choose your rate. Choose your program. In 2019, we introduced new programs and services that made it easier than ever for our members to customize the how and where they receive their electricity from.

While we cannot gather in person this year due to the COVID-19 pandemic and its aftermath, please know that we look forward to gathering with you again very soon. Until we meet again, I encourage you to stay engaged with us through our newsletters, website, social media, and consider participating in one or more of our energy programs or innovative services.

On behalf of the employees of HCE, thank you for allowing us the honor and the privilege of serving you with reliable, affordable, and increasingly sustainable electricity and services both now and in the future.

Sincerely,

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Bryan Hannegan, President and CEO

YOUR CO-OP

YOUR CO-OP

Holy Cross Electric Association, Inc. was organized in 1939 by a strong and independent group of farmers and ranchers in the Roaring Fork

and Eagle River valleys to bring electric service to these rural areas for the first time. There were ten original Directors, two of whom were women. "Holy Cross" was accepted as the official name of our Rural Electrification Administration (REA) cooperative at the first official meeting.

In September of 1941, the first lines were energized, bringing the benefits of electricity to about 175 families in the Roaring Fork and upper Eagle River Valleys.

Power was extended in 1950 to portions of the lower Roaring Fork Valley, Cattle Creek, Spring Valley, Woody Creek, Crystal River Valley, Frying Pan, and Sweetwater. Eventually, in 1958, it was extended to the upper Vail Valley, Gunnison County, and Marble.

Today, Holy Cross Energy (HCE) is a not-for-profit cooperative with 165 employees serving almost 44,000 members.

MISSION

Holy Cross Energy provides safe, reliable, affordable and sustainable energy and services that improve the quality of life for our members and their communities.

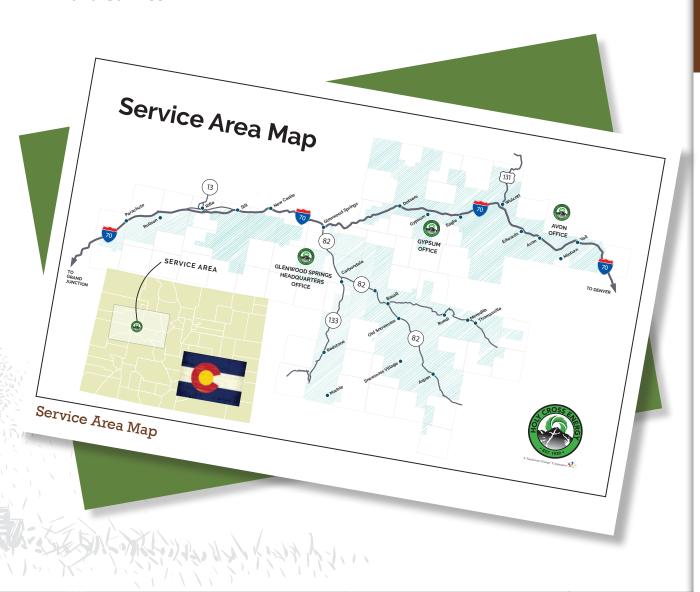
VISION

Holy Cross Energy is leading the responsible transition to a clean energy future.



OUR SERVICE TERRITORY

We provide electricity and energy products and services to members in the Western Colorado Counties of Eagle, Pitkin, Garfield, Mesa, and Gunnison.



BOARD OFDIRECTORS



Our directors are knowledgeable and capable community members who are passionate about their responsibility to you.





MEGAN GILMAN Chair



DAVID MUNK Vice Chair



ADAM PALMER
Treasurer



ROBERT GARDNER
Secretary



KRISTEN BERTUGLIA

Director



CLEMONS KOPF
Director



LARISSA READ
Director

ENGINEERING | PROJECTS WITH IMPACT

Maintaining our poles and wires can be a difficult task, especially over the mountainous terrain of our territory.

2019 was a busy year for our engineering team as they embarked on several new projects. We sat down with a few members of the team to hear first-hand about the projects that had the most meaning to them in 2019:



Keith Hernandez, Senior Utility Technician "We worked to put a small hydro plant on Gypsum Creek for the Town of Gypsum, installed transformers for the new fitness center at CMC's campus at Spring Valley and created a new electric vehicle charging station at the parking structure in Eagle. We also installed new lines for Stratton Flats subdivision for approximately 200 new residential units."



Allen Goad, Utility Technician – Engineering Design

"We rebuilt a new tie line between Dry Hollow and Mamm Creek for Colorado River Valley members to increase system reliability. We also added poles and protected transformers from our Rifle substation to Divide Creek."



Kenton Berner, Utility Technician – Engineering Design

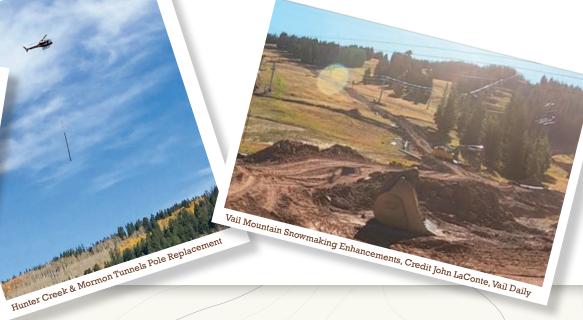
"Glenwood Canyon provides an interesting terrain challenge for our crews. We replaced a pole from the 1950s at mile marker 126, requiring cooperation from different agencies including the White River National Forest and the Colorado Department of Transportation. We also upgraded poles at the Hunter Creek and Mormon Tunnels up above Ruedi Reservoir. Our poles were originally hand dug using mules — we still hand dig, but now the poles are set with helicopters!"



Curt Hanson, Utility Technician – Senior Inspector

"We made a variety of system improvements, including over 100 updates to oil circuit reclosers, a type of protective device that is used to automatically restore power after an outage occurs."







Libby Cowling, Engineer

"We've been working on system improvements in Snowmass Village. Over the past eight years we've improved our system reliability by replacing lines that were directly buried with a conduit and vault system. In 2019, we worked specifically on the Wood Run and Ridge Run subdivisions. We improved our system resiliency by adding four new feeders out of our Snowmass Substation. We also replaced the power line to Ruthie's Restaurant on Aspen Mountain, which provided unique challenges considering the terrain."



Todd Foral, Utility Technician – Engineering Design

"We worked on system improvements and replacing systems protection devices. We replaced poles and reconductored lines up near Sweetwater Lake. The replacement of numerous poles up Brush Creek in Eagle was fun. It was cool to do the research of the original installation and see where my grandparents and great grandparents originally received power."



Glenn Wysocki, Utility Technician – Senior Inspector

"We worked with a homeowner to restore power to their new home after the original was lost to the Lake Christine Fire in the summer of 2018."



Jeff Vroom, Engineer

"Our team worked with Vail Associates on their Vail Mountain snowmaking enhancement project, the largest ever in North American history! In addition to upgrading their snowmaking equipment to be 85% more energy efficient, the project added 19 miles of new pipeline to compliment 421 new snow guns. In total, HCE added 19 new transformers to feed 22MW of new load."



SAFETY | THE REASON I GO HOME TONIGHT

There is a reason that the word safe is in our mission statement.

Every day our workers put themselves in situations that have the potential to cause harm. Assessing risk and taking necessary safety precautions is part of the culture of safety at HCE. Our linemen start every day with a job safety briefing focusing on personal ownership and responsibility for safety awareness, prevention and education.



"The ultimate goal is to eliminate all safety incidents and injuries in the workplace." - HCE Safety Coordinator, Brian DeCrow

Launched in 2019, our Safety is R.I.G.H.T campaign asks employees, both out in the field and in the office, what is the "Reason I Go Home Tonight?"

"For my wife," "For my dog," "For my son," "To watch the Denver Broncos win!"

By asking the why behind our actions, we can remain vigilant about the risks associated with electricity.

To kick off the campaign, HCE held its first-ever Safety Week, culminating in a company-wide luncheon where we celebrated our commitment to zero contacts, and the ways in which each member of our team creates a safe working environment for their peers.

OUR CULTURE OF SAFETY



- √ Year-long online training for all employees
- √ Incident reporting for near-misses and events
- √ Rigorous maintenance on equipment and vehicles
- $\sqrt{}$ Monthly safety meetings
- √ Participation in safety-related conferences and events



OPERATIONS | KEEPING THE LIGHTS ON

With 1,063 miles of overhead and 1,801 miles of underground primary power lines, our crews are constantly working to make sure our system is reliable and resilient. Not every day is a bluebird day and not every pole is next to a road, making for some truly interesting experiences for our operations crews.

1,801 MILES OF UNDERGROUND POWER LINES



"I would like to recognize the entire operations department at Holy Cross Energy: the metering shop, mechanics shop, warehouse, line crews, system inspectors and tree crews. There is a lot of work behind the scenes that makes safe delivery of electricity to our members' homes possible."

- HCE VP Glenwood District Operations, Cody O'Neil

1,063 MILES OF OVERHEAD POWER LINES

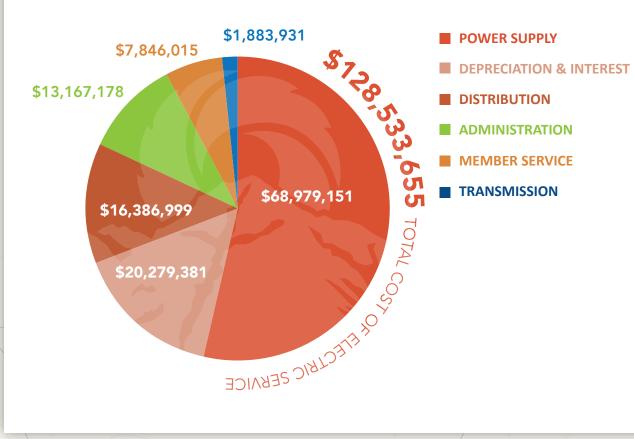
In 2019, we continued to take steps to protect our electric infrastructure and reduce the risk of impacts to our delivery system from wildfire. We conducted safety inspections of our poles, wires, and other key pieces of equipment important for delivery of electricity to you. In remote areas with harsh terrain, we employed airborne drones for inspection with great results. In high risk areas we further protected our key transmission lines by wrapping our poles with a new fire retardant material and installed new electronic fuses to reduce the risk of our system starting fires when a fuse blows.



OUR FINANCIAL HEALTH

HCE leadership has a strong commitment to maintaining the financial integrity and strength of your cooperative, in a way that balances competitive rates with reliable and safe service even as we lead the transition to a clean energy future.

To help achieve these objectives, HCE prepares a financial work plan each year as 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.



BY THE NUMBERS

\$3.6 MILLION

given as cash refunds to members as member equity

Since 1963 HCE has retired

\$156.1 MILLION

to members.

\$5 MILLION

in revenue assigned to be used in 2020 to defer a rate increase.

STAFF RECOGNITION



Eileen Wysocki



Dwight Dahlin

Every year, HCE recognizes two exceptional employees who have embraced our mission, vision and core values.

The Ed Grange Award of Excellence

The Ed Grange Award of Excellence program recognizes one of our non-operations employees for outstanding performance and their on-going commitment to the mission, vision, and core values of Holy Cross Energy.

In 2019, residential programs administrator Eileen Wysocki was nominated by colleague Mike Steiner for knowledge of energy efficiency measures and accurately conveying that information to members. "Eileen has been a key part of our EV home charger program. She has shown a unique ability to manage multi-layered programs, communicates well internally and to our members," Steiner said in his nomination.

The Larry Shaffer Award of Excellence

The Larry Shaffer Award of Excellence program recognizes one of our operations employees for outstanding performance and their on-going commitment to the mission, vision, and core values of Holy Cross Energy.

In 2019, metering and crew supervisor Dwight Dahlin was nominated by colleague Lisa Reed for his team's commitment to bringing HCE's new solar arrays on-line. "Dwight's leadership and guidance has resulted in better communications and processes to make sure our members are receiving a quality and safe interconnection." Reed said in her nomination.

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YOUR COMMUNITY

Over the last 81 years, HCE has developed into a member-focused and community-minded organization offering you, our members, services and programs providing value and improving your life.

The communities we serve and the individual members who act as our shareholders will always come first. In that spirit, HCE is proud to be a community partner, sponsor, educator and champion of causes and organizations doing the work to further us all into the future.





"As a cooperative, we exist to serve our members. We have found that one of the best ways to do that is to go out into the community and simply talk to our members.

What is important to you? In what direction would you like to see HCE go? What else can we provide that would improve your life?

These are all things that we look to the membership to help guide us as we plan for the **future."** - HCE VP Member and Community Relations, Jenna Weatherred



attended HCE hosted events in 2019





HOW WE GIVE BACK

HCE has been committed to serving our community for over 80 years, providing support to the organizations who contribute to the greater well-being of our region.





Wire Wise - Education Program

Our Wire Wise outreach programs are a fun and educational way to learn more about your local electric co-op.

Interactive activities for elementary-aged kids include The Story Behind the Switch and Easy Being Green. HCE also offers presentations for local service organizations to enlighten adults on what programs HCE offers beyond electrical service.

Corporate Social Responsibility Program - Sponsorships & Donations

In 2019, our corporate social responsibility program provided a total of \$320,000 in support to organizations working to better the place we call home.

Round-Up Foundation

When HCE members choose to round up their electricity bill to the nearest dollar, the whole community benefits.

HCE matches all funds donated and contributions are administered by he Round-Up Board of Directors. HCE covers all administrative costs of the program to ensure 100% of donated dollars are distributed to community and charitable causes.

LIGHTING THE WAY FOR GUATEMALA

A JOINT EFFORT BETWEEN OKLAHOMA AND COLORADO ELECTRIC COOPERATIVES



"If I have one God-given skill or natural ability, it's to climb wooden power poles. For me to use this skill to change these people's lives for generations, means everything

to me." - HCE Foreman, Rodney Sherman

In 2018, HCE partnered with Colorado and Oklahoma statewide cooperative associations to bring electricity to rural areas of Guatemala. Our first volunteers were Christian Baker and Chet Stickler. In August 2019, Rodney Sherman joined nineteen other linemen for two weeks electrifying the remote Guatemalan village of Sillab as part of a joint effort between Colorado and Oklahoma electric co-ops. With coordination efforts provided by the philanthropic arm of the National Rural Electric Cooperatives Association, the trip reinforced the commitment of co-ops to improve the quality of life for communities both at home and abroad.

During the course of their time in Sillab, 37 homes, a school and four churches received electricity for the first time. The team built 6.5 miles of line using over 40 poles set across challenging terrain. Each home was equipped with four light bulbs, two light switches, and two electric outlet boxes.

"There are 600,000 families in Guatemala without electricity, 22 different languages sometimes spoken just two miles apart from each other. If co-ops don't help these folks get electricity, they will never have it," Sherman shares. "Hanging the transformer to be used for the school touched me deeply," he says. "The night we turned the power on we knew their lives were changed from then on out."



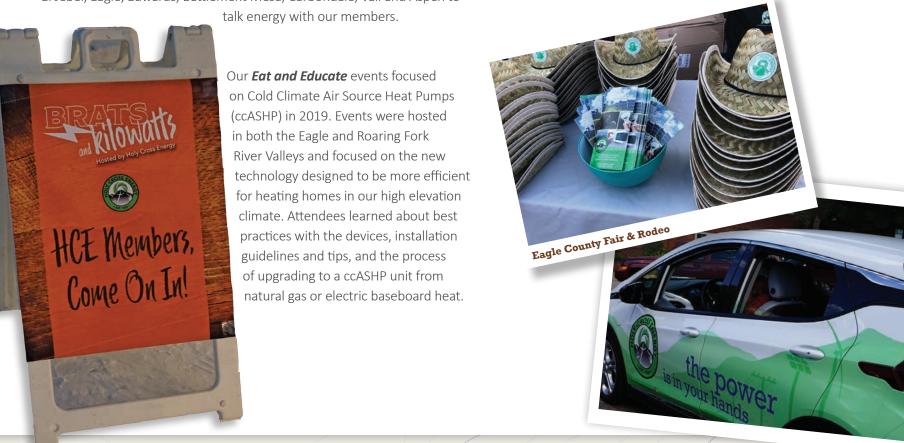
ENGAGEMENT & OUTREACH | OUR COMMITMENT TO OUR COMMUNITIES

We invest in our members by hosting and participating in events that have a positive impact on our communities.

Brats and Kilowatts is a great opportunity for our members to enjoy an evening out and learn about what's happening at the co-op. At these informal events we partner with local restaurants and breweries across our service territory to hang out with YOU, our members! In 2019, we visited El Jebel, Eagle, Edwards, Battlement Mesa, Carbondale, Vail and Aspen to

We partnered with the Climate Action Collaborative and towns within Eagle County to host *Pizza for Climate Action* events where members could learn more about our renewable and sustainable programs such as *PuRE* (Powered by 100% Renewable Energy).

We also partnered with Clean Energy Economy for the Region (CLEER) to create an *Electric Vehicle Sales Event*. CLEER negotiated lower prices for EVs from local dealerships and helped us highlight available tax credits and rebates for our members at test-drive events and workshops.



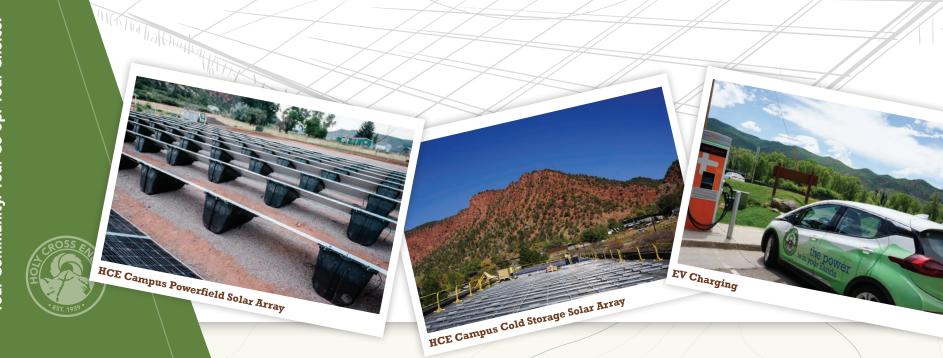
YOUR CHOICE

Choose your power. Choose your rate. Choose your program.

In 2019, HCE introduced several new programs and services that make it easier than ever for members to manage their energy costs, choose cleaner energy options, and incorporate new technologies into their daily lives.

Programs launched in 2019:

PuRE | Residential and commercial renewable energy program
Charge at Home. Charge at Work. | EV charging program
Energy efficiency | Online marketplace & e-bike rebates



ENERGY INNOVATIONS AT HCE

PuRE: Powered by 100% renewable energy

In June we launched our PuRE program, allowing members to offset 100% of their electricity usage with renewable energy.

By participating in PuRE members power their home or business with solar, wind and hydro power. HCE's PuRE program proceeds are used for more energy efficiency measures and to develop additional local renewable projects on the system. In 2019 over 2,000 members enrolled in the program and their participation helps HCE lead the transition to a clean and reliable energy future.

Helping to further this effort, many municipalities in our service territory have become members of PuRE as they work towards their own carbon-reduction goals. The towns of Vail, Avon, Eagle, Carbondale, Basalt, Snowmass and Aspen have all pledged their commitment to 100% renewable energy.



"2019 was an exciting year, many of our member communities made the commitment to join PuRE. By participating, they are helping accelerate HCE's renewable





























Electrification of Transportation

At HCE, we're preparing for a future that's increasingly electrified.

Our Electric Vehicle (EV) programs aim to meet a broad range of member needs: from ensuring cost-effective home and workplace charging, to reducing range anxiety through a localized network of fast chargers, to meeting the mass transit needs of our members and local community partners.

Charge at home. We will provide a complimentary Level II battery charger for any member who owns or buys an EV. Our goal is to make the entire process of installing a new home charging station as easy and inexpensive as possible. We will also pay an electrician to install your charger and spread the cost out over three years on your electric bill.

Charge at work. We are partnering with local towns and businesses to provide cost-effective workplace charging solutions. At the conclusion of 2019, we had installed eight Level II charging stations with civic partners for their employees and for travelers on our mountain corridors.

Charge my ride. The Roaring Fork Transportation
Authority (RFTA) now has eight electric buses deployed
throughout the upper Roaring Fork Valley. The buses
are a result of a partnership between RFTA, the City
of Aspen and HCE. In Eagle Valley, we are partnering
with communities and ECO-transit to deploy several
more electric buses. HCE worked to install sufficient bus
charging infrastructure, develop new utility rate designs,
and provide renewable energy options to fuel these
electric transit buses



Energy Efficiency

HCEstore.com. We launched an online marketplace in late 2019, at the request of our members who wanted more access to energy efficient products. The HCEstore is the best place for our members to get instant rebates on energy efficient products like thermostats, lighting, air filters, power strips and water saving devices.

E-bike rebates. HCE members can now get a \$200 rebate when buying a new e-bike from a local bike shop when using the e-bike to offset vehicle miles. A rebate application can be found on our website and will be valid until the end of 2020.



"It is great to see members embrace the new trend for commuting and running errands. Leaving your car in the garage and hopping on your e-bike is good for you and good for the planet."

- HCE Energy Efficiency Program Administrator, Mary Wiener



Pitkin County Solar



In response to a strong local desire for renewable energy, the Pitkin County Solar project is a collaboration between the Aspen Consolidated Sanitation District and HCE.

The project will produce 5MW of electricity from a facility that consists of approximately 18,000 solar panels. The land is owned by the Aspen Consolidated Sanitation District, within one mile of the Aspen-Pitkin County airport on approximately 35 acres of land, formerly utilized as a biosolids disposal site. The Pitkin County Solar project provides an opportunity to help Aspen Sanitation meet their financial and environmental goals, while supporting the community's renewable energy initiatives.

HCE Glenwood Campus Solar

Two new solar projects at our headquarters in Glenwood Springs allow us to help offset the energy use and carbon emissions associated with our office operations.

Together, the solar arrays offset about 44% of current electricity consumption at our Glenwood Springs campus. One of the solar arrays, located in the field directly south of our Glenwood Springs campus, is unique in that the 554 solar panels are not permanently affixed to the ground. The unique solar panel racking system, made by Powerfield, can be disassembled and redeployed in a different location using the same parts and materials.

The second solar array installed is a traditional rooftop design and can be seen from Highway 82. The 268 panels operate at a higher wattage than older panels, making them more efficient overall. Carbondale-based solar designer and installer Sunsense was chosen for the installation.

HCE celebrates the completion of two solar arrays at the Glenwood Springs campus.

Basalt Vista: The future of affordable housing

Community partners such as Pitkin County, the Roaring Fork School District, Habitat for Humanity, Community Office for Resource Efficiency (CORE), the town of Basalt and others came together to pioneer a solution to the lack of affordable housing for teachers and essential personnel in the Roaring Fork Valley.

With land donated from the school district, infrastructure supplied by Pitkin County and the town of Basalt, and Habitat for Humanity building and subsidizing the units themselves, the Basalt Vista Affordable Housing Partnership was formed. By 2022, 27 affordable homes will be built next to Basalt High School with homes awarded based on a lottery application.

Early on in the process, HCE was approached about electrification, improved energy-efficiency and the use of roof-top solar to power the homes. Our 2019 residential member satisfaction survey indicated our members want HCE to help them be more energy efficient and Basalt Vista was a great test case. Working with the project partners, it was determined that the homes would be Colorado's first rural all-electric, net-zero, affordable housing community.

The homes themselves will replace natural gas use with electricity produced on site. The energy production will keep energy costs as low as possible, while using energy storage will help stabilize demand and production.

HCE saw an opportunity to contribute further to the energy optimization and resiliency of the homes by establishing a first-of-its-kind energy distribution system that is being piloted in the first four homes. Working with the National Renewable Energy Laboratory, we are studying how adjusting the energy levels of the homes may be more cost-effective for members than modifying production at a power plant. In this way, we hope to learn how to further save our members money by reducing the amount of energy needed during our busiest times when the cost of electricity is most expensive.



"Our hopes with Basalt Vista are to lower utility bills for our members, allow them to use 100% clean energy, and to understand how distributed energy resources will become a part of our energy system going forward."

- HCE CEO & President, Bryan Hannegan







With funding provided by HCE and CORE, the homes are furnished with a variety of energy efficient products, allowing them to achieve overall efficiency and net zero status:

Solar panels are utilized to capture energy from the sun and turn it into usable energy by the homeowners and the grid.

Battery storage not only provides backup power it also allows solar energy captured during the day to be used at night when the sun isn't shining.

Cold climate air-source heat pumps deliver 1.5 to 3 times more energy than they consume by transferring heat absorbed from outside air to inside the homes.

Electric vehicle charging stations create another avenue for renewable energy production to be directly used onsite.

Tight building envelopes will allow the energy that is produced to stay inside the homes.



"Using the lessons learned at Basalt Vista we are designing new programs that could reduce our overall power cost and make our gird inherently more resilient."

- HCE Research and Programs Engineer, Chris Bilby

The technology would also help in the case of a power outage. The homes could supply enough energy to each other to keep the lights on in the event of an outage. In the wake of the Lake Christine Fire of 2018, it's important to us that we explore our backup options in the case of a large-scale outage. Overall, we have committed to working with our communities to lead the responsible transition into a clean energy future.



Today I got to see the future (and present!) of net-zero energy affordable housing at Basalt Vista in Basalt...The picture is the amazing board and staff of Holy Cross Energy, and finally the counter top in the homes, made in shop class at Basalt High School just down the road. It was inspirational to see this amazing net-zero energy affordable housing, a true model for Colorado and our country.

- Facebook post, Governor Polis



As we navigate the COVID-19 pandemic, our top priority is to keep our community safe and your energy reliable.

