

ANNUAL MEETING OF MEMBERS
Y-W ELECTRIC ASSOCIATION, INC.
June 13, 2024

The 79th Annual Meeting of the Members of Y-W Electric Association, Inc. was convened at 6:00 P.M. on June 13, 2024, at the Y-W Electric Association, Inc. headquarters in Akron, Colorado, pursuant to notice required by the Bylaws of the Association.

PLEDGE OF ALLEGIANCE

Manager Trent Loutensock led the members and guests in the Pledge of Allegiance.

INVOCATION

Pastor Terry Covert gave the invocation.

CALL TO ORDER

President Joneal Young called the meeting to order.

INTRODUCTION OF BOARD MEMBERS AND STAFF

President Young introduced the members of the Board of Directors, their wives who were present and members of the Y-W staff.

INTRODUCTION OF GUESTS

Manager Loutensock introduced guests.

QUORUM AND VOTING RULES

Attorney Bryson Fredregill reviewed the bylaw provisions relating to quorum and voting rules.

REPORT OF ATTENDANCE

President Young reported that 302 members registered for the meeting and thus a quorum was present for the conducting of any business that might come before the meeting, including the election of directors.

READING OF NOTICE OF MEETING

Secretary Freeman Morris read the Notice of Annual Meeting, which includes the time and place of the annual meeting, proof of publication, and the agenda of business to be considered at the meeting.

APPROVE 2023 ANNUAL MEETING MINUTES

It was properly moved, seconded, and carried that the reading of the minutes of the 78th Annual Meeting of Members held June 8th, 2023, at Akron, Colorado, be dispensed with and approved as published in the Colorado Country Life magazine.

INTRODUCTION OF NOMINEES FOR DIRECTOR

Attorney Fredregill introduced the nominees for Director:

Larry Winger	District 2
Aaron Gebauer	District 5
Brooke Price	District 9

ELECTION OF DIRECTORS

President Young announced that because there is no competition for any of the Director positions, a voice vote is appropriate. It was properly moved, seconded, and carried to elect Winger, Gebauer, and Price, as directors for their respective Districts.

2023 CREA CAMP AND YOUTH TOUR DELEGATES

Andy Molt introduced the students Y-W sent to the 2023 CREA Camp: Claire Gdanitz, Molly Porteus, and London Breese. Gdanitz, Porteus, and Breese spoke about their time at camp. Molt introduced the student that Y-W sent on the Washington D.C. Youth Tour: Samantha Heath.

2024 CREA CAMP/YOUTH TOUR DELEGATES

Andy Molt announced the delegates for the 2024 CREA camp and Washington D.C. Youth Tour. They are Anderson Filla, Akron; Haylee Roseberry, Akron; Alyssa Roberts, Yuma; Merek Charney, Akron; Trent Hall, Idalia for the CEEI camp; and Krista Weiser, Idalia for youth tour.

2024 SCHOLARSHIP WINNERS

Andy Molt announced the 2024 Scholarship winners. They are:

Y-W ELECTRIC - 4-YEAR \$2,000 - RENEWABLE

SAMANTHA HEATH - IDALIA SCHOOL
ADDICYN KESSINGER - AKRON SCHOOL

Y-W ELECTRIC - \$2,000 - ONE TIME

CLAIRE GDANITZ - WRAY SCHOOL
CALLIE RICHARDS - IDALIA SCHOOL
CARTER WELLS - OTIS SCHOOL
KAITLIN KRAMER - WRAY SCHOOL
KEYONDRA SAMPSON - AKRON SCHOOL
JORDAN GLANZ - OTIS SCHOOL
ALLI HORNUNG - OTIS SCHOOL
OSCAR ORNALES - IDALIA SCHOOL
KIERSTEN WINGFIELD - IDALIA SCHOOL
ALYSSA CLARK - WRAY SCHOOL
LILLY MONAT - ARICKAREE SCHOOL
MARANDA MASON - ARICKAREE SCHOOL
BROOKLYN HENSCHER - HIGH PLAINS SCHOOL
CAELAN CHURCH - HIGH PLAINS SCHOOL
ISABELLA YOUNG - YUMA SCHOOL
KALE MORRIS - IDALIA SCHOOL
SYDNEE CHEEK - WRAY SCHOOL
KALEN KEMP - AKRON SCHOOL
LONDON BREESE - LONE STAR SCHOOL
KYNDAL RICHARDS - IDALIA SCHOOL
TEREK GLANZ - IDALIA SCHOOL
MADISYN JOHNSON - WRAY SCHOOL

BASIN ELECTRIC - \$1,000

EMMA SCHIPPERS - AKRON SCHOOL

TRI-STATE G & T - \$1000

MOLLY PORTEUS - AKRON SCHOOL

LINE TECH - \$1,000

RYAN MCCAFFREY - AKRON SCHOOL
LANDRY PEEPLES - ARICKAREE SCHOOL

CONTINUING EDUCATION - \$500

MIA DISCHNER - COLORADO STATE UNIVERSITY
COLIN HARDWICK - SOUTH DAKOTA SCHOOL OF MINES
BRANDY HENRICKSON - WICHITA STATE

DAVID MCCAFFREY - MURRAY STATE
HUNTER MOLT - CENTRAL COMMUNITY COLLEGE
EMMA PEEPLES - TEXAS TECH UNIVERSITY
NADALYN POSS - BLACK HILLS STATE
BENJAMIN REBIS - UNIVERSITY OF WYOMING
HAILEY STIVERS - LARAMIE CITY COMMUNITY COLLEGE

PRESIDENT'S REPORT

President Joneal Young gave the following report:

Welcome to all Consumers, past and present Board Members, Manager, and past and present Employees. Thank you all for attending today.

I would like to talk about several items tonight. Supply chain issues are a situation that we all deal with at times. Most of us are connected to agriculture in one way or another. Parts may or may not be available, may or may not arrive on time, or we might end up with the wrong part.

It is no different with the Electric Industry. There are a few ways for Y-W to work with this:

1. Adjusting traditional operating procedures to minimize consequences due to supply chain problem.
2. Purchasing additional inventory.
3. Implement inventory partnerships with distributors.
4. Do more advanced planning as the planning horizon has been lengthened months and years out already.

Not being able to receive orders for supplies is another issue. The Consequences of waiting on material and supplies could be:

1. New services could have to wait to receive materials.
2. System maintenance delays or postponements.
3. Permanent storm outage restoration delays.

Another issue is material availability. General powerline building hardware has leveled out and is mostly available when needed at this time.

We reported last year that Y-W was being adversely affected by commonly used power line material. Today, the supply chain is catching up (mostly) in price and lead-time for common material:

1. 35' class 3 poles
 - In 2023 the cost was \$1027.00 and 21 week lead time
 - 2024 cost is \$1136.00 and 15 weeks lead time
2. 10' crossarms
 - 2023 cost was \$125.00 with a 4-week lead time
 - 2024 cost was \$125.00 with a 4-week lead time
3. 200A meter sockets
 - 2023 cost was \$375.00 and had a 6-month lead time
 - 2024 cost is \$375.00 and has an 8-9 month lead time

Transformers are the biggest issue it seems at the moment. For Instance, in the last couple years a 50 KVA 3ph pad mount 277/480 went from \$8300 to \$15,150 and from a 2-month lead time to a 2-year lead time. Price is subject to change at the date of shipping as well. Another example, pole mount single phase transformers have almost doubled in price. An example of this is a 5 KVA CSP, for which the 2021 cost was \$653.00 with the equipment usually in stock with no lead time. The 2024 cost is \$1200.00 with approximately 9-month lead time.

So even if we can get the poles sooner, we may have to wait on the transformer. Currently, our biggest problem is the fleet:

1. Model-Altec AN55E-OC-55' Big Bucket: The May 2023 quote was \$445,097.00 with 4-5 years before delivery. Y-W ordered the same unit in January 2020 for \$269,639.70. The truck was delivered in January 2021.
2. Model -Altec DH50E-50' Digger Derrick: The November 2023 quote was \$402,395.61. The Digger truck Y-W is purchasing has been on order since August 2020. This truck should arrive in 2024-2025. Y-W Purchased the same unit in August 2022 for \$327,067.25. It was ordered in November 2020.

3. Model Altec AT40G-40' small bucket truck: This unit was purchased in May 2024 for \$168,830.00. To plan ahead for replacements Y-W was quoted the price of \$209,404.00 for the same unit with a two-year lead time for delivery in May of 2026.

Obviously, replacement costs and time frames are an issue.

Another huge expense for YW is Storm Damage costs.

The first storm was the Washington County Storm of June 21, 2023, The storm hit southwest of Akron and northwest of Anton. Outages were caused by severe storms forming tornadoes. Two hundred one meters were affected with a total of 784 total outage hours. Thirty distribution poles were lost at a cost of \$126,000. The Federal Emergency Management Agency (FEMA) paid 75% of the cost, 12.5% was funded by Y-W.

One week later, June 28, 2023, Yuma County had a severe storm. This storm was located north and northeast of Wray. Keep in mind these storms were 1 year ago. Outages were caused by the severe storm with microburst straight line winds. The Tri State 115 kV transmission line fell onto a YW 12.5kV distribution line. Four hundred thirteen meters were affected with 5078 total outage hours. Twenty plus 115kV transmission line structures went down. 104 Distribution poles were downed. The cost was \$441,111.02 to Y-W.

August 8, 2023, brought another severe storm and tornado. This storm was located south of Yuma and the Idalia area. Two thousand one hundred twenty-seven meters were affected with a total of 5519 outage hours. Fifteen 69kV transmission line structures were lost, as well as 35 distribution poles. Two Tri State 115 kV transmission structures were also lost. The total cost of that storm was \$511,312.41, again to Y-W.

The total effects of the 2023 Severe Storms were:

1. 2741 meters were affected by outages.
2. 11,382 outage hours
3. \$1,078,400 total cost of all severe storms in 2023

The Wray Warehouse was another major project for 2023. The original building was constructed in 1976, and an addition was made in mid-1980. Wire storage was added early to mid-1990s. Realizing mold and termite damage was in the original office and noting the building itself was small and outdated, Y-W decided to replace the entire original building. This made for a much better working environment and useful facility.

Finally, we have sincere appreciation for each and every Y-W employee who makes the power flow. These valuable employees are the ones who “keeps the lights on” and the “sprinklers running.” We are all very grateful for their continued service even during a nasty storm.

Please take note: The Board of Directors meets the 3rd Tuesday of each month. If you have any questions or concerns about the Association, please contact your director or management.

Thank you for your attendance.

MANAGER’S REPORT

Manager Loutensock presented the following report with the aid of a slide show:

The financial information that is being presented this evening is for the year ending 2023.

Balance Sheet

The balance sheet is what the cooperative owns and what it owes. At the end of 2023 the assets of Y-W were \$135,951,643. This is what your cooperative owns.

What Y-W owes is shown on the balance sheet as liabilities. Y-W’s liabilities consist of the following:

- Long Term Debt - Federal government and other lender institution borrowing: \$65.4 million.
- Member Investment - Money owed to you the member as capital credits, which will be returned to the members over time with the retirement of capital credits: \$63.5 million.
- Current & Accrued Liabilities - Taxes, Deferred Rev., Cons Deposits, AP, Emp PTO: \$6.95 million

2023 Revenue

Y-W's 2023 revenue consisted of the following amounts and percentages of total revenue:

• Irrigation:	\$21 million	47.5%
• Residential:	\$7.1 million	16%
• Commercial:	\$15.9 million	35.7%
• Other:	\$346,000	0.8%
• Other Electric revenue:	\$309,000	
• Non-electric revenue:	\$655,000	

The total revenue received was \$44,472,555.

2023 Operating Expenses

Y-W spent \$43.2 million to provide electric service. The cost of wholesale power (cost of power, transmission expense less property taxes) was \$28.7 million. Operations and maintenance expenses(distribution expenses less property taxes; consumer expenses; and A&G less property taxes) were \$8.3 million. Depreciation of Y-W infrastructure was \$3.5 million. Property taxes paid in Washington, Yuma and Kit Carson Counties was \$773,000. The interest on long-term debt was \$1.9 million.

2023 Margins

Y-W's margins are the difference between revenue received and the expense of operating Y-W. Margins are allocated to the membership as capital credits and will be

paid to you in the future. Y-W's 2023 margins are \$544,000 from the sale of electricity; \$240,000 from interest and other non-electric sales; \$414,000 from capital credits and patronage dividends. Y-W's total margins for 2023 were \$1,199,421.

2023 Capital Credits

Y-W returned \$1,788,539 to our member-owners in 2023 and a total retirement to date of \$40,574,250.

Capital Credits are evidence of the benefits of being a member of a cooperative.

Deferred Revenue

Deferred revenues consist of margins from preceding financially strong years, set aside as cash, to be used in subsequent years to moderate future revenue requirements and rate increases. For 2023, the Y-W Board deferred \$500,000 of margins. Historically, Y-W deferred revenues in 2021, 2022, and 2023 for a total of \$3.5 million. Deferred revenues assist in insulating your cooperative from industry risk due to an unpredictable material and service supply chain; member unrest at TSGT; early generation plant retirement; adverse legislation and regulation; and irrigation water uncertainty. Y-W is budgeting to use \$1,000,000 of deferred revenue in 2024.

Y-W Rates

The electric utility industry has traditionally been a stable, predictable industry but has become unstable and unpredictable. There have been state and federal policy changes and increases in regulatory oversight.

In 2024, Y-W experienced a 3.53% average rate increase with its demand rate (\$0.50/kW). This was driven by a 7.56% increase from TSGT (\$2.3M), effective 7/1/24 or 8/1/24. This increase still requires approval of the Federal Energy Regulatory Commission (FERC). There is potential for an additional 3.1% (\$1M) increase from TSGT based on the FERC approved rate structure. Y-W's 2024 retail rate increase was also due to Y-W cost inflation, including material, labor, and equipment. Under the 2024 budget plan, Y-W anticipates recognizing \$1 million of deferred revenue to meet lender covenants.

As to 2025 rates, Y-W staff is reviewing system costs, conducting rate analysis, and reviewing revenue requirements; Y-W has up to \$3.5M in deferred revenue available, which could be used to moderate rate increase requirements.

Looking forward, the TSGT rate structure will change, subject to FERC approval, and Y-W rate structure changes will follow. Y-W is participating in the FERC rate filings along with other rural electric coops to advocate for the Y-W membership and for fair and reasonable rates for Y-W members.

2023-24 Construction and Maintenance Activities

YW's purpose centers around safety (employees and members), reliability, resiliency, and affordability. Y-W's members need power that is safe to use, a power system that you can count on, a power system that is resilient to Eastern Colorado storms, and a power system that you can afford. Y-W spent \$337,000 on 59 new services, \$3.6 million on 10.13 miles of power line and 546 poles, and \$575,000 on line equipment.

YW's purpose doesn't happen without some seriously dedicated and talented individuals. When most of us are heading inside during severe storms, many Y-W employees are heading out into the storm. For the recent storm on May 20, 2024, in Yuma/ Wray Area, they worked 7:00 am - 5:30 pm (10-hour day) (Monday) and were called out again at 10:30 pm to work through the night. They worked until the following day at 5:30 pm (Tuesday). Finishing on Tuesday evening, the last time they slept was Sunday night. They are tough and committed people. We have sincere appreciation for each one of the Y-W employees who make the power flow as reliably as possible.

And thank you to the Y-W Board of Directors who support us in letting us do our thing and keep the power flowing.

I love this picture - taken on local coop powerline. You see the dedicated coop employees during a miserable storm. But what I really like about this picture is the Member sitting in his tractor, part of the solution, waiting to drag the utility vehicle down the road to the next problem.

We see this all the time when we need help to get the power flowing. This is what rural cooperatives are all about. A heartfelt thank you to the Y-W membership who often go unrecognized.

DRAWING - GRAND PRIZE

Manager Loutensock explained the rules for the \$5,000.00 grand prize. The name of the winner will be selected from the entire membership. If that member is present, they will

be the winner of the grand prize. If that member is not present, a second name will be selected from the entire membership. If that member is present, they will be the winner. If that member is not present, the grand prize will not be awarded. Loutensock also explained the rules for the \$250.00 and \$500.00 door prizes. The names of two members attending the meeting will be randomly selected from a list containing names of all members that registered at the meeting. The first name selected will win the \$250.00 prize and the second person selected will win the \$500.00 prize.

PRIZE DRAWINGS

Door prizes were awarded, including prizes of \$250 and \$500. Steven and Heather Funk were selected for the \$5,000.00 prize. The Funks were not present, so the second name was selected. Paul and Joy Livingston were the second members selected. The Livingstons were not present, so the prize was not awarded.

APPROVAL OF REPORTS

It was properly moved, seconded, and carried that the members accept and approve the reports presented at the meeting and approve the actions of the Board of Directors for the year 2023.

ADJOURNMENT

President Young called for any other business that should come before the meeting, and, hearing none, ruled that the meeting be adjourned.

President

Secretary