

Defining Our Membership


Linking Power with the People

2002

Annual Report to Members



**UNITED
POWER**

Your Touchstone Energy® Partner 

Committed to you...

An Open Letter to Our Members:

United Power continues our commitment to you, our customers. Our approach has been grounded in the basic principles of cooperatives, and grounded in our belief that our customers come first. We are locally owned and operated, which means we are much more than just your power supplier. Our employees live in your neighborhoods, their children attend the same schools as your children, and they work side-by-side with you to build a better community for everyone who calls this town home. Among our employees are volunteer firemen, mothers who help teach reading at the local schools, and people who serve beside you on local boards and committees. We are more than your electric company, we are your friends.

locally
owned &
operated

reliable

We continue to build a power system that provides reliable service. We made dozens of important upgrades in the past five years, all leading to a system we are confident can keep your power on through nearly every situation. We have carefully worked with cities and counties to determine their needs for power -- power for homes, businesses and to light new roadways through out our territory. We are powering the template for our communities' future.

not-for-profit



Through our partnership with Tri-State Generation and Transmission, we've worked hard to assure a reliable source of power at a reasonable price. While rates have climbed in the past two years, we're proud of our ability to keep those increases to a minimum. Compared with other costs every family pays -- from gasoline to food -- our rates are surprisingly stable. Since we have no stockholders or corporate investors concerned about monetary returns, our only commitment is to you. As a not-for-profit entity we don't have to create huge returns for our stockholders. It is in these ways we link our members to power - electrical power and the power to run their cooperative.

Robert Broderick, CEO

Customers = Members = Owners

customer • n

1. a person who buys, especially one who buys regularly; as, she is one of our customers.

You are a United Power customer because you buy electricity, each month, from our cooperative. We are probably one of several companies that considers you a customer -- from the bank you use to the grocery store you frequent -- you are a customer to many businesses.

Members are different from customers because they understand that they “belong” to the group. You are probably a member of many different groups. From civic and service groups to your own family, you are a member of each group. Throughout time and across societies people have formed groups to achieve greater goals than they could achieve on their own. We have learned that the whole is somehow greater than the sum of the parts - that together we can achieve extraordinary results. As a member of United Power you are an integral part of the success of our organization.

Ownership brings both responsibility and benefits. As an owner you can control the direction of your venture, and you share in the rewards of your successes. Owners make decisions, oversee the results and work hard to keep the venture healthy. As a customer and member of United Power, you are also an owner of this cooperative. Each year you can vote in an annual election of our board of directors, you can even run for a seat in your district. Through your director you can make sure your voice is heard on important issues, from reliability and rates, to technology and community service. Unlike many other companies, you can actually affect how United Power does business in your community, and we welcome your involvement.



member • n

3. a person belonging to some association, society, community, party, etc.

owner • n

1. one who owns; the rightful proprietor; one who has the legal or rightful title, whether he is the possessor or not.

Governed by the people...



Do you know how we invest in our board members?

United Power board members earn certification through the National Rural Electric Cooperative Association by taking specialized certification classes. The classes cover the basics of electric cooperatives, technical information about providing electricity and much more. Certified board members are better informed and make better decisions about your cooperative.

United Power's operation is guided by an eleven member board of directors. Anyone who receives electricity at their primary residence from United Power is eligible to run for a seat on the board when their district's seat is available. The board meets at least once a month to oversee activities of the cooperative and guide the staff.

Members who would rather not run for a board seat at the annual election can still make certain their voice is heard through several venues. First, they can

contact the board member in their district directly and share their concerns or ideas either in writing, on the phone or in person. Board members are always available for their constituents. Members can also join the Consumer Resource Committee to learn more about their cooperative. The Consumer Resource Committee meets several times a year and updates members on the cooperative through a quarterly newsletter. The committee gets to meet the board candidates at a special evening meeting and is also invited on a one-day tour of a power plant in Wheatland, Wyoming, to learn more about how their power is generated.

Even if you aren't interested in a board seat, and you don't have time for the Consumer Resource Committee, you can make sure your voice is heard every year at the Annual Meeting and board election. Several weeks prior to the annual meeting, which is traditionally held in April, every member receives a ballot. The annual ballot allows you to select board members as well as vote on any bylaw or operational changes that affect the operation of the cooperative. If you are unable to attend the informative annual meeting, you should still exercise your cooperative voice by returning your ballot every year.

govern • v

1. To exercise authority over; direct; control; rule; manage.
2. To influence the action or conduct of; to guide.

Not driven by profits...

Profits are not necessarily a bad concept. If you own a business, you understand that profitability can determine whether you can pay your mortgage from month to month. However, not all businesses need to exist to make profits, and cooperatives are a wonderful example of this simple idea at work. When electric cooperatives were first developed in the 1930s, they were meeting a need that couldn't be met at any price. Fledgling electric companies didn't want to extend service to rural customers, fearing the costs would be too high to both extend the service and to maintain the account. Rural residents worked together and formed their own electric companies -- cooperatives -- to provide the service. They were dedicated to providing service to anyone they could reach, and wanted to keep the costs as low as possible. Low interest loans, and a dedication to not banking a profit for "stockholders" gave competitively priced electricity to rural customers.

profit • a

2. to benefit; to reap an advantage, financial or otherwise; as to *profit* by trade or manufactures.

Today we continue our not-for-profit tradition. While we must collect some money to meet tomorrow's anticipated needs -- like new substations or replacing worn poles and lines -- we don't need to show hefty returns to shareholders. While you are not a "stockholder" in United Power, as a cooperative member you do have an investment in the cooperative. This investment is called patronage capital, and represents your continued investment in the growth and well-being of the cooperative. While the cooperative is growing to meet the needs of new customers and new technology, these dollars are used to leverage the purchase of equipment and provide training. When the cooperative is able,

non-profit • a

1. not intending or intended to earn a profit.

they may choose to "retire" some of the patronage investment, returning the cash as capital credits to their members. Through this system members are able to help the cooperative grow when necessary, and the cooperative can keep rates reasonable.



The cost of doing business...

We've each had a different experience with our utility costs. Older customers remember long periods of relative rate stability peppered with occasional periods of fluctuations, while the consumers of the 80s only remember rising inflation at the gas pumps, grocery stores and on their utility bills. Today's younger consumers have enjoyed some rate stability, yet they haven't expected it given the volatility they have witnessed in other areas like gasoline and medical costs. Consequently we're charged with finding a way to provide service at what might be deemed a "reasonable" cost to all our customers.

cost • n

1. the amount spent in producing or manufacturing a commodity;

What affects your rates? The largest, single expense to our cooperative, accounting for more the 60% of our total spending is our cost for purchased power. We purchase all our power from Tri-State Generation and Transmission, a cooperative founded by several electric cooperatives, where we hold a seat on their board of directors. Our membership in Tri-State has been instrumental in keeping our rates stable, and our supply of electricity constant. The next largest expense is departmental expenses, including our costs for materials to build and repair lines and substations, the cost of equipment like trucks and computers, and our costs for employees. The other areas -- depreciation, interest and taxes round out the rest of the expense picture. All of these costs, from the price we pay for wholesale power to the cost of auto and medical insurance, has seen some large increases -- increases which eventually affect the costs you pay for power.



Costs and rates go together...

rate • a

4. a price or value; specifically, the cost per unit of some commodity, service, etc; as an electricity rate, insurance rate.

As costs have risen, so have rates, and it's simple to see why. While we may not be a “for profit” company, we're also not in the business of losing money; we must cover our costs to be fiscally responsible.

Our largest increases over the past five years have been tied to our wholesale power rates. While wholesale rates have increased twice in the past 16 months - the first “hard” increases in many years - other factors have been slowly affecting the rates we pay for power. As power supplies have become tighter, controls on what is charged during “peak” use periods continues to climb. As our territory begins to look more suburban, we've seen the patterns of use change, and that has contributed to our costs. Couple this with the substantial wholesale increases and it's easy to see the rate picture change.

We are extremely conscientious in limiting our expenses wherever they are controllable. The board and staff set strict budgets which are zealously controlled. Every employee in the company receives information about the financial status of the company and understands how their job affects those numbers at monthly department meetings. Everyone has a serious personal stake in the outcome of the budget, and they understand how their job affects those costs. Ultimately every employee understands how every dollar they spend affects the rates our customers pay for electricity.



Leadership paves the way...

The leadership at United Power is what differentiates us. We have proven leaders that you, our members, have elected to your board. Our board sets policy and direction for the cooperative, working hard to anticipate the future needs of our membership.

We have a quality staff, attracted by a work environment that is uniquely positive and supportive. We pay a fair wage, offer a strong benefit package, and provide a work place that values the employees we do hire.

leadership • n

2. Capacity or ability to lead:
4. Guidance; direction:



Back row: Don Cummins, District 6, Secretary-Treasurer; Ralph Knull, District 1, President.
Front row: Susan Petrocco, District 10, Vice-President; Lois Lesser, District 8, Assistant Secretary-Treasurer.

United Power understands that great leadership is essential to a great company, and our commitment to our board, staff and employees translates to a great cooperative.

Back row: David Dunnell, District 7; Jim Jaeger, District 11.
Front row: Richard McLean, District 5; Ray Kilgore, District 9.



Back row: Douglas Pryce, District 2; Dale Erickson, District 4.
Front row: James Boyd, Jr., District 3.



Our Senior Management Team...



Standing: Troy Whitmore, Director of External Affairs
Ruth Rasmussen, Chief Operations Officer

Seated: Robert Broderick, CEO & General Manager



Standing, left to right: Richard Bussing, Key Accounts Manager;
Larry Hepp, Manager of Operations;
Randy Christensen, Mountain District Manager.

Seated: Mitzi Rea, Manager of Customer/Information Services

cooperative • adj

1. Done in cooperation with others; marked by a willingness to cooperate;
2. Of, relating to, or formed as an enterprise or organization jointly owned or managed by those who use its facilities or services.



Your Touchstone Energy® Partner 

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