



CHARGING FORWARD

2019 ANNUAL REPORT

 **UNITED
POWER**

Your Touchstone Energy® Cooperative 

2019 **ANNUAL REPORT TO THE MEMBERS**

| | |
|----------------------------|-------|
| YEAR IN REVIEW STATS | 2 |
| LETTER FROM THE CEO | 3 |
| POWERING LIVES..... | 5-7 |
| SMART ENERGY | 8-11 |
| COMMUNITY POWER..... | 12-15 |
| CHARGING FORWARD | 16-19 |
| BOARD OF DIRECTORS..... | 20 |

2019 **FINANCIAL REPORT**

| | |
|--|----|
| COMPARATIVE BALANCE SHEET | 22 |
| STATEMENT OF OPERATIONS & PATRONAGE CAPITAL..... | 23 |
| FINANCIALS AT A GLANCE | 24 |



Your Touchstone Energy® Cooperative 

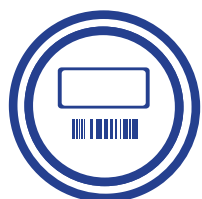
OUR MISSION

To safely and efficiently provide reliable electric power and outstanding service to our members.

OUR VISION

Powering Lives, Powering Change, Powering the Future – the Cooperative Way.

2019 YEAR IN REVIEW



93,527

Cooperative Meters served
across 6 Colorado counties

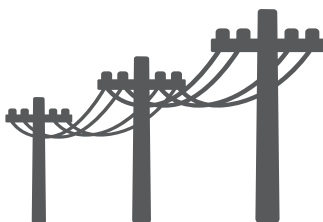


\$6 million

Capital Credits returned to
United Power members in 2019

6,205

miles of power line
energized



843

Record Days
of Safety without
an accident or injury

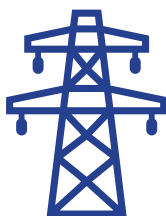


5,999

New Services connected in 2019

523 MW

All-time Record Peak



169

Dedicated Co-op Employees
Here to Serve You

CHARGING FORWARD

A MESSAGE FROM YOUR CHIEF EXECUTIVE OFFICER



Bryant Robbins
Chief Executive Officer/
Chief Operations Officer

Dear Valued Members,

Last year was a banner year for United Power. In addition to our continued focus on supporting the communities we serve, the board charged us with concentrating our investments of time and money into programs and activities that would enhance our performance in safety, affordability and reliability.

Safety is a key tenet of the electrical industry, and we reached a milestone of 843 days without a lost time injury. This is a testament to our commitment to keeping our employees safe on the job. Safety goes far beyond having the right equipment, it is an attitude that drives safe work practices. We encourage our employees to participate in the process of identifying possible issues and helping to find solutions. Our goal is to make sure every employee goes home safe every night, and it is a responsibility we take very seriously.

While I was honored to accept the role of Acting CEO at the end of February 2020, I have been at United Power for many years in the role of Chief Operations Officer, so the topic of reliability is near and dear to my heart. We have fundamentally changed the way we prioritize our work—focusing our line crew’s efforts on maintenance. We study the performance and reliability of different parts of our system, and methodically make incremental improvements and repairs to those parts of the system that are underperforming. This has allowed us to improve our system performance—moving us from an average performer in reliability to one of the industry’s top performers. Having the power you want when you need it is our goal, we will continue to work toward even better performance in 2020.

Finally, under the board’s direction, we continue to advocate for more affordable rates, and that means we’ve had to take a serious look at the wholesale power we purchase. The electric industry at-large, and the way our members use power, is changing so quickly that United Power is working hard to stay nimble and responsive to the prices our members pay for electricity. As you will see in this report, about 75 cents of every dollar you spend on energy goes directly to the cost of wholesale power. As such a large portion of your monthly electric bill, it is critical that we look at all options for how we might lower those costs. As we negotiate this difficult path, we will continue to communicate with you, our members, about any changes.

Being part of a cooperative is unique. Unlike investor-owned utilities, you truly have a voice in our operation. We are proud to continue to advocate on your behalf and we’re charging forward to provide electric service that exceeds your expectations.



POWERING LIVES

The holidays are a difficult and trying time for families with limited means. In Fort Lupton, the Food & Clothing Bank goes to great lengths to provide a little holiday cheer for those families who need a little extra help. Each year, the food bank provides assistance to nearly 9,000 individuals, and that means resources may sometimes be scarce. In 2018, when the food bank ran short of meals to provide families for the holidays, United Power stepped in. With the cooperative's support, the food bank was able to fill all its requests for holiday meals.

"This is a testament to just how valuable United Power has been in Fort Lupton," said Cody LeBlanc, Board Treasurer for the Fort Lupton Food & Clothing Bank. "Having an organization like United Power with a genuine concern for our community and desire to help is both tremendous and immeasurable."

As a cooperative, United Power exists as more than your electric provider, but also as a partner and supporter that brings value to each community and its residents. Perhaps few better understand the cooperative's commitment to empowering its communities than LeBlanc, a member and lifelong resident of Fort Lupton, who's witnessed firsthand how United Power has impacted both his life and the lives of other families in and around Fort Lupton.

As a senior in high school, LeBlanc considered leaving Colorado to attend a university in central Kansas. A series of scholarship offers, including a United Power scholarship, convinced him to instead enroll in a local university. The United Power scholarship specifically enabled him to maintain his residence in Fort Lupton.

"Leaving Fort Lupton was never seriously on the table," said LeBlanc, "but the United Power scholarship was actually what made it affordable for me to stay here while commuting to Denver for my classes."

United Power believes its high school students are the future leaders of the cooperative, and by providing scholarships to outstanding students in its service territory hope many will return to become leaders in their communities. LeBlanc ultimately decided to transfer to the University of Northern Colorado, which was closer to Fort Lupton, and in 2019 ran for and won election to the Weld Re-8 Board of Education.

Not only was LeBlanc able to pursue leadership opportunities he was passionate about within his community, but he was also able to maintain leadership roles he already had, such as the Fort Lupton Boys and Girls Club.

In high school, LeBlanc was approached to provide a student perspective on an advisory board exploring potential afterschool programs for youth in the area. Since he was already active in several nonprofit organizations and had worked on school district bond elections with board founders Arlen and Julie Engbarth, he had a valuable perspective to offer. The advisory board later successfully launched the Fort Lupton Boys and Girls Club.

"Our board wanted to provide families in our community with an afterschool outlet for their children which didn't exist in Fort Lupton at the time," said LeBlanc. "The Boys and Girls Club was a move in the right direction for our families."

In support of the new afterschool program, United Power provided the Boys and Girls Club a \$25,000 grant. The grant helped fund additional programs for students, purchase equipment for club activities and keep costs down for families from both Fort Lupton and the surrounding rural parts of Southern Weld County.

In total, LeBlanc has served on nearly 30 boards and committees, including his recent election to the district school board. His community involvement efforts have helped provide additional outlets for youth and support for vulnerable residents in his town and county. Nothing is closer to his heart than seeing Fort Lupton continue to flourish. He credits United Power for being a consistent presence and its willingness to come alongside communities and local nonprofits to build pride and create value for residents.

"Every community event I go to, United Power has some kind of presence," said LeBlanc. "When I see United Power's support for the community and community organizations, it empowers myself and other people to become more actively engaged in the community."

POWERING LIVES



\$20,000
Academic Scholarships
awarded to
17 college-bound
students.



50 Safety
Demonstrations
provided for FREE



18,461
Members contribute
monthly to
Operation Round-Up

INVESTING IN OUR YOUTH

United Power is devoted to our youth, proudly supporting students throughout our territory and investing resources into fostering future leaders. Through the Cooperative Youth Leadership Camp and Washington, D.C. Cooperative Youth Tour, students are able to build friendships with their peers, develop an understanding of the cooperative business model and cultivate leadership skills to model in their schools and communities back home. In 2019, we expanded our scholarship program to meet the needs of our growing membership. United Power also works with local schools and communities to enhance educational opportunities for local youth.

You'll find our employees working with students of all ages in our local schools, from engaging presentations about professional opportunities in our industry to electrical safety demonstrations. The investment in our local youth pays dividends for both the cooperative and communities we serve. Many return as professionals ready to grow their communities, lead and develop the next generation of leaders or even run for leadership roles in city elections.

SAFETY FIRST

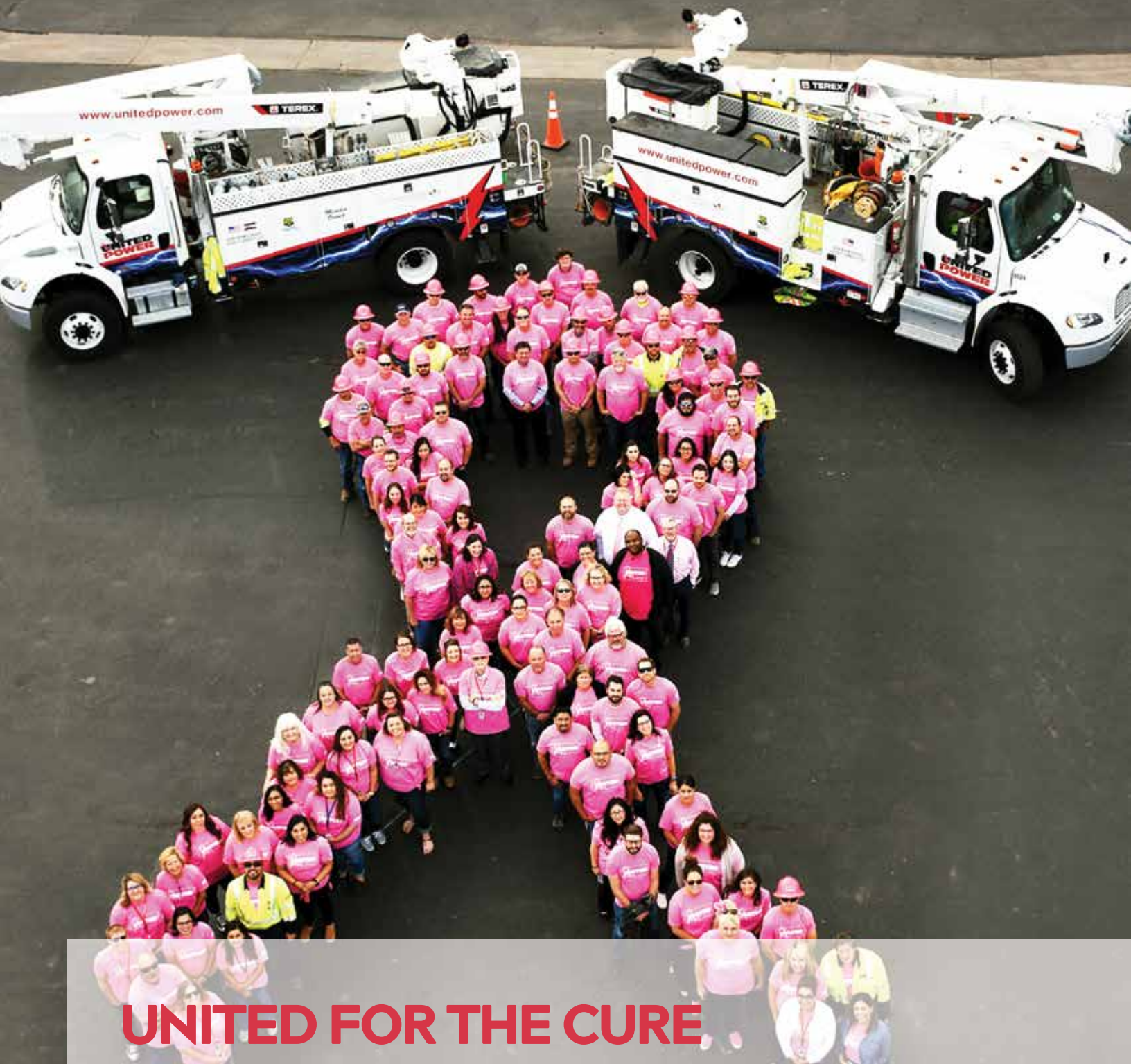
United Power's chief responsibility is delivering reliable power to our members, but that's not all we deliver. Electricity is one of the most dangerous commodities we require for our daily lives and understanding safe practices around it is critical.

Our dedicated team of safety professionals travel throughout the service territory, and occasionally beyond it, to conduct high voltage safety demonstrations to groups of all ages, including oil and gas workers, construction crews, industry conferences and student presentations. One of the more crucial groups to receive free safety demos are our first responders. Due to the nature of their jobs, first responders are more frequently presented with situations involving electrical hazards. For that reason, United Power prioritizes safety training for law enforcement and firefighters.

POWERING LIVES IN NEED

The communities in United Power's service territory are home to many nonprofit organizations that enrich the lives of local residents and provide essential services to those in need. Launched in 1995, Operation Round-Up provides a way for United Power members to voluntarily give back to their communities by having their monthly billing statements rounded up to the next whole dollar.

For 25 years the Round-Up Foundation has been helping community organizations provide for the needs of individuals and families who are most in need. To date, the foundation has distributed more than \$2 million in assistance to members in need. Every penny our members contribute goes a long way toward helping meet the needs of people in our communities.



UNITED FOR THE CURE

Few things touch more lives than cancer, including the lives of those at United Power. This past October, our employees were inspired to honor Breast Cancer Awareness Month, leading an effort to support colleagues, raise funds and create awareness.

The idea sprang from a request for permission to wear pink hard hats throughout the month, and quickly spread throughout the cooperative's four office locations. Employees donned pink shirts and

hard hats to honor those impacted by breast cancer, and organized an internal silent auction raising approximately \$5,000 for breast cancer treatment and support in our territory.

United Power employees were able to present a check to the Platte Valley Medical Center Foundation following an employee meeting in November. The heartwarming suggestion from employees turned into more than anyone could have hoped for.

SMART ENERGY

United Power operates four utility scale solar farms, strategically placed throughout its service territory. The Mavericks Solar Farm, located in Mead, provides power to more than 1,200 homes and businesses, but it also provides a more unique community function. Thanks to a collaborative partnership with the cooperative and Silicon Ranch, United Power's partner in the Mavericks Solar Farm project, students at Mead High School have the exclusive opportunity to learn more about the role solar energy plays in a diversified energy mix through the high school's Energy Academy.

The Mead Energy Academy is an immersive experience for students interested in pursuing a career in the energy industry with a curriculum designed to comprehensively study the principles of energy and develop future leaders and innovators. The program is the only one of its kind in Colorado and exposes students to energy generated from both conventional and renewable sources.

"Academies are an emerging trend in high schools across the country," said Shannon Krack, who recently began teaching principles of energy at Mead High School. "These programs are designed not just to provide an understanding of the industry, but also to prepare students for success both educationally and professionally."

The most well recognized example of an "academy" are STEM Schools, short for science, engineering, technology and math. St. Vrain Valley Schools began an implementation of academies at many of its high schools, with several of those locations inside the United Power territory.

"What made Mead High School such an ideal spot for the Energy Academy was its geographical location in relation to many different kinds of energy, such as oil and gas or wind and solar," Krack added.

Through the partnership, students are given access to the solar farm to learn about the

industry firsthand. They are able to see the solar panels up close, ask questions about the science of solar generation and explore the variety of job opportunities available in the industry. Krack said the ability to speak directly with industry professionals and learn about career options is incalculable.

"One of the most powerful things for a student is showing them they have agency and choice on their lives," she said. "Students are astounded at how diverse the solar field can be and the elements that go into designing a solar farm. Kids learn you don't have to be an engineer to work in energy."

The Mead Energy Academy offers students the opportunity to earn technical training, college credit, industry certifications and scholarship opportunities. The program, at current, is only in its fourth year, and opportunities for students may continue to grow. Despite the program's youth, students have already proved its worth. One graduate was invited to participate in graduate-level research at Colorado State University. Students were also invited to present at the Montana Tech Science Fair and Symposium.

"It's been an incredible program for our students," Krack said. "One of the more exciting projects our kids have been asked to collaborate on is the St. Vrain State Park carbon neutral plan. The park approached us to ask if our students could help them meet their 2040 goal."

While United Power has been a critical partner in the success of the Mead Energy Academy since its inception, Krack said she's excited about ways the program might be able to expand the partnership in the future.

"United Power has been tremendously good to work with," she said. "Our energy program is still growing and developing. The value of having a community partner and industry expert like United Power working with us is immeasurable. I look forward to working more with them as we continue to grow."





EDUCATION EVOLUTION

United Power has always been a partner in local schools, but our role has grown as new technology changes and reshapes the traditional classroom and offers students new ways to learn.

Our Mavericks Solar Farm, energized in December 2016, was named for the Mead High School's mascot as part of a tribute to a special partnership between United Power and the Mead Energy Academy. The partnership created educational opportunities for students to learn more about renewable energy and the role solar energy plays in a diversified energy mix.

This past year, we joined with other industry leaders to launch St. Vrain Valley's mobile Future-Ready Innovation Lab, a connection to the forward-

thinking Innovation Center near Carbon Valley. Designed with STEM-focused learning in mind, the mobile lab operates as an extension of the learning experience beyond the classroom. It has garnered national praise from Scott Stump, assistant U.S. secretary of education, for "offering multiple pathways to success."

The evolution of the classroom is evident in the innovative ways schools in our territory are changing to meet student needs. As technology evolves in the classroom, United Power is ready to support local education, not just as a reliable electric utility, but also as a community partner.

SMART ENERGY

POWERING THE SMART HOME

The smart home revolution began in earnest with the launch of the Nest Learning Thermostat just over a decade ago. With the ability to learn your habits, monitor weather patterns or give you the option to control your temperature settings remotely, a smart thermostat quickly became the quintessential smart home starter device. Since then, our lives have become increasingly automated. Not only have your options grown, but smart home hubs now exist that can communicate between devices with just a touch of a button or the sound of your voice.

The increasing availability of automated technology has caused a dramatic shift in how our members use electricity. In 2019, we launched a new online demand calculator to help members estimate how appliance use impacts demand charges. Our advanced metering infrastructure has allowed us to provide members with more detailed energy usage information at the touch of a finger through the Power Portal. The Power Portal, available for free to members, breaks down your usage into 15-minute segments so you know exactly when you used the most energy and how to adjust and save.

These new and emerging technologies are becoming a dependable daily resource for our members. United Power is pro-actively looking for ways we can use these devices in conjunction with your account to arm you with the knowledge you can use to change daily habits and save on your electric bills.

CO-OP CONVENIENCE

Our members live busy lives, and convenience is important in your interactions with United Power. Advancements in technology have put more tools in our hands to simplify those interactions and provide more timely, relevant information to our members. Connecting with your cooperative has never been quicker or easier, and available when it's convenient for you.

Our new intuitive website is easier to navigate and provides you with the information you need to make changes and save on your energy bills. In addition to managing your account, our suite of online services includes energy savings tips, safety information, an interactive outage map and more. We are also looking to implement electronic messaging, including text and email notifications, that will further simplify your interactions with the co-op, especially when severe weather causes a large outage or a preplanned outage is scheduled for your area.

United Power offers a host of convenient payment solutions to members who are on the go and need a quick and easy way to make sure their bill is paid each month. From auto-pay to online account management, you can control when your payment is made electronically. While in-person payments are accepted at our Brighton and Ft. Lupton office locations, we also added payment kiosks to our Carbon Valley and Coal Creek offices to simplify payments for members in those areas. Pay Now, a new payment method added in 2019, lets members make quick payments with just their account number and a form of payment. Newly available services are allowing us to offer members more digital communication options with the ultimate goal to make your interactions with United Power quick, simple and easy.



10-30%

Energy Savings on heating and cooling costs by using a programmable or smart thermostat



15-minute

Energy Usage intervals displayed in the POWER PORTAL



4

Convenient Office Locations to serve you

COMMUNITY POWER

Growing up in the northeastern plains of Colorado, United Power member Dale McCall was aware of his local cooperative's role in the community. Over the years, McCall has been a member of several Colorado cooperatives in the plains and foothills, developing a strong passion for its business model and emphasis on empowering its members and the communities they live in. When he was approached about joining the Operation Round-Up board, he couldn't say no.

Operation Round-Up is a voluntary program that automatically "rounds up" monthly billing statements to the next whole dollar. Contributions are then distributed to nonprofits that help meet the needs of those within the United Power service territory.

"It felt like the right thing to do," said McCall. "I knew there were many people who needed help, but it was even more than I realized - and it continues to grow. It's been one of the most rewarding and enjoyable experiences to be able to give back to these individuals and families."

The Operation Round-Up board serves voluntarily and is comprised of McCall, who is currently the board chairman, and several other members of the cooperative. As members, they are aware of who's in need and what services exist to meet those needs in their areas, McCall said.

"Those in need are not concentrated in one or two places," he said. "Our board members live all over and are proactively seeking out nonprofits that represent all parts of the cooperative's service territory so that no member gets left behind. And because we are all volunteers, all member contributions go directly to those in need."

While the board is responsible for seeking out nonprofits, reviewing applications and proposals, and determining where contributions are directed, McCall credits the foundation's success to the members who contribute and the staff at the cooperative who encourage others to get involved.

"You aren't going to volunteer for something you don't believe in," he said. "As a longtime board member, I can say our board truly

believes in the purpose of Operation Round-Up. But we couldn't do what we do without the support from our members or the staff at United Power who are responsible for getting others to believe in our purpose."

McCall has a personal belief that the world is run by those who get involved. For him it began as a member of FFA and 4-H while growing up in a small rural community near the Nebraska border. Joining Operation Round-Up was the next chapter for a man with more than 40 years of experience advocating for and championing education - especially rural education - and agriculture at both the state and federal levels. He's equally as passionate about the democratic process, though, and urges members to get involved in the cooperative's annual director elections.

"The team at United Power does a fantastic job telling members about the ways they can get involved," McCall said. "I'd like to see more members participating in things like the director election. It's important for them to recognize their opportunities to have a voice in the cooperative and get more involved."

When McCall moved into the cooperative's territory in the early 1980s, he quickly began attending the Annual Meeting and participating in director elections, even running for election himself one year. Following his director campaign, leaders within the cooperative approached him about joining both the Election Credentials Committee and the Operation Round-Up board, which gave him the opportunity to be active within the community, and also the cooperative, in a different way.

"Operation Round-Up is the perfect example of how important the community is to United Power," McCall said. "There is no organization with a stronger emphasis on being active in the communities it serves than a cooperative."

Operation Round-Up celebrates its 25th anniversary this year. Since 1995, the foundation has distributed more than \$2 million in assistance to members in need, including nearly \$160,000 in direct assistance and grant requests in 2019.





CARBON VALLEY SERVICE CENTER

United Power occupies the smallest geographic service territory of any cooperative in the state of Colorado. However, due to our proximity to Denver, we are also one of the most rapidly growing cooperatives in the country. The density of our territory can make it difficult to move from place to place when responding to outages and making system improvements. That was, until we acquired a new facility near the Carbon Valley area.

Following significant renovation and remodeling, the new facility was officially staffed in mid-2019. The new office location, the Carbon Valley Service Center, quickly began proving its worth for members in the area. Crews stationed there have quicker and more convenient access to the

highways and communities in the western part of our territory, eliminating a 45-minute commute from our Brighton-based headquarters. The shorter commute allows our crews to respond more rapidly in the event of an outage and restore power more quickly.

Members can stop by this conveniently located office to pay through a kiosk, meet with project coordinators on new construction projects, and use the large community room for community and civic purposes. United Power is confident the new facility will be able to continue to provide for the needs of a growing membership for years to come.

COMMUNITY POWER

WELCOME TOWN OF FREDERICK

In January, United Power was proud to announce the cooperative had officially acquired the Town of Frederick's municipal electric utility making the cooperative the town's sole electric provider. Frederick residents affirmed the purchase of the town's municipal electric utility in a special election. Nearly 90 percent of all voters supported the move to be served by United Power, which already served residents in newer parts of the town.

Along with the addition, the cooperative welcomed approximately 2,400 new members, pushing our total services above 90,000 meters. These new members now enjoy the same cooperative benefits of ownership, voting and capital credits, previously not available to them. The acquisition also closed a crucial hole in the middle of the service territory, helping United Power better integrate its electric delivery system and reduce operations costs for all members.



2,400 new
cooperative members
welcomed from the
Town of Frederick

LOOKING OUT FOR YOU

As a cooperative, we're a partner in your community, actively participating in the things our members value. We have a seat at the table of various community organizations and government committees that look out for the communities you call home. Our employees are active in a variety of organizations including nonprofits, chambers of commerce, and educational and economic development committees. We also served on three Partners in Energy groups for municipalities, coordinated an innovative lighting project with the City and County of Broomfield, and we are the only electric cooperative represented on the board of Energy Outreach Colorado, an organization established to promote affordable energy policy on behalf of all Coloradans.



30 Leadership
roles held with
local organizations,
chambers and boards

Our reach extends beyond the communities we serve to the state and national elected officials who develop policy and legislation that impacts our members through meetings with elected officials in Colorado and Washington, D.C. At United Power, we're committed to providing members with more than safe and reliable power. We're taking active steps to ensure our communities' interests are stewarded well and represented when policy changes could have a dramatic impact on members.

THE HEART OF COMMUNITY

Nothing is closer to the heart of a cooperative than community. It's at the core of who we are and why we were founded. Our commitment to each community we serve is evident in our support for the causes and activities that create value to them. We support our local nonprofits, which help meet needs and enrich the lives of our members. We're a friendly face and partnering sponsor at your community's fairs, festivals and parades, which invite members together to celebrate and enjoy one another. You'll even find our employees buying livestock at local fairs to support 4-H clubs or our banners on display at local ballfields.



130
Community Events
sponsored,
supported and
attended by
United Power

Whether you're dancing to music at a local music festival or having a family night out at one of our county fairs, United Power probably played a role in helping to make it a reality. We're a partner in these efforts because we understand what it takes to make a community feel like home. And at the heart of our communities are our members.

CHARGING FORWARD



United Power member Steve Whiteside has been living in the cooperative's mountain territory for nearly 40 years and doing business in Brighton for more than 25 years. As both a mountain resident and business owner, Whiteside has a unique perspective on the critical importance of reliable and affordable power and championing innovation that works for members like himself. As the cooperative evaluates and implements beneficial changes to its infrastructure and delivery grid, he's encouraged by what he sees on the horizon.

"They've changed so much so quickly," said Whiteside. "If what they've been doing and are still doing is any indication of what they will do, I have tremendous confidence in the future of United Power."

Whiteside is referring to the reputation United Power has carved out over the past decade as one of the country's most progressive and forward-thinking cooperatives after bringing several creative renewable projects onto its grid. That's not including the addition of Colorado's largest battery storage facility at the cooperative's Carbon Valley office location, which was recently recognized as one of the top 10 facilities in storage capacity in the country.

However, United Power has set the bar in areas other than its eye-catching portfolio of innovative projects. The cooperative is also an industry leader in leveraging emerging technology, such as automated field devices, on its system to deliver improved safety and reliability to its members.

Automated field devices allow the cooperative's operations staff to communicate directly with the system and resolve outages more quickly without having to dispatch a crew. Smart devices built into the system are also designed to detect a problem and communicate it directly back to United Power. Thanks to the implementation of these devices, United Power realized boosted reliability in 2019.

"You can see from the visible changes they've made that they aren't interested in sitting back

maintaining the status quo," said Whiteside. "They're at it every day looking for ways to do right by their members. As a member, that's applaudable."

Reliability rates experienced an even greater improvement in the mountain territory, where Whiteside has lived since the early 1980s. Mountain members, who are often impacted by unpredictable windstorms and winter weather, saw 40 percent fewer outages and nearly 60 percent less outage time.

"I won't say reliability has ever been bad where we live," said Whiteside. "That's just because there's a different mindset toward electricity when you live in the mountains, but we've definitely noticed the difference these improvement projects have made."

On the business side, Whiteside noted a significant difference in reliability between his Brighton store location and the one his son runs in Greeley, which is powered by Xcel.

"I have had the hardest time with my store up in Greeley," he said. "When the power goes out, you have to close the doors to potential sales. There have been relatively few problems with my store in Brighton. The lights are pretty much always on."

United Power's benchmark for everything it does, such as bringing on new projects and implementing new technology, is improving service and providing an economic benefit to members. Whiteside sees it as the cooperative's duty to pursue the best possible rates for members and believes that's exactly what he's seen the cooperative doing.

"The team at United Power is a solid group of people committed to doing the best they can for the cooperative and its members," said Whiteside. "They're involved in a lot of positive industry things and deeply committed to the community. It gives me great comfort. I'm a huge advocate and a big fan."





INNOVATIVE ENERGY

The future of the electric utility looks different than the one we've come to know, and United Power has helped drive that shift from the cooperative standpoint. Over the past decade, we've set the bar for integrating innovative energy options onto our grid.

The cooperative launched its first renewable asset in May 2010 when it energized the Sol Partners Community Solar Farm. The two-phase project sold out quickly and the concept has been adopted by cooperatives across the country. Since then, we've launched four utility-scale solar farms generating in excess of 35 megawatts of capacity per year. In 2011, we partnered with the Town of Erie on a methane capture project, adding another 3.2 megawatts of capacity to our renewable portfolio.

Most recently, United Power energized our battery storage facility near Carbon Valley. The Tesla battery system was the largest such system in the state of Colorado when it was energized in November 2019 and was recognized as one of the ten largest battery storage systems in the country by the Smart Energy Power Alliance this past year.

United Power has made its name as a progressive cooperative as we prepare for the next wave of industry-shaping innovation. If this past decade is any evidence, we have shown our willingness to invest in technology that helps us stay ahead of the curve, boost reliability and keep costs down - especially when it makes sense for both the cooperative and our members.

CHARGING FORWARD

DRIVING ELECTRIC

Electric vehicles have changed the way we're thinking about the future of transportation. We've witnessed and participated in the growth of the technology over the past couple years as availability and affordability are allowing more people to adopt EVs. The cooperative's first pair of EVs were added to its fleet in 2018, and in 2019 we added two more. Having these vehicles in our fleet has given us a better understanding of how to best serve the growing number of members who are adding EVs to their household.

United Power has kept an eye on the trend and the far-reaching impacts it could have on our industry. More options with longer battery life and a more robust charging infrastructure are coming together with each passing day. It's going to require a forward-thinking electric utility to meet the high demand electric vehicles will have on the grid, and we are already making system improvements that can handle the changes coming with the transition to electric vehicles.



30,000
Electric miles driven
by United Power
electric fleet vehicles

MAINTENANCE & MITIGATION

Due to the threat of wildfires in parts of our territory, United Power has engaged in progressive, proactive risk mitigation efforts to prevent the ignition and growth of wildfires near our infrastructure.

The cooperative was one of the first to implement a drone maintenance program. Drones are able to survey poles more quickly than manned teams and provide 360° views for inspection. United Power is also an industry leader in automated field devices, allowing us to isolate problems remotely and restore power quickly, minimizing the number of members affected. Throughout 2019, we implemented new construction standards to put new line underground when possible and replaced miles of existing overhead line with an insulated conductor, called Hendrix Cable, providing more protection if contact is made.



6,100
Poles tested and
inspected in 2019

In the coming year, we'll be retrofitting substations in our mountain territory with advanced detection equipment and replacing traditional fuses with non-expulsion fuses. Our goal is the safety of our members and the communities they live in. We looked at fire prevention from all angles to ensure we're making the biggest strides possible and our mitigation plan will continue to evolve as fire suppression and prevention technologies advance.

TOMORROW'S GRID

United Power's priority is providing members safe and reliable power. Over the past year, our operations team has continued to make broad system improvements that decrease the number of outages, shorten their duration and make it safer for our linemen to work. With work over the past year, United Power now has more than 100 automated field devices that allow our team to remotely communicate with our system and reduce the number of crews we need to dispatch when there is an outage. The implementation of these devices helped us restore most members affected by the bomb cyclone in March 2019 in less than two hours.

We are an industry leader for leveraging these types of technology on our system to improve your service. As your cooperative, we continue to monitor new and emerging technology that will allow us to better serve our members both now and in the future, and we are excited about the results we've been able to share with our members.



100
Automated field
devices deployed
to reduce outage
duration

2019

BOARD OF DIRECTORS



James Vigesaa
Chairman
East District



Ursula J. Morgan
Vice Chairman
West District



Beth Martin
Secretary
East District



Keith Alquist, II
Treasurer
South District



Ginny Buczek
West District



Tim Erickson
East District



Brian A. McCormick
West District



Richard Newman
Mountain District



Susan Petrocco
South District



Dave Rose
South District



Tamra Waltemath
Assistant Sec./Treas.
Mountain District

CHARGING FORWARD



2019 FINANCIAL REPORT

COMPARATIVE BALANCE SHEET

ASSETS

| | 2019 | 2018 |
|--------------------------------------|----------------------|----------------------|
| Utility Plant | | |
| Electric Plant | \$399,340,879 | \$347,984,980 |
| less: Depreciation | (94,029,791) | (87,312,346) |
| Depreciated Value | 305,311,088 | 260,672,634 |
| Investments and Other Property | 140,709,554 | 134,792,775 |
| Current Assets | | |
| Cash & Cash Equivalents | 3,979,469 | 5,845,866 |
| Receivables | 14,864,976 | 11,056,883 |
| Materials | 8,844,269 | 6,410,484 |
| Prepayments and Other Current Assets | 36,788,874 | 34,550,404 |
| Total | 64,477,588 | 57,863,637 |
| Total Assets | \$510,498,230 | \$453,329,046 |

LIABILITIES & CAPITAL

| | | |
|--|----------------------|----------------------|
| Capital Equities | | |
| Patronage Capital | \$213,859,846 | \$198,824,947 |
| Other Capital | (3,609,227) | (4,269,612) |
| Total | 210,250,619 | 194,555,335 |
| Long-Term Debt | 216,992,065 | 188,197,259 |
| Obligations Under Capital Leases | - | 216,296 |
| Current Liabilities | | |
| Current Maturities of Long-Term Debt | 7,970,139 | 7,264,377 |
| Current Maturities of Capital Leases | 216,296 | 513,086 |
| Notes Payable | 33,200,000 | 26,000,000 |
| Accounts Payable | 24,542,051 | 21,323,765 |
| Accrued Expenses | 7,110,831 | 6,388,651 |
| Accrued Taxes | 4,761,800 | 4,460,161 |
| Customer Deposits | 2,195,438 | 1,507,211 |
| Total | 79,996,555 | 67,457,251 |
| Deferred Credits | 3,258,991 | 2,902,905 |
| Total Liabilities & Capital | \$510,498,230 | \$453,329,046 |

TOTAL REVENUE

(THOUSANDS)



| | |
|-------------|------------------|
| 2015 | \$208,569 |
| 2016 | \$219,962 |
| 2017 | \$227,405 |
| 2018 | \$255,683 |
| 2019 | \$285,599 |

TOTAL ASSETS

(THOUSANDS)



| | |
|-------------|------------------|
| 2015 | \$383,093 |
| 2016 | \$387,864 |
| 2017 | \$420,078 |
| 2018 | \$453,329 |
| 2019 | \$510,498 |

TOTAL PLANT INVESTMENT

(THOUSANDS)



| | |
|-------------|------------------|
| 2015 | \$309,352 |
| 2016 | \$302,293 |
| 2017 | \$323,901 |
| 2018 | \$347,985 |
| 2019 | \$399,341 |

STATEMENT OF OPERATIONS & PATRONAGE CAPITAL

| | 2019 | 2018 |
|---|---------------------|---------------------|
| OPERATING REVENUE | | |
| Operating Revenue | \$285,598,719 | \$255,682,734 |
| OPERATING EXPENSES | | |
| Cost of purchased power | 211,490,581 | 191,749,770 |
| Operating expenses - distribution | 7,386,676 | 6,395,663 |
| Maintenance of distribution plant | 7,270,436 | 6,979,330 |
| Consumer accounting and collection expenses | 5,268,354 | 5,823,542 |
| Other customer expenses | 2,792,621 | 2,920,805 |
| Administrative & general expense | 15,218,627 | 12,232,906 |
| Directors fees and expense | 240,045 | 419,386 |
| Depreciation | 10,467,083 | 8,966,487 |
| Property taxes | 4,788,168 | 4,491,773 |
| Other expenses | 428,936 | 599,994 |
| Total Operating Expenses | 265,351,527 | 240,579,656 |
| Operating Margins before Interest Expense | 20,247,192 | 15,103,078 |
| Interest Expense | | |
| Interest on long-term debt | 8,607,392 | 7,261,699 |
| Other interest expense | 711,856 | 482,962 |
| Total Interest Expense | 9,319,248 | 7,744,661 |
| Operating Margins Before Capital Credits | 10,927,944 | 7,358,417 |
| G&T and Other Capital Credits | 9,852,235 | 8,708,703 |
| Operating Margins | 20,780,179 | 16,067,120 |
| Interest revenue | 269,824 | 261,319 |
| Other revenue (expense) | (314,963) | (190,592) |
| Nonoperating margin | (45,139) | 70,727 |
| Net Margins | \$20,735,040 | \$16,137,847 |

| | 2019 | 2018 |
|---|----------------------|----------------------|
| PATRONAGE CAPITAL AND OTHER EQUITY | | |
| Net Margins | \$20,735,040 | \$16,137,847 |
| Patronage Capital & Other Equities, Beginning of Year | 194,555,335 | 182,538,248 |
| Subtotal | 215,290,375 | 198,676,095 |
| Retirement of Capital Credits and Other Contributions (Net) | (5,039,756) | (4,120,760) |
| Patronage Capital & Other Equities, End of Year | \$210,250,619 | \$194,555,335 |

NUMBER OF METERS SERVED



| | |
|-------------|---------------|
| 2015 | 76,629 |
| 2016 | 79,966 |
| 2017 | 83,323 |
| 2018 | 87,528 |
| 2019 | 93,527 |

MILES OF LINE



| | |
|-------------|--------------|
| 2015 | 5,800 |
| 2016 | 5,857 |
| 2017 | 5,979 |
| 2018 | 5,941 |
| 2019 | 6,205 |

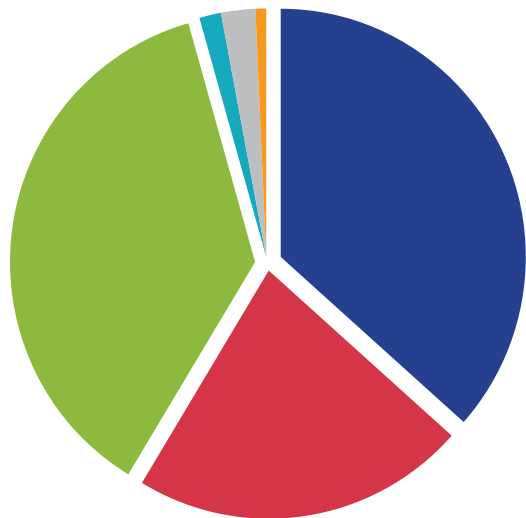
ENERGY SALES - KWH (THOUSANDS)



| | |
|-------------|------------------|
| 2015 | 1,965,198 |
| 2016 | 2,150,654 |
| 2017 | 2,182,274 |
| 2018 | 2,447,189 |
| 2019 | 2,739,378 |

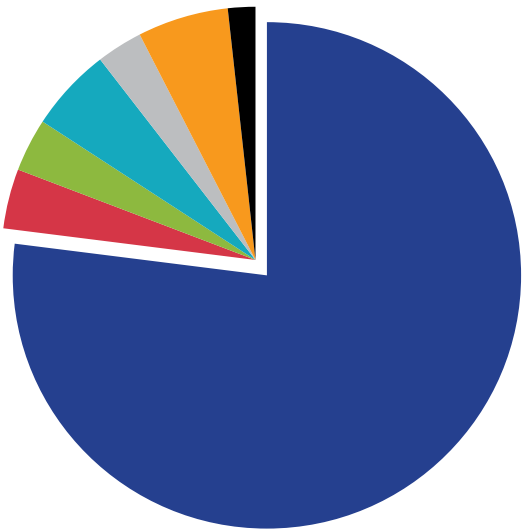
SOURCES OF INCOME

(OPERATING & NON-OPERATING)



| | | |
|---------------------------------------|---------------|-------|
| Residential | \$107,657,635 | 36.4% |
| Small Commercial | \$64,945,738 | 22.0% |
| Large Commercial | \$108,734,755 | 36.8% |
| Other Operating Revenues | \$4,212,971 | 1.5% |
| Tri-State Allocations (non-cash) | \$7,404,052 | 2.5% |
| Other Allocations & Income (non-cash) | \$2,448,183 | 0.8% |

STATEMENT OF EXPENSES



| | | |
|--------------------------|---------------|-------|
| Cost of Power | \$211,490,581 | 77.0% |
| Depreciation (non-cash) | \$10,467,083 | 3.8% |
| Interest | \$9,319,248 | 3.4% |
| Operations & Maintenance | \$14,657,112 | 5.3% |
| Consumer Accounts & Info | \$8,060,975 | 2.9% |
| Admin, Gen'l & Other | \$15,887,608 | 5.9% |
| Taxes | \$4,788,168 | 1.7% |

YOUR ENERGY DOLLAR

For every dollar you spend, three-quarters goes toward the cost of wholesale power.

74¢

Cost of Power

26¢

Depreciation (4¢), Interest (3¢), Operating Expense (13¢), Taxes (2¢), Operating Margins (4¢)



WWW.UNITEDPOWER.COM



Your Touchstone Energy® Cooperative 