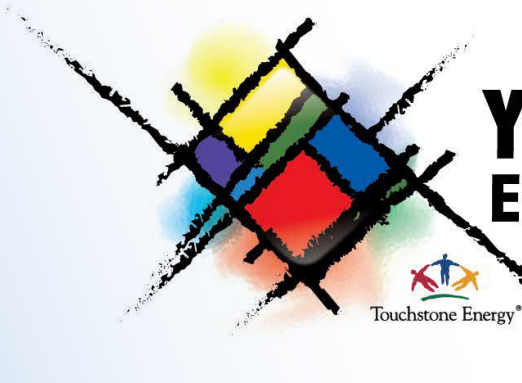


2018 ANNUAL REPORT



YAMPA VALLEY ELECTRIC ASSOCIATION

people • pride • power

STATEMENT OF MISSION

Yampa Valley Electric Association is a cooperative that provides value to its member-owners by delivering safe and reliable electric service in an environmentally and financially responsible manner.

YVEA partnered with GRID Alternatives and the Colorado Energy Office on its on-site community solar garden. The project benefits income-qualified members.

GENERAL MANAGER'S REPORT

The annual report for 2018 provides statistical information showing the financial condition and operations for the year. The financial and operating results for 2018 show an increase in kilowatt-hour sales of 1% and a 5.67% increase in revenue. The detail of our revenue and expense report shows an operating margin of \$3,466,310. The amount to be allocated to members for the 2018 is \$3,272,515.60. The report also shows other income of \$1,411,510.00. These items include interest, gain on the sale of an asset, and capital credit allocations received from other organizations in which Yampa Valley Electric Association has a membership. The amounts received, which are in cash, are allocated to YVEA's current membership. The board of directors approved the retirement of \$1.7 million which will be paid against the 2002 patronage margin allocations. We are pleased to continue the refund of capital credits to our members.

I thank all the members, board of directors, and employees for your continued support.

Sincerely,

Steve Johnson
General Manager



STEVE JOHNSON
General Manager



THE YAMPA VALLEY ELECTRIC ASSOCIATION DIFFERENCE

**We were built by, and belong
to the communities we serve.**

We are built on:

1. Voluntary and Open Membership
2. Democratic Member Control
3. Members' Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation Among Cooperatives
7. Concern for Community

YVEA 2018 PRESIDENT OF THE BOARD REPORT



TOM FOX
President

Whew! What a year for YVEA. Every year the word “change” has been the primary topic of the president’s report. The days of delivering clean, sustainable, reliable and affordable energy to our members hasn’t changed in the eyes of YVEA, yet YVEA has grown to be so much more. Nearly 80 years ago electric co-ops popped up all over the country during the early days of the rural electrification program. Cities had power long before rural America. YVEA’s delivery of electric power transformed lives in so many ways back then.

Today, YVEA understands that world class broadband is equally as transformative for rural America. Gigabit availability allows communities to participate in today’s globally connected marketplace. This connectivity brings vitality to economic growth, access to better education, and better healthcare resources, plus many more benefits. The life changing impacts to our service area will be in many ways equal to the first delivery of electricity many decades ago. YVEA launched fiber broadband services this past year to improve the lives of all those it serves.

So, how is this going to work? First and foremost, YVEA is fortunate to have General Manager, Steve Johnson, who is familiar and versed in broadband and technology. “Luminate” is the name of the new broadband company, a wholly-owned subsidiary of YVEA. Yes, you all own it! Luminate Broadband, with its fiber and voice has teamed up with one of our sister companies called NRTC. It’s also a not-for-profit company that supplies people, equipment and technology specifically in support of rural utilities. This is important as we can’t dilute our YVEA workforce that keeps the mothership on course. Please be patient with this rollout. Our service area is 7,113 square miles with 2,900 miles of line. It won’t happen overnight!

Yampa Valley Electric is busy with our yearly work plan. Our reliability in delivering uninterrupted power is and will always be a challenge. The harsh terrain and harsh weather are the most challenging. YVEA continues to be diligent, working hard to strengthen our ever aging system. The work plan budget for 2019 is larger than any year in the past. There is much to do in a short summer season. Hats off to all of the employee’s at YVEA and special kudos to the linemen who risk life and limb getting our power restored, many times working in threatening conditions.

On the financial side of things, the board of directors and its management continue to be diligent in maintaining above average equity and key ratio factors as compared to other electric cooperatives across America.

Yampa Valley Electric is your “centric utility” making your life easy. Check the many programs your member-owned co-op offers. Luminate Broadband, solar gardens, Operation Roundup, Cen\$ible Energy, *Colorado Country Life* magazine, SmartHub, EV charging stations, standby generator sales, Co-op Connections cards and public meeting space at the new building.

Last, but most important, is YVEA’s annual meeting on June 25. Please make time to join your co-op family. This year it’s at Steamboat High School at 3:30 p.m., Registration begins at 3 p.m. Food, drink and prizes will be given away at the meeting from 1-3 p. m. I look forward to shaking your hand.

Tom Fox

Chairman of the Board of Directors

TREASURER’S REPORT

The financial statement for the fiscal year ending December 31, 2018, reflects the sound financial status of Yampa Valley Electric



AMY MAHON, MBA, CFPC
Finance Manager

Association, Inc. The association was audited by Bolinger, Segars, Gilbert & Moss, L.L.P., certified public accountants of Lubbock, Texas. Our auditors reviewed and gave an opinion on Yampa Valley Electric Association’s balance sheet as of December 31, 2018 and 2017, and on the related statements of income and patronage capital and cash flows for the years ended, and the related notes to the financial statements.

YVEA management’s responsibility is to prepare and present the financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements and errors.

The financial statements were presented to the auditors in February 2019. Yampa Valley Electric Association’s 2018 audit was presented to the board of directors in March 2019 with a clean audit. All consolidated financial statements have been presented fairly in all material respects.

The data presented in this report is from the 2018 financial statements. Copies of the audited financial statements and the annual report are available at Yampa Valley Electric Association’s headquarters.

Amy Mahon, MBA, CFPC

YVEA Finance Manager

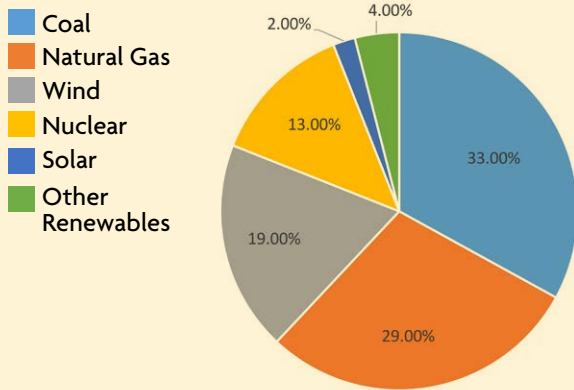
2018 STATEMENT OF OPERATIONS

	2018	2017	2016
Operating Revenue and Patronage Capital	\$59,569,286	\$56,192,236	\$57,639,213
Operation & Maintenance Expense			
Power Cost	35,206,836	33,704,348	35,583,688
Operating and Maintenance Expenses	13,596,264	12,990,002	12,812,358
Interest	1,197,730	1,008,788	761,694
Taxes	-	-	-
Other Expenses	60,286	49,125	58,060
Operation & Maintenance Expense Total	\$50,061,116	\$47,752,263	\$49,215,800
Earnings Before Depreciation Expense	9,508,170	8,439,973	8,423,413
Depreciation Expense	(6,041,860)	(5,373,823)	(5,243,449)
Patronage Capital & Operating Margins	\$3,466,310	\$3,066,150	\$3,179,964
Other Capital Credits & Patronage Dividends	275,330	266,492	250,126
Income/Loss from Equity Investments	-	-	-
Non Operating Margins - Other	1,136,180	119,411	1,215,573
Patronage Capital or Margins Total	\$4,877,820	\$3,452,053	\$4,645,663

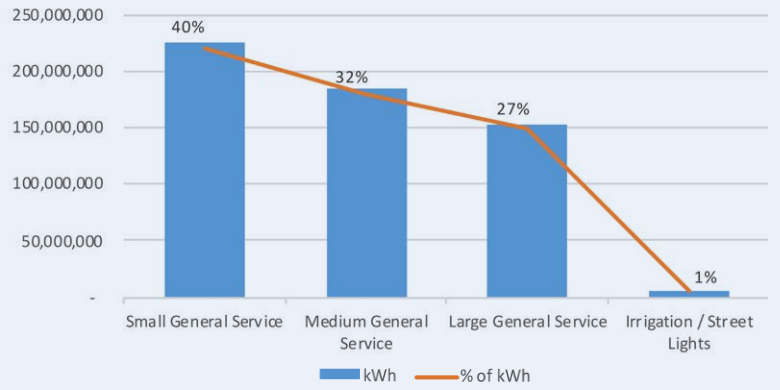


YVEA lineworkers keep the power on.

2018 YVEA RESOURCE MIX



2018 kWh SALES BY RATE CLASS



HIGHLIGHTS OF OPERATIONS

	2018	2017	2016
New Construction & System Improvements			
Miles of Line Built	2.95	3.439	2.77
New Security Lights	12	11	7
New Services Installed	148	205	160
Services Upgraded	19	23	27
Operations & Maintenance			
Average Outage Minutes Per Month Per Consumer	36.3	28.3	30.2
Members Per Employee	385	386	411
Meter Orders Processed (connects, disconnects & changes)	13,181	6,754	5,781
Meters Read Each Month	-	11,618	22,384
Meters Tested	150	67	950
Miles of Distribution Line Patrolled	494	425	410
Miles of Transmission Line Patrolled	285	216	405
Number of Consumer Work Orders Written	551	505	521
Number of Poles Inspected	4,073	3,445	3,070
UG Cable Locations	5,203	4,503	4,354
UG Dig-Ins Repaired	25	26	19

COMPARATIVE OPERATING STATISTICS

Category	2018	2017	2016
kWh Purchased	590,598,932	586,129,959	579,289,077
kWh Sold	568,356,746	563,558,380	558,704,452
Annual Peak Demand	116,329	122,775	137,085
Percent Line Loss	3.77%	3.85%	3.55%
Average Number of Members	26,983	26,798	26,718
Miles of Line	2,874	2,871	2,868
Members Per Mile	9.39	9.33	9.32
Average Return per Kwh Sold	\$0.1048	\$0.0997	\$0.1032
Total Revenue	\$59,569,286	\$56,192,236	\$57,639,213
Property Taxes Paid	\$1,050,154	\$1,076,044	\$1,093,875
Power Cost as % of Electric Sales	59.0%	60.0%	65.9%
Principal Paid on Debt	\$2,533,970	\$1,362,522	\$1,348,151
Total Utility Plant	\$169,935,509	\$163,185,502	\$153,274,075
Total Margins	\$4,877,820	\$3,452,053	\$4,645,663
Members Equity	68.6%	64.5%	68.6%

YVEA FINANCIAL REPORT AS OF DECEMBER 31, 2018

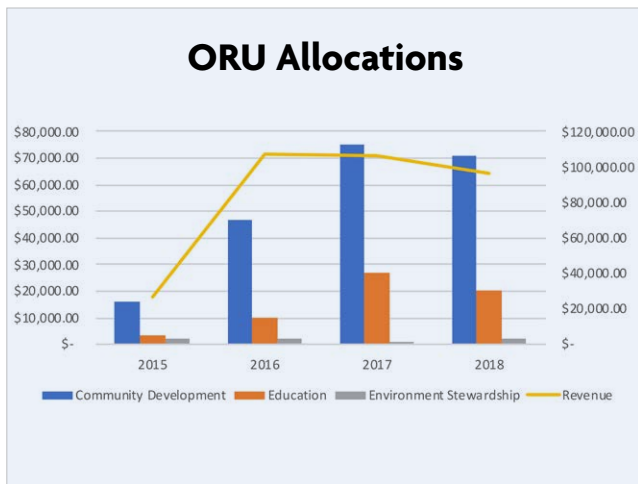
Assets	2018	2017	2016	Liabilities	2018	2017	2016
Current Assets				Current Liabilities			
Cash - General Fund	\$3,922,689	\$1,863,253	\$1,201,266	Current maturities of long-term debt	\$1,513,512	\$1,532,733	\$1,345,181
A/R General Association	2,780,367	2,689,900	3,718,102	Line of Credit	-	1,000,000	-
Materials - Our Stock	2,130,451	2,104,858	1,047,736	Accounts Payable	5,733,203	4,872,401	5,422,804
Other Current Assets	16,956	283,638	16,955	Accrued Expenses	686,469	2,006,669	2,409,184
	\$8,850,463	\$6,941,649	\$5,984,059	Accrued Taxes	1,545,845	1,517,317	1,512,054
				Customer Deposits	585,178	672,146	624,981
					10,064,207	11,601,266	11,314,204
Deferred Debits	\$2,037,184	\$2,293,613	\$2,683,460	Long-Term Liabilities	30,688,750	28,703,499	20,683,890
Investments				Deferred Credits	1,207,686	1,364,730	1,502,861
Associated Organization and Special Funds	3,305,455	3,138,211	1,788,110	Other Long-Term Obligations	205,091	324,973	355,958
Equity in other organizations	205,091	324,973	1,565,626	Total Liabilities	\$42,165,734	\$41,994,468	\$33,856,913
Property Held for Sale	-	2,090,792	-	Equity			
	\$3,510,546	\$5,553,976	\$3,353,736	Capital Equities			
Utility Plant				Patronage capital	\$78,107,602	\$76,455,423	\$73,763,823
Plant Property & Equipment	\$169,935,509	\$163,185,502	\$153,274,075	other equities	454,892	(204,168)	374,710
Accumulated Depreciation	(63,605,474)	(59,729,017)	(57,299,884)	Total Equity	\$78,562,494	\$76,251,255	\$74,138,533
Net Utility Plant	\$106,330,035	\$103,456,485	\$95,974,191	Total Liabilities and Equity	\$120,728,228	\$118,245,723	\$107,995,446
Total Assets	\$120,728,228	\$118,245,723	\$107,995,446				

OPERATION ROUND UP

In 2015, Yampa Valley Electric Association adopted Operation Round Up (ORU), which was originally started in 1989 by Palmetto Electric Co-op with the principle of "Concern for Community." Today, 255 electric cooperatives across the country have adopted the ORU model. ORU is made possible by thousands of generous YVEA members who round up their electric bill each month to the next highest dollar and donate that "extra change" to the foundation. The accumulated funds then go directly back into the communities that YVEA serves. The average annual donation a member makes is \$6.

Through 2018, members have contributed \$338,263 to ORU and non-profit organizations have received \$314,636 for community projects, programs and needs.

Your small change makes a BIG difference. Choose to round up your bill and help our communities to thrive. For more information visit our website at www.yvea.com/operation-roundup, email Operationroundup@yvea.com, or call 970-879-1160.



ORU Contributions	2018	2017	2016	2015
Revenue	\$96,901.40	\$106,531.74	\$107,542.08	\$27,288.24
ORU Expenditures	2018	2017	2016	2015
Community Development	\$70,710.00	\$75,361.00	\$47,119.00	\$15,850.00
Education	20,310.00	26,892.00	10,320.00	3,750.00
Environment Stewardship	2,000.00	1,000.00	2,000.00	2,300.00
Healthcare	9,130.00	17,284.00	6,210.00	4,400.00
Audit	-	-	-	2,170.63
Bank Charges	30.00	60.00	-	-
Office Expenses	-	-	146.57	-
Licenses/organization fees	-	-	150.00	100.00
Total	\$102,180.00	\$120,597.00	\$65,945.57	\$28,570.63
Loss/profit	(5,278.60)	(14,065.26)	41,596.51	(1,282.39)

2018 YVEA BOARD OF DIRECTORS

