

MOUNTAIN PARKS **ELECTRIC** INCORPORATED

2023

ANNUAL REPORT



“The only constant in life is change.”

– Heraclitus



GENERAL MANAGER'S LETTER

VIRGINIA HARMAN

Change is neither good nor bad, it just is. Electric cooperatives like Mountain Parks Electric thrive on their consistency and reliability, which may seem counterintuitive to change. In 2023, MPE experienced many changes, but looking back over the year I believe these changes have and will continue to make our co-op stronger and more reliable.

MPE's power supply transition was the change headliner for the year, but the middle mile fiber network and the Highway 125 projects were also completed, and we created an ambitious four-year strategic plan and launched an updated logo and redesigned website.

In this 2023 Annual Report, we will share a few more details about each of these items, as well as our 2023 financial Balance Sheet and Statement of Operations. Also of note on pages 4 and 5 are the new faces on the MPE Board of Directors and MPE Management Team (including myself).

I joined MPE in a period of change and it has been a bit of a whirlwind, but I could not be more proud of our MPE employees for the dedication and effort they have shown in keeping the lights on for our more than 18,000 members while providing the support to facilitate the extra projects that will ensure the lights are on at an affordable cost for years to come.

I enjoyed the opportunity to travel throughout our service area and meet with many of our members at our Coffee with Your Co-op and other MPE community events. Like our annual meetings, our outreach events give us a chance

to visit with and get important feedback from you. I was pleased with all the positive comments I heard directly from our diverse membership. As a cooperative, we serve our members by holding true to the Seven Cooperative Principals (see below), so any member questions or critiques are taken seriously and explored.

The electric industry is an evolving industry. Mountain Parks Electric will traverse the changes ahead as we did in 2023, under the strong leadership of our devoted Board of Directors and in close communication and coordination with our members. If you have any feedback you would like to share with me, our board members, management, or member service representatives, please feel free to approach us at our annual meeting or reach out anytime.



General Manager Virginia Harman, right, and Board Member Cray Healy, left, visit with a member at a Coffee with Your Co-op event.

Seven Cooperative Principles

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

More information available at
www.electric.coop/seven-cooperative-principles

“Anyone can hold the helm when the sea is calm.”

– Publilius Syrus



BOARD PRESIDENT'S LETTER

LIZ McINTYRE

In 2023, Mountain Parks Electric welcomed Virginia Harman as general manager. Virginia has over 20 years of electric co-op experience and extensive experience in fiber broadband deployment in rural Colorado.

The first year of a general manager's tenure can be a challenge, even in normal circumstances. Virginia took the helm at a time of extraordinary change for Mountain Parks. She arrived after the decision to seek a new power supplier was made, and in a year in which three new directors and three new managers joined the co-op.

Everyone got to work.

Directors attended classes on fiduciary responsibility, cooperative governance, and cooperative finance. We got to know each other. Virginia worked with staff new and old to create a MPE team that is greater than the sum of its parts. She traveled the co-op territory, introducing herself to members and then listening.

April 2023 marked the start of MPE's strategic planning process. After significant board, leadership, and staff participation, the plan was adopted by the board in July. The 2023 accomplishments have been significant:

- A power supply agreement that will serve our members well. The agreement is true to MPE's mission and will provide unprecedented stability, independence, and flexibility.
- Completion of the middle mile fiber network. This milestone enables greater visibility and control of our system, improving safety and resilience.
- Improved employee retention and recruitment, with full staffing levels achieved in 2024.
- Zero lost time accidents.

“ Members are at the center of everything we do. As a member-owner, I invite you to reach out to me, any board member, or any of the MPE employees, anytime. ”

Liz McIntyre
MPE Board of Directors President

The board appreciates the efforts of MPE leadership and staff who worked diligently to achieve these and many more milestones.

Members are at the center of everything we do. As a member-owner, I invite you

to reach out to me, any board member, or any of the MPE employees, anytime.

As MPE begins the second year with Virginia Harman at the helm, all of us – staff, leadership, and the board – have the responsibility to consider the impacts of industry change. The course we set must ensure that MPE is competitive and relevant 15-20 years from now while keeping the co-op steady for our members today.



Mission

To deliver safe, reliable, cost-effective, sustainable energy and services that better the lives of our members and communities.

Vision

To be the energy provider of choice and to support the communities we serve while realizing the full potential of the grid.



LIZ McINTYRE, DIST. 7
President / Executive Committee Chair
Director since 2014



JUSTIN FOSHA, DIST. 6
Vice President
Director since 2016



CRAY HEALY, DIST. 2
Secretary & Treasurer
Director since 2022



RYAN ZORN, DIST. 1
Finance Committee Chair
Director since 2023



MARK VOLT, DIST. 4
Member Relations Committee Chair
Director since 2017

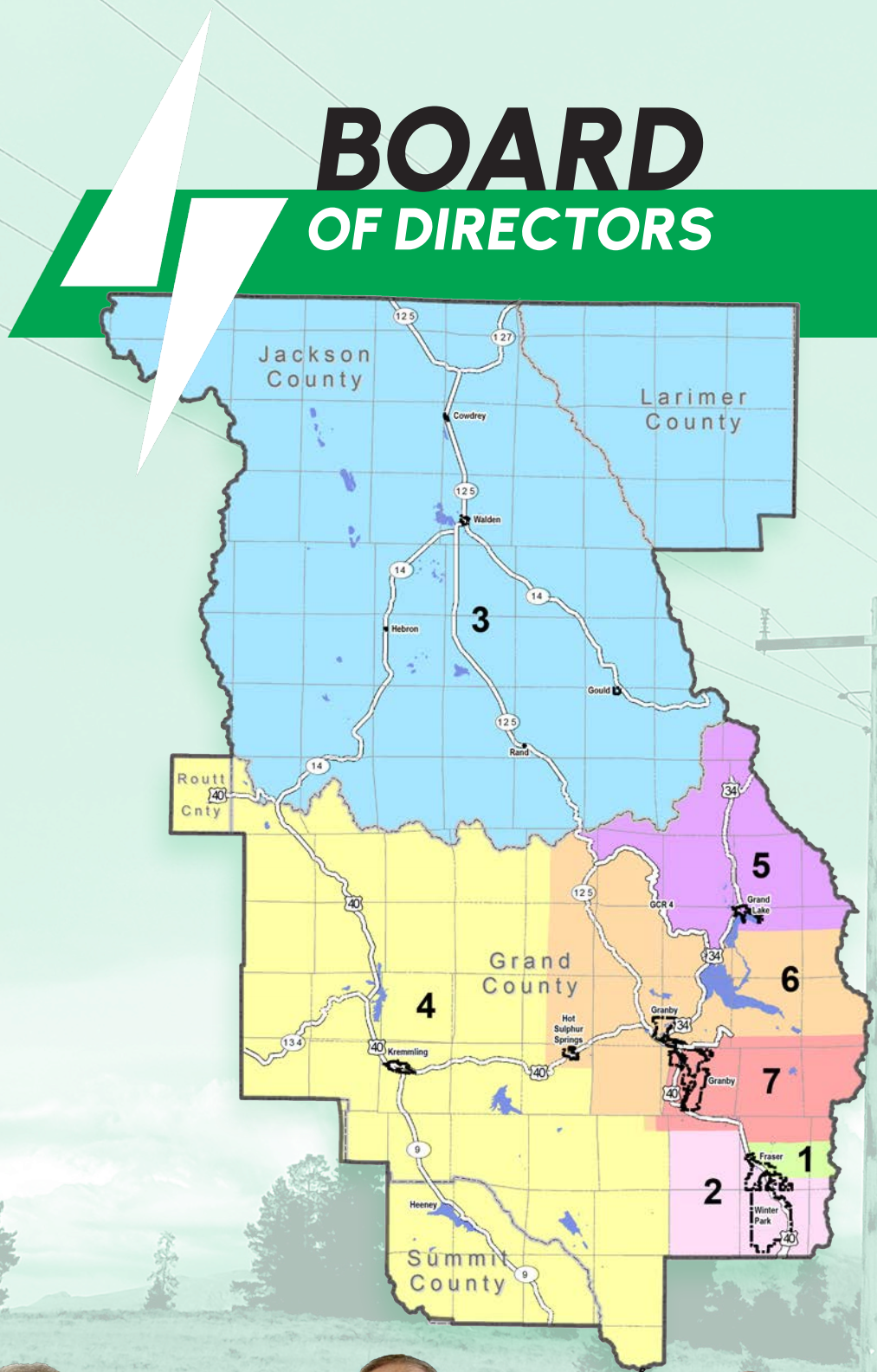


TY WATTENBERG, DIST. 3
Director since 2023



MIKE SJOBAKKEN, DIST. 5
Director since 2023

BOARD OF DIRECTORS



MANAGEMENT TEAM



SUSAN HENDERSON
MANAGER OF ENGINEERING
At MPE since 2023
shenderson@mpei.com
(970) 887-7067



VIRGINIA HARMAN
GENERAL MANAGER
At MPE since 2023
vharman@mpei.com
(970) 887-7047



EMILY MEEK
MANAGER OF FINANCE & ACCOUNTING
At MPE since 2022
emeek@mpei.com
(970) 887-7033



JOE PALMER
MANAGER OF INFORMATION TECHNOLOGIES
At MPE since 2013
jpalmer@mpei.com
(970) 887-7182



ADAM PAULSON
MANAGER OF OPERATIONS
At MPE since 2012
adambp@mpei.com
(970) 887-7015



AARON STREET
MANAGER OF COMMUNICATIONS/MEMBER RELATIONS
At MPE since 2023
astreet@mpei.com
(970) 887-7001



ANGIE WALLACE
MANAGER OF HUMAN RESOURCES
At MPE since 2022
awallace@mpei.com
(970) 887-7034

FINANCIALS

2023 BALANCE SHEET

Assets	2022		2023	
Total Utility Plant	\$109,845,788		\$116,437,192	
Accumulated Depreciation	(42,997,515)		(45,141,184)	
Net Utility Plant	66,848,273	58%	71,296,008	61%
Other Property & Investments	25,492,465	22%	25,875,676	22%
Current Assets	22,734,041	20%	20,140,759	17%
Deferred Debits	5,000	0%	5,000	0%
Total Assets	\$115,079,779		\$117,317,443	

Equity & Liabilities	2022		2023	
Patronage Capital & Equity	\$60,676,369	53%	\$62,203,868	53%
Long-Term Debt	42,380,218	37%	40,621,444	35%
Current Liabilities	6,180,429	5%	8,442,401	7%
Other Credits	5,842,763	5%	6,049,731	5%
Total Equity & Liabilities	\$115,079,779		\$117,317,443	

65
Employees
64 in 2022

12
Consumers
per Mile
12 in 2022

1,887
Miles
of Line
1,879 in 2022

\$555,669
Property Taxes
\$531,811 in 2022

\$113,127,239
Total Plant
in Service
\$103,572,323 in 2022

2023 STATEMENT OF OPERATIONS

	2022		2023	
Operating Revenues	\$42,419,323		\$42,912,389	
Operating Revenues				
Cost of Power	\$25,633,981	63%	\$24,802,240	60%
Operations & Maintenance	5,371,764	13%	5,750,892	14%
Customer Accounts	974,735	2%	1,010,075	2%
Customer Service & Sales	651,807	2%	694,747	2%
Administration	2,664,920	7%	4,340,343	10%
Total Operating Expense	35,297,207		36,598,297	
Depreciation	3,157,230	8%	3,112,998	7%
Property Tax	531,811	1%	555,669	1%
Interest	1,908,035	5%	1,353,058	3%
Other Deductions	17,673	0%	46,619	0%
Total Cost of Electric Service	\$40,911,957		\$41,666,641	
Total Operating Margins	\$1,507,366 52%		\$1,245,748 52%	
Non-Operating Interest Income	49,114	2%	180,312	8%
Non-Operating Margins - Other	828,068	29%	74,626	3%
Patronage Capital (Received)	487,678	17%	887,132	37%
Total Margins	\$2,872,227		\$2,387,818	

\$1,353,058
Interest Paid
\$1,908,035 in 2022

537
New
Services
Added
415 in 2022

23,505
Meters
Served
23,007 in 2022

POWER SUPPLY TRANSITION

Examining the possible power supply transition in 2023 required in-depth analysis, energy, and financial forecasting. In late February 2024, Mountain Parks Electric entered into a power sales agreement (PSA) with Guzman Energy to provide wholesale power and energy management services. The 20-year agreement is expected to stabilize wholesale power costs for our non-profit, member-owned cooperative by providing contracted prices for the duration of the PSA. Power services from Guzman Energy commence on February 1, 2025, but the work that led to this milestone date back to 2019...

- **2019** – MPE Board votes to request a “Make-Whole” or “Buyout” number from Tri-State Generation and Transmission.
- **May 2022** – MPE Board votes to participate in the optional Partial Requirements Contract, a product Tri-State was offering in response to requests from Tri-State member co-ops for greater flexibility, lower cost of power, diversity of power supply, and so on. When the process stalled at the Federal Energy Regulatory Commission (FERC), MPE began to look at the option for a full exit.
- **January 2023** – MPE Board votes to provide notice of withdrawal to Tri-State.
- **April 2023** – MPE Board set a power supply goal as a part of MPE’s strategic planning process: “Negotiate a power supply contract that provides reliability, affordability, and flexibility for the (MPE) membership.”
- **May 2023** – MPE Board reviews the four responses to the Request for Information and gives the General Manager direction to proceed with negotiating a wholesale power supply contract with Guzman Energy.
- **February 2024** – MPE enters into PSA with Guzman Energy.



UTILITY
WORK
AHEAD

BENEFITS OF PSA WITH GUZMAN

- **Contracted wholesale power rates**
The agreement with Guzman Energy helps to stabilize energy costs through contracted wholesale power rates over the contract term.
- **Maintain reliability**
Delivery of power to member owners and other MPE-provided services will not change.
- **New ERA federal grant funding**
The new PSA will allow MPE to take advantage of possible New ERA grant dollars. MPE submitted a letter of interest for the New ERA program. If awarded, our co-op could benefit from up to \$198 million for the power supply transition and possible projects to improve our grid's reliability and resiliency.
- **Community investment**
Guzman Energy is committed to partnering with MPE to invest in our community each year.
- **Flexibility to develop local community renewable power generation assets**
The PSA includes flexibility for MPE to add new local renewable energy generation projects over the term of the contract.



**Guzman
Energy**

Guzman Energy is a wholesale power provider dedicated to communities in search of affordable and reliable energy. We partner with cooperatives, municipalities, companies and tribes across North America to customize energy portfolios that make economic and environmental sense for today and tomorrow. Together, we are lighting the way forward. To learn more, visit www.GuzmanEnergy.com.

STRATEGIC PLAN UPDATE

In April of 2023, the MPE Board of Directors, MPE management, and representatives with Cooperative Finance Corporation (CFC) created seven goals and 17 objectives to match MPE's vision and mission for 2023-2026 Strategic Plan.

Each objective has multiple tactics toward completion of the seven goals. A committee of management and staff worked together to develop the tactics and to keep the organization on track to complete the strategic plan.

Employee and public safety tops the list for MPE's Strategic Plan goals. Here, MPE Apprentice Lineman Scott Crawford beats the sunrise to get the power restored. Photo by Crew Foreman Jose Vargas-Serna.



GOALS/OBJECTIVES

1. *Be a recognized leader in employee and public safety*

- **Objective 1:** Get every employee home safely every day.
- **Objective 2:** Keep the public safe.
- **Objective 3:** Maintain highest industry standards.

2. *Retain and recruit high-quality staff*

- **Objective 4:** Exceed the needs and expectations of employees.
- **Objective 5:** Create a cooperative culture that promotes flexibility, engagement, opportunity, and trust.

3. *Negotiate a power supply contract that provides reliability, affordability, and flexibility for our membership*

- **Objective 6:** Complete the necessary work to ensure that MPE has secured a power supply contract that will continue to provide safe, reliable, and affordable power while offering more flexibility and stability in order to meet the future needs of the cooperative and the changing needs of our members.

Board President Liz McIntyre, left, and General Manager Virginia Harman, right, share a laugh during the presentation of the strategic plan at the July 2023 Board Meeting. MPE staff who participated in the planning process also attended.



4. Ensure strong, safe, reliable, and secure systems that are ready for the challenges of the future

- **Objective 7:** Complete the middle mile fiber buildout.
- **Objective 8:** Investigate opportunities for third party user of fiber.
- **Objective 9:** Develop and execute multi-year work plan, load forecast, cyber security, and facilities plan.

5. Maintain a high level of member satisfaction

- **Objective 10:** Align member engagement to accomplish strategic goals.
- **Objective 11:** Modernize member touchpoints while maintaining personal service.

6. Maintain financial strength and stability

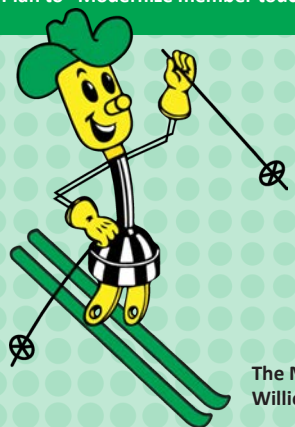
- **Objective 12:** Complete long-term financial forecast.
- **Objective 13:** Establish realistic financial parameters.
- **Objective 14:** Develop rate strategy that mitigates risk to the co-op and reflects flexibility, equity, and certainty for our members.

7. Demonstrate commitment to continuous improvement through Board and leadership education, training, and engagement

- **Objective 15:** Develop and implement director orientation.
- **Objective 16:** Evaluate board meeting structure for effectiveness.
- **Objective 17:** Evaluate corporate document retention and accessibility to ensure continuity and compliance.



A redesigned www.mpei.com website, rebranded MPE vehicles and the new Mountain Parks Electric logos in 2023 contributed to Objective 11 of the Strategic Plan to “Modernize member touchpoints while maintaining personal service.”



The MPE logo might have been updated, but our historic Willie Wiredhand mascot remains as popular as ever.

2023 PROJECT MILESTONES



The East Troublesome Fire destroyed miles of MPE's overhead lines.

Highway 125 project completed

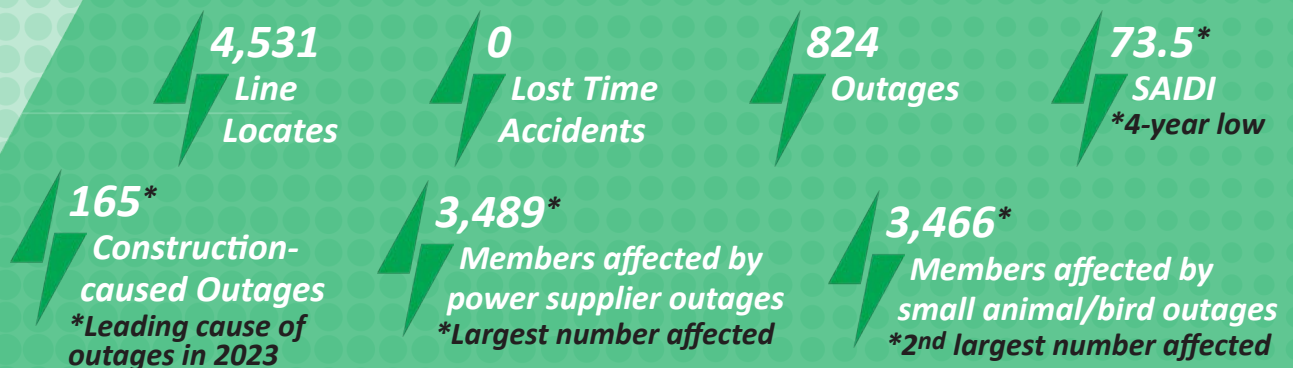
The East Troublesome Fire in 2020 was the second largest fire in Colorado history, burning 193,812 acres throughout MPE's service territory.

One of the areas with heavy damage to property and infrastructure, including MPE overhead lines, was along Highway 125.

At the July 13, 2023, Board Meeting, Manager of Operations Adam Paulson reported that the reconstruction project, moving the overhead lines to underground, had been completed.

More than \$1.7 million of the project cost has been reimbursed by FEMA.

2023 OPERATIONS STATS



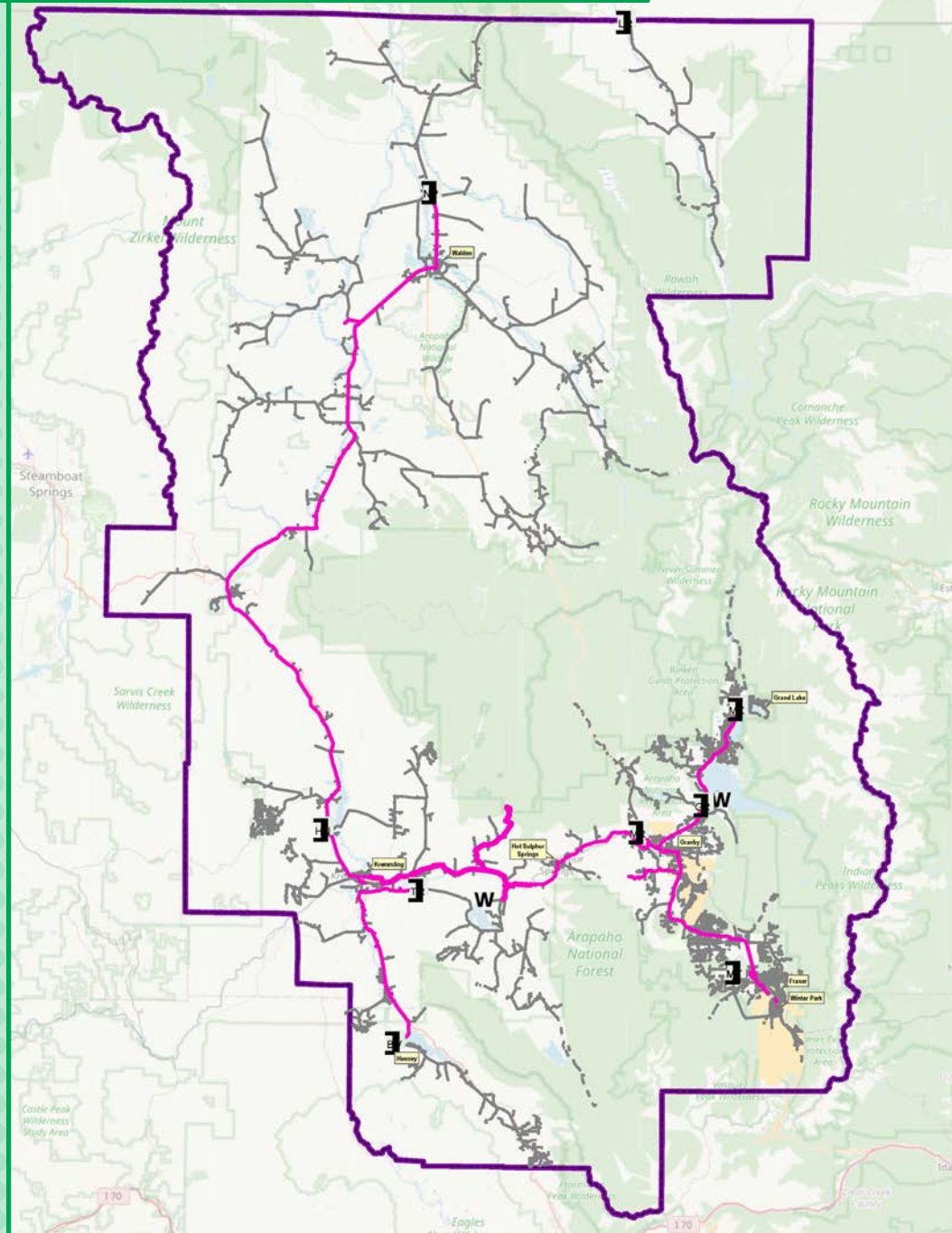
Middle mile fiber project completed

MPE's middle mile fiber optics project has been completed at more than a million dollars under budget after the pandemic's labor challenges delayed the project's start and early work from 2020 to 2021.

MPE's middle mile, seen in the map at right, connects the offices in Granby, Walden, and Kremmling, providing improved business continuity and disaster recovery.

It will also add capabilities for MPE employees in the field with more efficient and technologically advanced devices for improved fire mitigation and distribution automation.

MPE is also leasing MPE's middle mile infrastructure so an outside partner can build out affordable broadband to 100% of MPE membership while providing revenue to MPE for the use of its fiber. This will ensure MPE recovers its investment in the middle mile development.



Map of the MPE middle mile fiber network, which is highlighted in pink.

COMMUNITY INVOLVEMENT

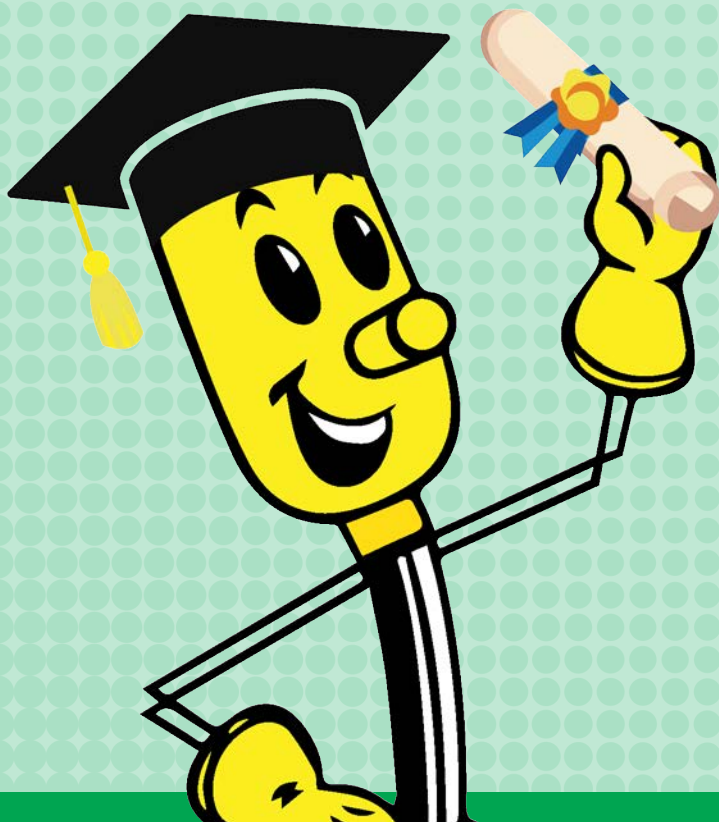
Donations from the Unclaimed Capital Credits Fund

In 2023, the MPE service territory benefited from more than \$190,000 in community contributions from the MPE Unclaimed Capital Credits Fund (UCC).

A primary focus of MPE's use of the UCC Fund has historically been education and scholarships. These continue to take precedence, but funding opportunities expanded to include other impactful opportunities. Donation requests (www.mpei.com/donation-request) of \$5,000 or greater are reviewed by the MPE Board at the March, July, and November board meetings and are due 21 days prior to each review.

Some recurring and one-time contributions in 2023 included the following:

- \$72,500 in scholarships
- \$20,000 to MPE's Charitable Trust to be distributed by the Operation Round Up Board
- \$10,000 to North Park Fire Rescue Authority toward a fire house addition
- \$10,000 to Mountain Family Center Children's Food Totes Program to match \$10,000 from CoBank's Sharing Success
- \$10,000 to Grand Enterprise Initiative and \$10,000 to Jackson Enterprise Initiative (See feature story in March edition of "Plugged In" at www.mpei.com/newsletter.)
- \$8,000 to Grand Beginnings for employee emergency assistance fund and \$8,000 to Grand Beginnings for children's health screenings



MPE Scholarship Program expands in 2023

Over the past 20 years, MPE has significantly increased its focus on scholarships when allocating community development funds from unclaimed capital credits. After a review of MPE's scholarship program, the Board decided to continue this tradition through a three-category system and by allocating additional UCC funds annually.

The three scholarship categories are Academic, Electric-Industry, and Trade School. The Academic category will have up to \$75,000 available annually, while the new Electric-Industry and Trade School portions will each have up to \$25,000 available. Single-year awards can range from \$2,500 to \$10,000.

See www.mpei.com/scholarships for more info.

Operation Round Up provides more than \$105,000 in 2023

Operation Round Up (ORU) is supported by the vast majority of MPE's members and is managed by a volunteer board of directors. Participants round up their electric bill up to the next dollar. These contributions accounted for nearly \$72,000 to go to fellow members and families in need throughout our community. Mountain Family Center helps distribute these funds to qualifying members in need. Additional funds, including \$20,000 from the UCC Fund, help support educational and community programs and initiatives.

To become a contributor or to find out more, visit www.mpei.com/ORU.



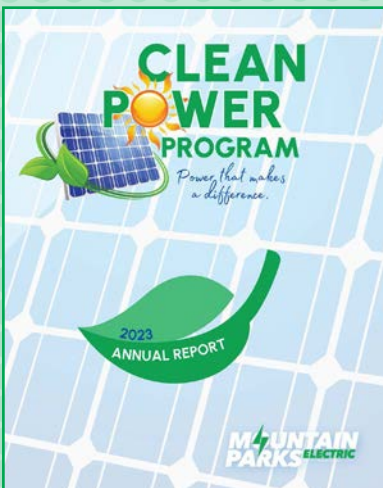
All member contributions to ORU go toward assisting members and families in need, and this accounts for a majority of ORU's expenditures. The ORU board also has funds to help facilitate educational and community programs, such as the Smile Box Program for seniors in Jackson County, above.

Clean Power Program grants 37 rebates totaling \$23,000 in 2023

The program's mission remains simple, yet relevant: to financially assist MPE members who install local, renewable resources. Grateful rebate recipients "pay it forward." They too contribute to the program so that rebate dollars are available for future renewable projects.

In 2023, \$23,000 through 37 total rebates were awarded for local renewable installations. There were 1,529 contributors to the program and a total of 368 net metered members at the end of 2023.

In 2023, the Clean Power Program offered an application period for an accelerator grant to help support clean-energy projects in the MPE service territory. Through this grant program, the CPP is working with the Grand County Habitat for Humanity to possibly provide ongoing solar installations on the organization's projects, as well as with the Town of Granby on a possible 25kW solar array in association with the town's new water treatment plant.



Visit www.mpei.com/CPP for the Clean Power Program 2023 Annual Report and more info about the program.



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