



# 2023 Annual Report of

## Fall River Rural Electric Cooperative

FALL RIVER

RURAL ELECTRIC COOPERATIVE

*Where Service Matters*

June 2023



# Investing in the Future

## 2023 Annual Report to the Members

As an owner of Fall River Rural Electric Cooperative, the board of directors and staff know we are accountable to you for our stewardship of this great Cooperative. This annual report illustrates the dedication, hard work, innovation, and vision Fall River has in continually striving for excellence to provide reliable, affordable energy to you, our owner-members.

### Keeping Power Rates Low

Many electric customers around this great nation are facing increased costs of electricity. Your elected board and the Co-op's management team and staff, however, have focused their efforts on controlling costs and increasing efficiencies toward the goal of maintaining the Co-op's exceptional financial position and low power rates. Those efforts have resulted in these benefits for you, our owner-members:

- **Decrease in Retail Rates** – Your board of directors approved a 1.9% general retail rate decrease for Cooperative members, which went into effect in January 2022. Our Cooperative has not had a general rate increase for the past eight years, and this is the first rate *decrease* since 1997, some 26 years ago.
- **Accelerated Patronage Capital Payout** – Your Cooperative paid out \$2.6M, a record amount for patronage capital retirement. This patronage capital money was paid back to the owners of the Cooperative in December of 2022.
- **Instant Owner Rebate** – Your Cooperative also issued an instant owner rebate of \$1.5M to members that was returned to you as a credit on your February 2023 power bill.
- **Strong Financial Position** – Being strong financially positions the Cooperative to continue to provide affordable power and gives us the ability to invest in the future of the Cooperative infrastructure and technology required to embrace an ever-changing future.
- **Named a Top 100 Business in Idaho** – Our strong financial performance resulted in your Cooperative being named a Top 100 privately-owned business in Idaho.
- **Fall River Propane** – A company that you also own through being a member in the Cooperative, Fall River Propane achieved several new milestones, including a record number of new customers. Additionally, Fall River Propane delivered nearly five million gallons of propane, another record year. The expansion of propane into Wyoming also reported a positive net margin that contributed to a record high of total net profits in 2022.

### Investing for Our Future

Fall River Electric continued its history of investing in technology and infrastructure, especially where those improvements can increase our efficiencies and reduce the Cooperative's costs. Over the past decade we have strategically added foundational smart grid technologies to continue to prepare the Cooperative investment for the future. Investments in smart meters, fiber optics, and most recently a Supervisory Controls and Data Acquisition (SCADA) system are examples of these technology improvements. The Cooperative's in building a fiber optics network that is primarily used for Cooperative communications and is also made available through leases to third party internet providers, improving high-speed internet service into West Yellowstone, Island Park, and other rural areas within our service territory.

Here are some other technology investments made in 2022:

- **Major Transmission Upgrade & Infrastructure improvements** – Fall River invested more than \$6.8M in the Cooperative's infrastructure in 2022 and started construction on a significant transmission upgrade project that will take approximately five years to complete. This project will result in a \$23M total investment to help meet an increasing demand for energy as the Cooperative continues to grow and more people move into our service area.
- **New Teton Valley Substation** – The Cooperative purchased a ten-acre parcel of land for a future substation in Teton Valley to meet the growth we are experiencing in the region.
- **Electric Vehicle Fast Chargers** – Fall River was awarded a grant to install five high-speed EV chargers in three locations. We are scheduled to start construction in the summer of 2023 and will have EV chargers in Driggs, Ashton, and Island Park. The grants and fees for using these chargers will pay for all costs related to their purchase and installation.
- **Scholarships** – Fall River is dedicated to investing in our youth and provides thirty-three scholarships for graduating high school seniors and individuals looking to participate in college or trade school learning. This amounts to nearly \$80,000 in scholarship funds. The Cooperative also provides up to five additional scholarships for high school sophomores and juniors when they participate in a weeklong youth rally leadership conference.

- **Youth Electric Safety Demonstration** – In 2022, the Cooperative provided several electrical safety demonstrations for our membership, Fall River families, first responders, and nearly 1,000 local elementary school youth.
- **Electric Vehicle Member Lease Program** – In 2022, the Cooperative started a program for members to lease the Cooperative's Tesla for free for up to three days. This year, we are continuing this program for members to lease our Tesla to determine whether an EV will meet their personal needs. Please watch for an opportunity to sign up when the Fall River Tesla is in your area. Visit Fall River's website to sign up.

We faced some challenges in 2022, including getting the materials we needed to respond to robust new service requests. Inflation raised its ugly head, which has added upward pressure on all our costs, especially the price of material. Despite these hurdles, Fall River's staff persevered and made noteworthy progress for our members, the communities we serve, and the Cooperative as a whole. Much was accomplished on your behalf as the Cooperative continues to work toward a bright future.

This list of accomplishments and advancements is only a sampling of the many things the Cooperative has completed in the past year. Additional accomplishments are noted throughout the Energy Expo and Annual Meeting report. Fall River Electric continues to be your "Trusted Energy Partner" and we are passionate about serving our owner-members by investing in the future for you, your family, and the businesses within our service area.

*Georg Behrens* – *Bryan L Case*

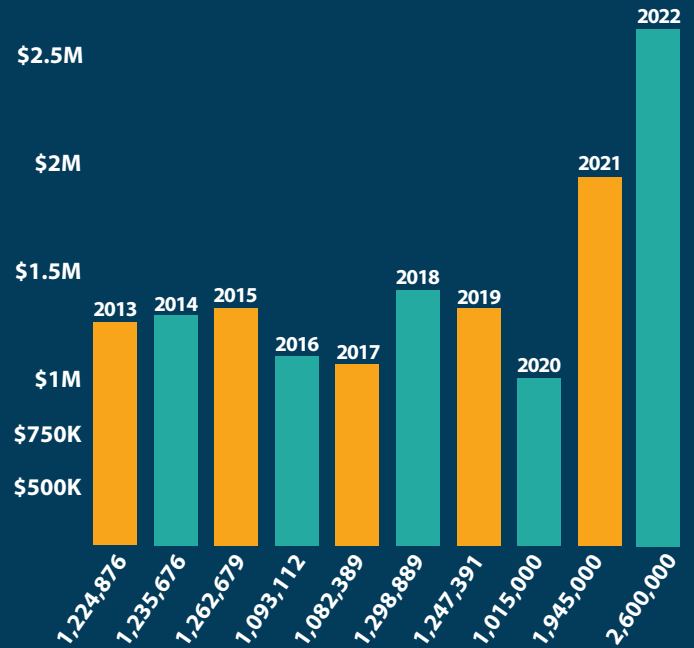


Georg Behrens  
Board President

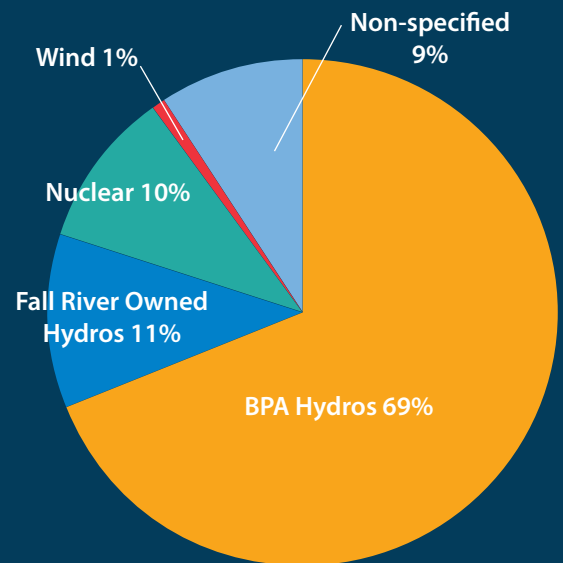


Bryan Case  
CEO/General Manager

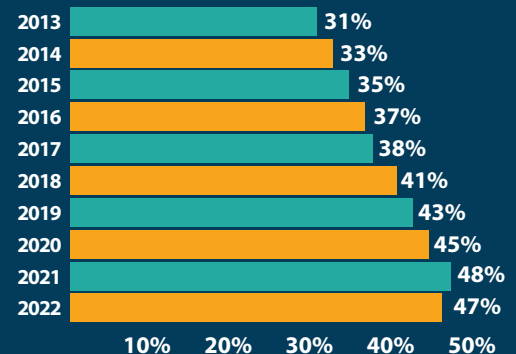
## Patronage Capital Member Payback 10 Year History



## Delivering 91% Carbon-Free Power to Fall River Electric Members!



## Equity Ratio 10 Year History



# Fall River Electric's Top 25

- **Record Setting Patronage Capital Payout** – Fall River retired \$2.6M in patronage capital in 2022, setting a new record.
- **\$1.5M Instant Owner Rebate** – For only the fourth time in the history of the Cooperative, the board approved an Instant Owner Rebate.
- **Rate Decrease of 1.9%** – Rates were decreased in January 2022 plus NO general rate increase for the past 8 years.
- **Strong Financials** – Fall River ended 2022 with an equity ratio of 47% and was recognized for the third time as a Top 100 Idaho privately-owned business.
- **EV Free Lease Trial** – In 2022, the Cooperative provided members with the opportunity to lease the Cooperative's EV for free for up to three days. We also provided two member test drive events, one at the Energy Expo in Driggs and a second at our West Yellowstone Member Appreciation Day last fall.
- **No Lost Time Accidents** – We are always pleased to report when we can complete a year with no lost time accidents by staff.
- **New Services Connected** – Your Cooperative added 710 new electrical services.
- **Robust Construction** – Thanks to the board's allowance to order material early, the Cooperative was able to complete all of the Cooperative's projects without delays or material shortages.
- **Transmission Upgrade Progress** – Significant transmission upgrade work was completed in 2022. Contractors were able to complete more work than planned and for less than anticipated. Five miles of easement widening was completed last year.
- **Employee Housing Secured** – Several parcels of property to accommodate future employee housing in Teton Valley were acquired.
- **New Teton Valley Substation Site** – A ten-acre parcel of land was acquired near Victor for a potential future substation.
- **Grant Funds Secured** – Fall River has secured five grants, two for installing EV fast chargers (\$882,799 ID State and \$20,000 BEF) and three additional grants totaling \$141k related to grid resiliency and wildfire mitigation. Additional grant applications have been submitted.
- **Electrical Safety Demonstrations** – In 2022, your Cooperative provided several electrical safety demonstrations for our members, first responders, and nearly 1,000 local youth.
- **Wildfire Mitigation Plan** – The Cooperative's wildfire mitigation plan was overhauled and updated. This plan was also reviewed by our insurance carrier Federated and approved by the U.S. Forest Service through a NEPA process.
- **Old Felt Hydro Upgraded** – The older portion of our Felt hydropower plant was returned to operational status with testing completed in the fall of 2022 in preparation of producing even more clean non-carbon energy.

# Accomplishments of 2022

- **Felt Relicensing** – Relicensing our Felt hydropower facility made great progress with a final application submitted in 2022 to the Federal Energy Regulatory Commission (FERC) for comment. The process is expected to continue for at least another year before completion.
- **Fall River Leadership Development Series** – Another session of our leadership development series, which helps to prepare the next generation of leaders within the Cooperative, was completed allowing all employees the opportunity to participate in this leadership development series. Evaluations provided by participants have been very positive and have offered ideas to enhance the series for the future.
- **Key Ratio Trend Analysis and Touchstone Member Survey** – Industry benchmarks like Cooperative Finance Corporation (CFC's) Key Ratio Trend Analysis and Touchstone's member survey show Fall River Electric's steady improvement and high performance compared to other electric cooperatives nationwide.
- **Energy Expo & Annual Meeting** – The Energy Expo and annual member meeting was held at Teton High school in Driggs in a hybrid format allowing members to attend in-person or remotely. Fall River booths, youth stem activities, bucket truck rides, electrical safety demos, and Tesla test drives all contributed to its success.
- **Fall River Informational Videos** – Our staff created six outstanding short-form videos that were used on our social media platforms and the Co-op's website.
- **Crew Safety Reinforced** – Fall River field crews started an effort to hold safety "tailboard reviews" for all after hour calls. While not achieving 100%, staff made significant improvements in conducting safety briefings with greater efforts planned for 2023.
- **Initiated Take Safety Home** – This program, now in its second year, is administered under the direction of the safety compliance committee. Monthly home safety topics are discussed at safety meetings and materials were provided for staff and board to take home. The monthly employee newsletter highlights the safety topic and the member newsletter *FLASHES* shares home safety tips for our members. We tracked how many of our staff took time to have safety conversations at home.
- **SCADA Installed** – A new Supervisory Controls & Data Acquisition (SCADA) system was installed and will become a vital technology asset for the Cooperative.
- **High Standards in Reliability** – Efforts were made to add line spacers in critical locations reducing snow load power outages, completed a Power Requirement Study, Sectionalizing Study, a Four-Year Construction Work Plan, a new control building in the Daw substation, and installed new regulator control panels in 24 substation regulators.
- **Propane Growth** – Fall River Propane had a record year with \$1.4M in net profit while delivering nearly five million gallons of propane.





# 2022 By the Numbers

**Over 15,055**  
owner-members

**19,648**  
meters connected

**2,662**  
miles of power lines

**41,841,381**  
kilowatt hours  
generated by Fall River  
hydros in 2022

**Over \$80,000**  
awarded in  
scholarships to  
children of members

**4,196**  
members contributed  
to nonprofit Helping  
Hands to assist  
members in need

**710** new electrical  
services installed

**\$247,320** in energy  
conservation funds  
paid to members

## Revenues, Expenses, & Patronage Capital

*years ended 2022 and 2021*

	2022	2021
<b>OPERATING REVENUE</b>		
Electricity sales	\$36,160,572	\$34,155,102
Propane sales	10,902,093	7,415,309
Other operating revenue	1,718,874	1,403,658
Total operating revenue	\$48,781,539	\$42,974,069
<b>OPERATING EXPENSES</b>		
Power production expense	956,811	878,570
Cost of purchased power	15,041,549	13,070,995
Cost of propane	6,732,328	4,609,851
Cost of propane installation and delivery	2,183,647	1,899,370
Transmission expense	47,557	38,569
Distribution - operations	3,812,910	3,255,652
Distribution - maintenance	1,504,211	1,270,942
Member accounts	1,220,505	1,176,574
Member service and information	154,816	172,657
Sales expense	358,968	318,661
Administration and general expense	4,437,465	4,031,406
Depreciation and amortization expense	4,608,414	4,555,341
Taxes	835,905	825,233
Interest on long-term debt	2,300,912	2,160,188
Other interest charges	361	11,192
<b>Total operating expenses</b>	<b>\$44,196,359</b>	<b>\$38,275,201</b>
<b>Net Operating Margins</b>	<b>4,585,180</b>	<b>4,698,868</b>
<b>NON-OPERATING MARGINS</b>		
Interest income	267,193	45,672
Generator lease Income	-	20,592
Gain or (loss) on disposal of general plant	(9,000)	51,075
Other non-operating income (expense), net	201,202	355,975
<b>Total non-operating margins</b>	<b>\$459,395</b>	<b>\$473,314</b>
Capital credits from associated organizations	305,875	356,654
<b>Net margins</b>	<b>5,350,450</b>	<b>5,528,836</b>
Patronage capital, beginning of year	57,611,120	54,027,782
Retirement of capital credits	(2,896,633)	(1,945,498)
<b>Patronage capital, end of year</b>	<b>\$60,064,937</b>	<b>\$57,611,120</b>

# Consolidated Balance Sheets

as of December 31, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
<b>Noncurrent Assets</b>		
Electric Utility plant, net	\$91,842,169	\$91,770,953
Propane plant, net	7,054,474	6,098,140
Leases receivable, due after one year	285,824	-
Investments in associated organizations	5,673,227	5,515,943
<b>Total noncurrent assets</b>	<b>\$104,855,694</b>	<b>\$103,385,036</b>
<b>Current Assets</b>		
Cash and cash equivalents	8,313,900	9,866,808
Temporary investments	7,000,000	-
Accounts receivable, net	6,463,945	4,818,435
Leases receivable, due within one year	23,110	-
Materials and supplies inventory	3,224,354	2,183,470
Other current assets	535,868	144,807
<b>Total current assets</b>	<b>25,561,177</b>	<b>17,013,520</b>
Deferred charges	2,118,818	2,044,999
<b>Total assets</b>	<b>\$132,535,689</b>	<b>\$122,443,555</b>
<b>MEMBERS' EQUITY AND LIABILITIES</b>		
<b>Members' Equity</b>		
Patronage capital	60,064,937	57,611,120
Other equities	1,737,430	1,394,180
<b>Total members' equity</b>	<b>\$61,802,367</b>	<b>\$59,005,300</b>
<b>NONCURRENT Liabilities</b>		
Long-term debt, due after one year	57,694,458	51,932,725
<b>Total noncurrent liabilities</b>	<b>\$57,694,458</b>	<b>\$51,932,725</b>
<b>CURRENT LIABILITIES</b>		
Long-term debt, due within one year	3,226,485	3,235,526
Accounts payable	2,897,009	1,969,746
Line of credit	-	100,000
Consumer deposits	431,979	387,104
Deferred revenue	440,392	364,370
Other current liabilities	3,582,032	3,439,128
<b>Total current liabilities</b>	<b>10,577,897</b>	<b>9,495,874</b>
Deferred credits	2,460,967	2,009,656
<b>Total members' equity and liabilities</b>	<b>\$132,535,689</b>	<b>\$122,443,555</b>

# 2022 Highlights

- **Paid members \$2.6M** in Patronage Capital—the highest single year payout in Fall River Electric's history
- **\$1.5M paid to** Cooperative members in an Instant Owner Rebate
- **Invested over \$6.8M for improvements & repairs** to the power grid thus increasing system reliability
- **Secured over \$1M in grants** for EV fast chargers & grid enhancements
- **Decreased long-term debt by \$3.1M**
- **Rate DECREASE** of 1.9%
- **Zero loss time accidents**, a testament to the Co-op's "safety culture"