



Your Trusted Energy Partner



2019 ANNUAL REPORT

Fall River Electric Cooperative



FALL RIVER
RURAL ELECTRIC COOPERATIVE
Where Service Matters

We are your “Trusted Energy Partner”

Fall River Electric Cooperative board of directors and staff were excited to see you, our owners-members, in person at our annual meeting this year. Staff was excited to show off electric vehicles, a car and bike, battery technology, and even unveil the wind and solar generation demonstration units we helped fund and install at three of the high schools in our service area.

Who would have thought that, now, we would be experts in social distancing, fluent in COVID-19 virus lingo, witness significant stock market loses, and be struggling to keep local businesses and farms operational? These are clearly challenging times. However, as we write this message, there is hope on the horizon. Governors are reopening economies, the pandemic appears to have peaked, and there seems to be more activity happening. We sincerely hope the economy will once again return to pre-pandemic levels. This will take some time, but there is hope.

It may be odd to say, but we have an appreciation for difficult times. It tests the Cooperative's resiliency and our resolve to be there as your “Trusted Energy Partner,” even in dire circumstances. As businesses temporarily closed, we knew we had a responsibility to ensure our members had power when they needed it most.

Bob Riley, former Governor of Alabama and U.S. House Representative, may have said it best: “Hard times don't create heroes. It is during the hard times when the ‘hero’ within us is revealed.”

Over the past several years, Fall River has been investing in technology, streamlining and automating business processes to save our members money, and become more efficient to ensure we can continue to operate the business in case of a disaster. This pandemic gave us the opportunity to test our business continuation plan. Fall River quickly transitioned to having office staff work remotely from their homes, while answering phones and taking care of Fall River's business. Electric crews divided into smaller units and continued the work of restoring outages, installing new services, and completing system upgrades and maintenance. Our hydroelectric plant operators continued to ensure our hydro facilities were generating, while also spending time making facilities improvements and performing maintenance. Fall River Propane continued to deliver propane and set tanks for new customers and were readily available for the needs of the community.

The pandemic has been a great test and we are so proud of the work our staff did to rise to the challenge. They were already heroes in our book and, when put to the test, performed exceptionally.

The Cooperative prides itself in committing time to engage in strategic thinking and long-range planning. A decade ago, the board established the vision to improve the Cooperative's finances. Staff put a plan in action and systematically improved the Cooperative's financial viability, while ensuring members had low electric rates and a reliable system. Today, the Cooperative is financially prepared for the historically unique emergency we are all facing. The board's vision and staff's dedication to the members is evident and has positioned the Cooperative to be the “Trusted Energy Partner” you can rely on.

As we reviewed our accomplishments of 2019, we are greatly pleased with staff's efforts to significantly improve your Cooperative that will not only benefit you now, but generations into the future. Please see the extensive list of accomplishments included in the Cooperative's annual report.

Our board and staff have had many conversations about how best to help our members, and the following actions were taken to help in these trying times:

- Fall River Electric decided to hold this year's annual meeting as a virtual annual meeting. The savings of approximately \$30,000 in holding a virtual meeting will be donated to Fall River Helping Hands to assist those impacted by the pandemic with their energy needs.
- Each year, the Cooperative sets aside some money to help in our communities. This year, the Cooperative will be donating money to our local food banks, \$20,000 in total.
- During the pandemic, Fall River suspended disconnecting power for non-payment and did not bill any late penalties.
- For those directly impacted by the pandemic, Fall River will work with them to help get assistance through Helping Hands and LIHEAP, and will extend options for payment arrangements.
- We prepared a guide of financial resources to help navigate the CARES Act and other information on available government resources to help businesses or those laid off from work.
- Staff even delivered lunch to our community's front-line hospital workers to show our appreciation for their dedication and to recognize them as our heroes.



• Fall River Helping Hands, which is Fall River Electric's energy assistance organization established to provide financial assistance for the payment of energy bills, has seen a significant rise in applications from members whose employment has been impacted by Covid-19. If you have the financial ability to help your fellow owner-members of Fall River Electric, please consider making a tax-deductible donation to Helping Hands. Any amount would be of great benefit. Every dollar goes directly to help friends and neighbors impacted financially by this pandemic. You can make a monetary donation simply by calling one of our friendly Member Services representatives at 800.632.5726 during normal business hours, Monday through Friday, or you can mail your donation to 1150 N 3400 E, Ashton, ID 83420. Our members in need will be so grateful for your assistance!

These are trying times and we hope this message finds you and your loved ones well and in good spirits, filled with hope for the future.

"When everything seems to be going against you, remember that the airplane takes off against the wind, not with it." – Henry Ford

Sincerely,




Doug Schmier
Board President




Bryan Case
CEO/General Manager

Fall River Electric Cooperative, in conjunction with Touchstone Energy, conducted a member satisfaction survey in 2019. Here are some of the highlights provided by our owner-members:

Overall Member Satisfaction
8.98 out of 10



Provides Reliable Service
9.0 out of 10



Gives Money Back (Patronage Capital)
8.64 out of 10



Fall River Electric is a Name You Can Trust
8.62 out of 10



Handles Complaints Promptly
8.73 out of 10



Improves the Quality of Life in My Community
8.59 out of 10



Communications About Important Issues
8.4 out of 10



"As we reviewed our accomplishments of 2019, we are greatly pleased with staff's efforts to significantly improve your Cooperative that will not only benefit you now, but generations into the future."

- Bryan Case

2019 By the Numbers

Over 14,000
owner-members

17,876
meters connected

2,421
miles of power lines

52,239,939
kilowatt hours
generated by Fall River
hydros in 2019

\$74,000
awarded in
scholarships to
children of members

44,775
incoming calls to
Member Services

81
member households
received energy
assistance from
Helping Hands thanks
to your contributions

450+ new electrical
services installed

Revenues, Expenses, & Patronage Capital

years ended 2019 and 2018

	2019	2018
OPERATING REVENUE		
Electricity sales	\$34,148,692	\$32,677,782
Propane sales	4,804,374	4,562,096
Other operating revenue	822,350	806,392
Total operating revenue	\$39,775,416	\$38,046,270
OPERATING EXPENSES		
Power production expense	2,034,811	1,763,288
Cost of purchased power	12,580,307	11,917,141
Cost of propane	2,464,508	2,735,780
Cost of propane installation and delivery	1,208,770	1,074,932
Transmission expense	46,276	49,145
Distribution - operations	2,990,820	2,759,731
Distribution - maintenance	1,400,949	1,174,712
Member accounts	1,042,326	1,032,456
Member service and information	141,748	123,149
Sales expense	189,092	173,452
Administration and general expense	3,809,078	3,447,758
Depreciation and amortization expense	4,268,592	4,193,117
Taxes	816,635	820,131
Interest on long-term debt	2,705,729	2,869,947
Other interest charges	9,417	6,191
Total operating expenses	\$35,709,058	\$34,140,930
Net Operating Margins	4,066,358	3,905,340
NON-OPERATING MARGINS		
Interest income	127,343	53,904
Generator lease Income	20,592	-
Gain or (loss) on disposal of general plant	96,457	88,801
Other non-operating income (expense), net	143,789	133,067
Total non-operating margins	\$388,181	\$275,772
Capital credits from associated organizations	398,507	418,582
Net margins	4,853,046	4,599,694
Patronage capital, beginning of year	48,186,462	44,885,657
Retirement of capital credits	(1,247,391)	(1,298,889)
Patronage capital, end of year	\$51,792,117	\$48,186,462

Consolidated Balance Sheets

as of December 31, 2019 and 2018

	2019	2018
ASSETS		
Noncurrent Assets		
Utility plant, net	\$94,594,859	\$96,178,995
Investments	5,832,885	5,613,355
Note receivable	93,191	95,052
Non-utility property, net	4,426,493	3,967,021
Total noncurrent assets	\$104,947,428	\$105,854,423
Current Assets		
Cash and cash equivalents	7,007,203	1,246,308
Accounts receivable, net	4,996,190	5,284,984
Materials and supplies inventory	1,642,081	1,551,593
Other current assets	516,017	167,118
Total current assets	14,161,491	8,250,003
Deferred charges	2,819,673	6,728,106
Total assets	\$121,928,592	\$120,832,532
MEMBERS' EQUITY AND LIABILITIES		
Members' Equity		
Patronage capital	51,792,117	48,186,462
Other equities	937,517	815,984
Total members' equity	\$52,729,634	\$49,002,446
NONCURRENT Liabilities		
Long-term debt, due after one year	58,756,859	62,644,086
Total noncurrent liabilities	\$58,756,859	\$62,644,086
CURRENT Liabilities		
Long-term debt, due within one year	3,988,388	3,767,126
Accounts payable	1,895,982	2,211,455
Member deposits	327,372	320,337
Deferred revenue	175,750	172,462
Other current liabilities	1,993,012	1,991,149
Total current liabilities	8,380,504	8,462,529
Deferred credits	2,061,595	723,471
Total members' equity and liabilities	\$121,928,592	\$120,832,532

2019 Highlights

- ➔ Despite a wholesale power rate increase, **Fall River Electric did NOT increase rates** to members
- ➔ Paid members **\$1,247,391 in Patronage Capital** – total **historical payout of Patronage Capital \$24,628,887**
- ➔ **Decreased** long-term debt by **\$3.7M**
- ➔ **Improved** the Cooperative's **equity ratio to 43.4%** an increase of **over 10% from five years ago**
- ➔ **Fall River's linemen** conducted electrical **safety demos** for over **1,000 school children**
- ➔ Invested over **\$2.7M on improvements** and repairs to the power grid thus increasing system reliability

Fall River Electric's Top 20 Accomplishments of 2019

- **Paid members** more than **\$1,000,000** in Patronage Capital
- **Paid down long-term debt** by \$3.7M
- **Improved** the Cooperative's **equity ratio to 43.4%**, an increase of over 10% from five years ago
- Despite wholesale power rate increases, **Fall River Electric rates did NOT increase**
- Installed **more than 450 new services**, resulting in an increase of 2.7% of total services
- **Conducted electrical safety demonstrations** for more than 1,000 elementary school students
- Awarded **more than \$70,000** in **student scholarships**
- **Power outages** were 32.8% **BELOW the 5-year statewide average** (minutes per customer)
- **Saved \$60,000** in labor expense by using **automated meters** during power outages
- **Finalized the fundraising and construction** of three **wind and solar** distributed energy demonstration units at local high schools
- Fall River's four **hydroelectric power plants** generated more than 52 million kilowatt hours, enough to **power 4,353 homes annually**
- Crews spent more than **\$2.7M on improvements** and repairs to the **power grid for system reliability**
- Installed **fiber optics** to three of our four hydroelectric facilities, **thus improving cybersecurity**
- **Information technology** staff **blocked** more than **500,000 phishing attacks** on Co-op servers
- **"Stuff the Truck"** food drive collected nearly **4,000 pounds** of **non-perishable food**
- **Fall River** became a designated **RRR** (Reuse, Reduce, Recycle) **Business Leader**
- **Implemented the "Red Flags Rule"** to **protect** member privacy and **identity theft**
- Members elected **two new board directors** (Anna Lindstedt and Jodi Stiehl)
- **Celebrated the 81st year** of being in business and serving members
- **Fall River Propane**, owned by Fall River Electric, **contributed \$555,000** in profit and payment of shared services, increased customers by 10%, **sold 15% more gallons** than projected, completed **more than 250,000 hours of work with NO lost time accidents**, and launched a new website and new social media initiatives

