

HIGHLINES

NEWS FOR THE MEMBERS OF PELLA COOPERATIVE ELECTRIC

2020
ANNUAL
REPORT

Official Notice of Annual Meeting

The Annual Meeting for members of Pella Cooperative Electric Association will be held virtually April 6, 2021 at 4 p.m. to take action upon the following matters:

1. The report of officers, directors and committees.
2. The election of two directors of the Cooperative for a term of three years for District 2 and At-large position.
3. All other business which may legally come before the meeting or any adjournment thereof.

In conjunction with the election of directors scheduled for this meeting, the following members have been appointed as director candidates by the Board by Pella Cooperative Electric, pursuant to the Bylaws:

District 2	At-Large
Darrell Boot - unopposed	Carroll Hoksbergen Ken Kenyon

You are urged to complete and return the ballot for directors that you will be receiving in the mail. Ballots received in the Pella Cooperative Office must be post marked no later than March 26 to be counted. Please watch the broadcast of the 2021 Annual Report as recorded and posted on our website at pella-cea.org.

Dated at Pella, Iowa this 8th day of March 2021.

Bryce Arkema, Secretary

Pella Cooperative Electric

Your Touchstone Energy® Cooperative

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PO Box 106
Pella, IA 50219

1-800-619-1040
www.pella-cea.org
service@pella-cea.org



Open weekdays: 7:30 am - 4:30 pm;
excluding holidays

⚡ Board of Directors

President Duane Ver Ploeg	Asst. Secretary/Treasurer Darrell Boot
Vice President Steve Inskeep	Director Carroll Hoksbergen
Secretary Bryce Arkema	Director Jon Van Woerkom
Treasurer Bob Van Soelen	CEO Jon Miles

Pella Cooperative Electric is a not-for-profit, member-owned electric cooperative, governed by an elected Board of Directors. This institution is an equal opportunity provider and employer. See pella-cea.org > Nondiscrimination Statement for more information.



Return your ballot & prize entry card for a chance to win!

Look for more info in your mailbox soon.

PRESIDENT & CEO REPORT



Jon Miles
CEO

2020 – It is a safe bet to say all of us will never forget this year. The COVID-19 pandemic altered all our lives in many ways, and it was no different at Pella Cooperative Electric's headquarters in Pella.

Electric co-ops across the nation banded together under the theme "Power On" where we pulled together and figured out ways to help our members, all while making sure our own employees were safe, healthy, and could keep the power flowing. And let's not forget the new term we all learned in 2020 – "derecho". Luckily, PCEA's system was not damaged as severely as other electric co-ops across the state when hurricane winds tore

across Iowa on August 10.

While the times have been challenging, we have also had many successes along the way. We had to adapt quickly and make numerous adjustments to programs and operations to maintain business continuity while staying focused on the bigger mission of helping our members during this turbulent time. The co-op's 2020 Annual Meeting, held virtually for the first time, was successfully aired on July 7, 2020 and the election of directors was held by mail-in ballots.

Member Appreciation Day was altered to a drive-thru event in September and over 600 meals were served. The Washington D.C. Youth Tour was canceled but we will provide the selected student, Gavin Norton of Knoxville, a scholarship to college. Board meetings were conducted virtually or in larger meeting areas where we could socially distance.

While our lives were dramatically different, business functions remained the same. The co-op ended 2020 with adequate margins to satisfy our debt service obligations. The Board of Directors approved a capital credit retirement of \$162,000 to members for the years 2002 and 2019, which was credited on members' February 2021 bill.

The Board of Directors also approved a rate study which resulted in proposed rate changes from a third-party company. The co-op uses the philosophy that the cost causer should

be the cost payer. Further, as a not-for-profit co-op we strive to maintain certain equity ratios. It is important for PCEA to periodically review rates and adjust as needed to cover expenses fairly and adequately across all rate classes. The rate changes were approved by the Board of Directors, which will take effect next month.

Central Iowa Power Cooperative (CIPCO), our power supplier, started construction on Wapello Solar last year, Iowa's largest solar facility at 100 megawatts, which is located in Louisa County. The project is currently in its final testing stages and will be generating clean, renewable energy for CIPCO and its members soon. CIPCO and other owners of the Duane Arnold Energy Center decommissioned the plant in late 2020. To compensate for losing this nuclear source, CIPCO repowered Summit Lake Generating Station in Creston. CIPCO continues to add more renewable energy to its portfolio, providing more carbon-free energy to members.

This is just a sampling of PCEA's significant events and achievements last year. Read more highlights from 2020 on the adjacent page. While the electrons running through the lines look no different, the methods in which we serve safe, reliable and affordable power continues to evolve, change and improve. Your co-op is always looking out for you, our members. We encourage you to participate in board elections by mailing in your ballot, and be sure tune in to the virtual 85th Annual Meeting, April 6 at 4 p.m. on our website - www.pella-cea.org.

ANNUAL MEETING AGENDA

Welcome
Secretary's Report
Report of the Nominating Committee
Election of Directors
President Report
CEO Report
Results of the Election
Grand Prize Winner Drawing
Adjournment

Questions for discussion? Email your questions to annualmeeting@pella-cea.org.

2020 HIGHLIGHTS



Free Water Heater Program Launched

PCEA launched a free water heater program to incent members to go electric with their water heater. Members can get a 50 gallon Ruud water heater from PCEA for free. Learn more at pella-cea.org/go-electric-your-water.

First Ever Virtual Annual Meeting Aired

Due to COVID-19 restrictions on gatherings, the co-op aired its first ever virtual Annual Meeting on July 7. Members also cast a ballot by mail - a record-breaking 675 ballots - electing Jon Van Woerkom, Duane Ver Ploeg, and Bryce Arkema.

Three Scholarships Awarded

Students Emily Van Norden from Pella Community High School, Ryan Vande Haar from Pella Christian High School, and Isaac Roe from Pleasantville High School, each received a \$1,000 scholarship from PCEA.

One Economic Development Project Completed

PCEA and Central Iowa Power Cooperative (CIPCO) utilized the USDA's Rural Economic Development Loan and Grant program (REDLG) to help finance nearly half of Pella Regional Health Center's clinic in Prairie City - a \$3.1 million project. REDLG provides zero-interest loans to rural utility providers that in turn re-lend the money at zero interest to businesses within their communities.

Member Appreciation Day Held by a Drive-Thru Event

To keep everyone safe and healthy but still celebrate members, PCEA handed out over 600 meals to members who attended the drive-thru event on September 26.

Iowa Hit with "Derecho"

Half a million Iowans lost power in the aftermath of the August 10 storm that recorded over 140 miles-per-hour wind gusts. Thankfully, PCEA had little damages and power outages were restored before the night was over. PCEA Linemen Matt Ainsworth and Shawn Williams assisted T.I.P. Rural Electric Cooperative in their storm restoration efforts.

Land Purchased for Two New Substations

The co-op purchased property for two new substations - Howell and Thunder Creek. Howell Substation, originally constructed in 1981, is being relocated to property on Highway 163, just south of Pella Christian High School. Thunder Creek Substation is located north of Pella on County Road T22. Both substations, currently under construction, will provide more load capacity to accommodate growth in our area, and will increase reliability of the electric grid.

Lely North America Joins PCEA Membership

PCEA welcomed Lely North America as a new member to the co-op last year when the company broke ground for their new headquarters. Lely's new building will add significant load to the co-op's local electric grid. PCEA's new Howell substation, which is currently under construction, provides a dedicated circuit to serve Lely's property.

Board Approved \$162,000 in Capital Credit Retirements

The Board of Directors approved capital credits for members from the years 2002 and 2019, which was applied as a credit on February 2021 bills. Learn more about capital credits at www.pella-cea.org/capital-credits.

Your Nominating Committee

Each year the Board of Directors appoints a nominating committee to select candidates for the Cooperative's Board of Directors. Each member on the committee spends time and effort finding candidates for the upcoming election. Pella Cooperative Electric would like to extend our thanks to this year's committee.

From left to right: Steve Dykstra, Jim O'Halloran, Darren Boot, Eric Harsin, Carl Van Zee, and Wade Puyear.



FINANCIAL REPORT



BALANCE SHEETS

Assets

	2020	2019
Net Utility Plant	\$ 19,068,051	17,819,410
Other Assets and Investments	4,061,900	3,866,617
Current Assets	2,212,392	1,913,169
Deferred Debits	75,076	80,166
Total Assets	\$ 25,417,419	23,679,362

Equity

Margins and Equity	\$ 14,912,561	14,227,591
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Liabilities

Long-Term Debt	8,938,437	8,045,882
Current Liabilities	1,566,421	1,405,889
Total Liabilities and Equity	\$ 25,417,419	23,679,362

INCOME STATEMENTS

Operating Revenues

\$ 6,974,746	7,089,657
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Operating Expenses

Cost of Power	\$ 3,531,233	3,685,145
Operations and Maintenance Expense	862,957	794,771
Member Relations Expense	663,672	579,671
Administrative and General Expense	771,077	747,449
Depreciation Expense	495,709	481,151
Interest Expense	358,619	371,573

Operating Margins Before Capital Credits

\$ 291,479	429,897
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Capital Credits

351,956	323,034
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Net Operating Margins

\$ 643,435	752,931
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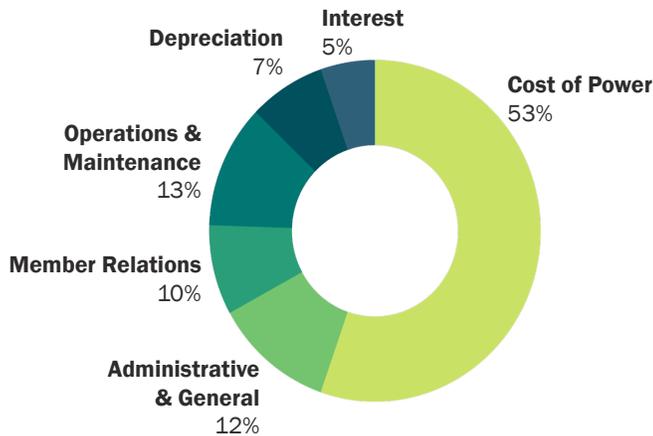
Non-Operating Income

64,931	98,554
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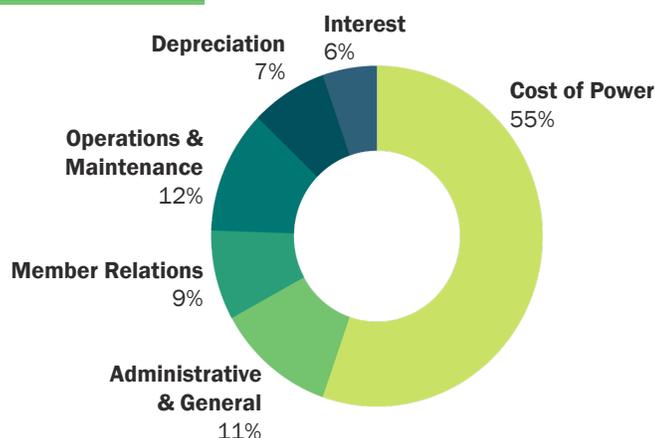
Net Margins

\$ 708,366	851,485
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2020 EXPENSES



2019 EXPENSES



2020 STATS

54

new services added

3,130

homes and businesses in the co-op membership

636

miles of line

1

average number of outages each member experienced in 2020

38

free electric water heaters provided to members through the rebate program

862

energy efficiency rebates paid out to members