

Glacier Electric Cooperative, Inc.



2014 Annual Report

Your Touchstone Energy® Cooperative



GEC Annual Meeting
April 25th, 2015
Cut Bank High School Auditorium
Tentative Agenda

Registration 10:00 a.m.

Lunch 11:00 a.m.

Business meeting 12:00 p.m.

Meeting Called to Order

Welcome

Invocation

Quorum Report

Reading of Annual Meeting Notice & Affidavit of Mailing

Reading & Approval of Prior Year Annual Meeting Minutes

Introduction of Board of Trustees & Guests

Introduction of Board Candidates & Election Judges

Auditor's Report-Randy Boysun

Manager's Report-Matt Hudson

President's Report-Bruce Bradley

Announcement of Youth Tour Winners

Announcement of MECA Scholarship Winner

Announcement of Energy for Tomorrow Scholarship Winners

Guest Speaker-Joe Lukas

Announcement of Election Results

Unfinished Business

New Business

Door Prize Drawings

Adjournment of Meeting



Lineman Rusty Sharp

2014 MANAGER'S REPORT

The Glacier Electric Cooperative board and employees are committed to bringing a valued service to our members. Glacier Electric prides itself on providing safe, reliable, and affordable electricity while caring for our communities. Glacier Electric provides a better way of life by offering a service that is irreplaceable in today's society. We take this responsibility very seriously because we realize the necessity that electricity plays in the lives of the people we serve: our members.

As the General Manager of Glacier Electric Cooperative, I would like to thank the members, the board of trustees, and the employees for welcoming me to their cooperative. This has been a challenging and rewarding time for me and my family, making the move from Missouri to Montana. I must say that I am enjoying my time here at the cooperative and in the community.

Glacier Electric Cooperative has faced some new challenges over the past year. One major challenge is the recruitment and replacement of several employee positions. I, Matt Hudson, filled the position of General Manager. Keelie Montalban filled the position of Manager of Member Services, and Jenna Running Wolf was hired as a new Customer Service Representative. We plan on filling other key positions in the near future. While employee transitions can be challenging, I believe that the expertise of our long-serving employees combined with the new perspective of recently hired employees will lead to a promising future for the cooperative. Glacier Electric will continue to invest in our employees. They are our most valuable resource. We have an extremely devoted and well-trained workforce that keep the power on for our members 24 hours a day, 7 days a week, 365 days a year. We have crews on call at all times in order to ensure that our service is reliable.

Glacier Electric Cooperative is a very stable electric utility. We continue to perform right on schedule in all financial categories. Our debt service coverage and equity levels are at nearly perfect levels compared to other electric cooperatives operating across the United States. We are able to invest in the most up to date technologies and the most state of the art equipment in the utility industry. Continuing to make these investments is an integral part of the success of Glacier Electric Cooperative.

Glacier Electric understands that rates are a concern for our members. We did not have a rate increase last year, but Bonneville Power Association, our wholesale power supplier, has been working on its upcoming rate schedule, and they will raise their rates in 2016 by 7% to 8%. We will likely see a small rate increase in 2015. Glacier Electric still provides a great service that is of great value. Our rates are some of the lowest in the state of Montana, and the United States.

Glacier Electric Cooperative has a strong history of investing in our rural community, and we will continue to do so in the future. Not only does Glacier Electric provide support to local charitable organizations, we also promote economic development through our revolving loan fund. We understand that supporting local businesses and giving back to the community enhances the lives of our members.

Glacier Electric will hold member forums over the next year. Member forums are designed to bring cooperative members and employees together to cultivate ideas, ask questions, and gain a better understanding of what is happening at the cooperative. We will cover many topics at these forums, and we invite as many members to attend as possible. This is the company in which you, the member owns. Every decision we make is with your best interest in mind. We want to know what is important to you and how we can better serve you.

Glacier Electric Cooperative's purpose is to provide safe, reliable, affordable electricity while caring for the communities in which we serve. Fulfilling this purpose is one of many goals I will strive to achieve as the new general manager.

-Matt Hudson
General Manager

Comparative Financial Statements

As of December 31, 2014

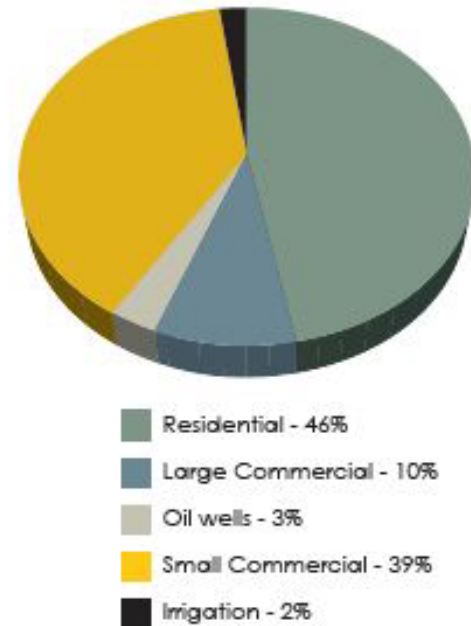
Comparative Balance Sheet

Assets	2013	2014
Utility Plant		
Electric plant in service	58,560,539	59,721,117
Construction in progress	88,887	647,304
Less accumulated depreciation	(24,182,925)	(25,719,923)
	34,466,501	34,648,498
Other Property and Investments		
Associated organizations	1,528,871	1,575,700
Other investments	1,159,028	883,289
Current Assets		
Temporary cash investments	195,129	420,629
Accounts receivable	2,315,882	1,845,854
Materials and supplies	645,959	766,441
Other current assets	1,538,062	1,493,768
	4,695,032	4,526,692
Total Assets	41,849,432	41,634,179
Liabilities and Equity		
Equity and Margins		
Memberships	116,760	116,980
Patronage capital	16,980,338	17,247,988
Other equities	1,055,085	1,105,346
	18,152,183	18,470,314
Long Term Debt		
NRUCFC mortgage notes/other	18,816,504	19,630,078
Current Liabilities		
Accounts payable	2,777,299	1,406,136
Customer deposits	290,940	280,855
Deferred credits	1,033,645	1,085,817
Other current liabilities	778,861	760,979
	4,880,745	3,533,787
Total Liabilities and Equity	41,849,432	41,634,179

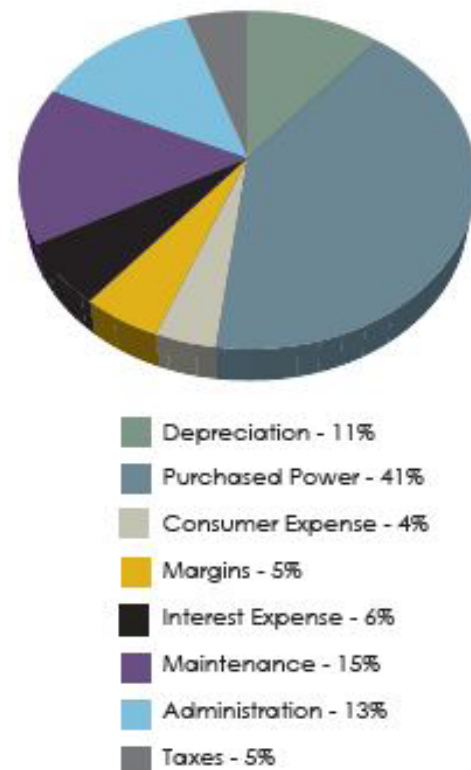
Comparative Statement of Revenue & Expenses

	2013	2014
Operating revenues	15,242,499	15,992,254
Operating Expenses		
Cost of power	6,014,618	6,563,858
Transmission	189,124	77,758
Distribution-operation	1,522,148	1,467,913
Distribution-maintenance	625,992	810,209
Consumer accounts	466,402	527,633
Sales and consumer expenses	142,468	185,147
Administrative and general	2,265,470	2,145,192
Depreciation	1,684,906	1,720,218
Taxes	666,307	790,091
Interest on long-term debt	852,971	885,436
Total cost-electric service	14,430,406	15,173,455
Operating margins	812,093	818,799
Non-operating margins	198,699	222,165
Net margins for period	1,010,792	1,040,964
Payroll as a % of total expense	20%	20%

2014 Revenue



2014 Expenses



2014 COMMUNITY INVOLVEMENT

\$22,622
Community
Donations
in 2014

\$33,029
Energy
Efficiency
Rebates Paid
in 2014

\$461,000
Capital Credits
Retired in 2014

3
Scholarship
Programs
Offered in
2014

Glacier Electric Cooperative is committed to empowering our community. As a member-owned cooperative, it is our responsibility to give back to our members and the community. Each year Glacier Electric Cooperative participates in local community events including the Lewis and Clark Festival and North American Indian Days. These traditions and events enhance the lives of our members. We support local organizations through donations, sponsorships, and loan programs.

Glacier Electric Cooperative is a proud supporter of our local schools and students. Each year we award scholarships to deserving students to help them pay for the cost of higher education. In addition, each year we sponsor two local high school students on an all-expense paid trip to Washington, D.C. to learn about our nation's capital. We also visit local schools to teach children about electrical safety and energy conservation. In 2014, Glacier Electric Cooperative created the Powering our Future Scholarship program. The scholarship is a full tuition and fees scholarship to be awarded to first-time pre-engineering students enrolled at Blackfeet Community College.

Community Donations

Cut Bank Booster Club
Montana Special Olympics
Distinguished Young Women
Storytelling Roundup
Cut Bank Close Up
Combined Fund Drive
Montana Electric Cooperative's Association Memorial Scholarship
Glacier County 4-H
Browning Close Up
Energy for Tomorrow Scholarships
Browning Public School After Prom Committee
Cut Bank Chamber Banquet
Browning Cowboy for Life, Circle of Hope
Lewis and Clark Committee
GEC Crisis Fund
Lineman Apprenticeship Program
Northern Rockies Medical Center
Glacier County Library Summer Reading Program
Hi-Line Women Against Breast Cancer Foundation
Montana Shakespeare in the Park
North American Indian Days
Cut Bank Middle School Close Up
Boys State

Heart Butte Society Celebration
Washington, D.C. Youth Tour Sponsor
Cut Bank Volunteer Fire Department
Cut Bank Football Lights
NRMG / Chamber Festival of Trees
Cut Bank Racquetball Association
Glacier County U.S. Bowling Congress
Rocky Mountain Elk Foundation
Cut Bank Lions Club
Cut Bank Saddle Club
East Glacier Park Grade School
Northern Montana Oil & Gas Association
Cut Bank Baseball Association
Browning Elementary School Perfect Attendance
American Legion Post #40
Front Range CASA
Tri-County Shriners
3 Rivers Charity Open
Browning High School Drivers Education Fund
Medical Leaders Conference
Powering Our Future Scholarship
Chamber Public Drug
NAID Youth Day

2014 OPERATIONS REPORT



Glacier Electric Cooperative is committed to reliability and safety for our members. To achieve this we provide our employees with regular training and education. Our hardworking and dedicated employees work to provide high quality service and ensure that our members and community are satisfied. We invest in system upgrades, maintenance, and new technology. Although outages happen from time to time due to extreme weather and equipment failure, we strive to minimize them. When an outage occurs, we respond as quickly as possible, day or night, 365 days a year. We take time to inspect lines and poles in order to find issues before they pose serious problems. Our pole testing program is among the best. Within our service territory, there are approximately 32,000 power poles. Glacier Electric Cooperative tests between 2,000-3,000 poles per year rotating on a ten year cycle. We do this as a proactive measure to find potential rotten poles before harsh weather conditions cause them to fall down. This prevents against unnecessary outages.

Glacier Electric Cooperative completed several large projects in 2014 including rebuilding the line on Highway 89 west of Browning for five miles, the replacement of a new underground line at the Swiftcurrent Bridge, and inspection of the transmission line between Cut Bank and the Blackfeet substation. During this inspection, our crew discovered 110 potential issues that were corrected preventing equipment failures and outages. In our effort to keep our systems well-maintained and up-to-date, Glacier Electric Cooperative changed out 209 poles throughout our service territory in 2014. We also installed 63 new services during the year.

2014 Operations Highlights

Total Members.....	4,848
Total Prepay System Members.....	1,353
New Services.....	63
Miles of Distribution Line.....	1,533
Miles of Underground Line.....	77
Meters Per Mile.....	2.72
New Poles Set.....	128
Poles Changed Out.....	209
Poles Tested.....	2,032
Failure Rate of Poles.....	11%
Total Active Meters.....	7,544
kWh Sold.....	173,000,000

2014 Safety Training Highlights

The safety of our employees, members, and communities is a priority at Glacier Electric Cooperative.

Our crews attend monthly safety education and training sessions.

- Fork Lift & Bucket Truck Certification
- First Aid, CPR, AED Certification
- Snowmobile/ATV/ROV Safety
- Pole Top Rescue
- Avalanche Training
- Winter Survival



The GEC Crew



Lineman George Knutson

The Lineman By Steven Crawford

He walks through the door at the end of his day.
Just kisses his wife, he has not much to say.
His brain is still tired from working lines hot.
It's a lineman thing this tired brain he's got.
From watching each move he's made all day long.
To watching his buddy so nothing went wrong.
With his hands still wrinkled from wearing the gloves.
He touches the face of the woman he loves.
His boots feel so heavy as he unties the laces.
They're old, work and dirty, they've seen many places.
With his head in his hands he takes in a sigh,
And thanks the good lord today he didn't die.
With thin rubber gloves protecting his life,
The lord brought him home to be with his wife.
Some say he's crazy to work like he does.
He can't see the juice he can just hear it buzz.
But he made it home safely and tonight he'll pray.

2014 Energy Efficiency Highlights

Glacier Electric Cooperative offers a wide variety of energy efficiency rebates to help our members conserve electricity. These incentives are designed to encourage our members to use energy wisely and help them save money.

Board of Directors

Bruce Bradley
Zita Bremner
Brian Elliott
Darrol Berkram
Willard Hjartarson
Miles Lewis
Dave Losing
Jim Newman
Jim Taylor

Board President
Board Vice President
Board Secretary/Treasurer
Trustee
Trustee
Trustee
Trustee
Trustee

Management and Staff

Matt Hudson
Hugo Anderson
Betty McCormick
Doug Ray
Keelie Montalban

General Manager
Manager of Operations
Manager of Finance & Administration
Manager of Safety, Compliance, & Facilities
Manager of Member Services

Employees

Andy Anderson
Dean Berkram
Cash Coleman
J.R. Costel
Les Costel
Ron Crossguns
Dean DeVries
Cal DeZort
Calcie DeZort
Marvin Fassett
Patrick Frydenlund
LeeAnn Gobert
Jill Huschka
George Knutson
Tom Lane
TyAnn McGinnis
Mike Pyette
Jordan Running Wolf
Jenna Running Wolf
Tom Rutherford
Rusty Sharp
Jonnalea Tatsey
Shane Vasboe
Kendra Vermulm
Don Winchell
Steve Burney
Colleen Matt

Journeyman Lineman
Warehouse Supervisor
Journeyman Lineman
Journeyman Lineman
Journeyman Lineman
Journeyman Lineman
Fleet Mechanic
Meter Technician
Customer Service Representative
Service Technician
IT Service Technician
Senior Customer Service Representative
Staking Clerk
Journeyman Lineman
Supervisor of Staking Services
Work Orders Clerk
Browning District Supervisor & Line Foreman
Journeyman Lineman
Customer Service Representative
Apprentice Lineman
Journeyman Lineman
Customer Service Representative
Line Foreman
Payroll and Accounts Payable
Apprentice Lineman
Part-time Warehouse Assistant
Part-time Customer Service Representative

Consultants

Burk, Lee and Bieler
Douglas Wilson and Company
Heberly & Associates

Legal Counsel
Auditor
Engineering Consultant



Glacier Electric Cooperative purchases power from our wholesale supplier Bonneville Power Administration. 90% of the power purchased is generated from hydro sources.

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