

GLACIER ELECTRIC COOPERATIVE, INC. HIGHLINER

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GLACIER ELECTRIC COOPERATIVE, INC.

GLACIER ELECTRIC

BOARD OF DIRECTORS

Bruce Bradley, President
Rural District

Zita Bremner, VP
Browning District

Brian Elliott, Treasurer
Browning District

Darrol Berkram
Cut Bank District

Willard Hjartarson
Rural District

Lee Holden
Cut Bank District

Miles Lewis
Rural District

Dave Losing
Rural District

Jim Newman
Cut Bank District

OFFICES

Cut Bank (406) 873-5566
410 East Main Street
Cut Bank, MT 59427

Browning (406) 338-5400
P.O. Box 609
Browning, MT 59417

GENERAL MANAGER

Jasen Bronec
(406) 873-5566

Stepping Up to Serve You

Annual Report to Glacier Electric Members

By Jasen Bronec

Glacier Electric Cooperative is a member-owned company committed to being competitive, reliable, and innovative for the members. Our goal is to improve the quality of life for you, our members. Every board member and employee works to better understand your needs and we strive to advocate the interests of our entire membership. People are the strength of your Cooperative. Our hardworking linemen and our friendly office staff; the farmers, ranchers and businessmen who serve on our board; and you, our member-owners, are the real power behind our cooperative.

The history of rural electric cooperatives is one of the greatest American success stories. Rural America was revolutionized when cooperative electric lines eliminated the inconveniences of living without electricity in rural areas. We are proud of the visionary individuals who successfully overcame challenges to form Glacier Electric Cooperative in 1945.

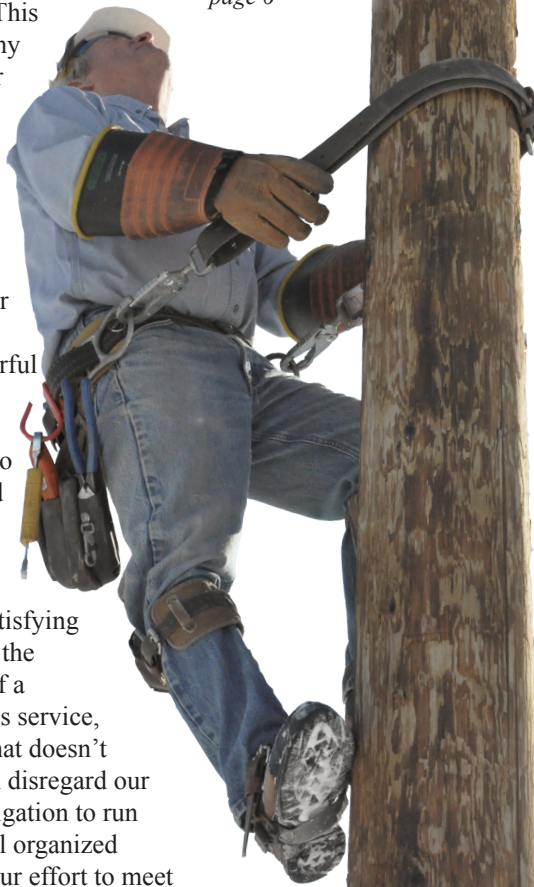
Even though times have

vastly changed since the first lines were extended to the rural parts of Glacier County, it is equally important for us to feel that same sense of pride and accomplishment at the Cooperative today. I often think of how blessed I have been to work for something I believe in, and for an organization that is dedicated to making peoples' lives better. This year marks my fifteenth year of service at Glacier Electric Cooperative. During this time, I have had the honor to work with many wonderful employees and board members who are dedicated to serving you.

It is extremely satisfying to know that the motivation of a cooperative is service, not profit. That doesn't mean we can disregard our financial obligation to run a strong, well organized business in our effort to meet your service expectations.

Everyone at Glacier Electric puts forth an honest effort to protect all of our members' interests in this company. Cooperatives are owned and operated for the benefit of you, the membership, and no other reason.

***Stepping Up**
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Co-ops: We Come in All Shapes and Sizes

By Abby Berry

What is a co-op, exactly? When you hear the word “co-op,” what comes to mind? We hope you think of your friends here at Glacier Electric, but maybe you think of a local farmers’ co-op or a credit union. You might be surprised to learn that co-ops, or cooperatives, can be found in many industries—and they offer a variety of services, each designed to serve their members in the best way possible.

A cooperative is a not-for-profit organization owned by its members. Across the globe, cooperatives remain steadfast, annually generat-

ing more than \$500 billion in revenue and providing more than 2 million jobs.

As a member of Glacier Electric, you have a voice - in other words, you’re not just a customer. Every April, you have the right to vote for the association’s board of directors.

We strengthen our community by supporting economic development. We support many local causes including: local chambers, schools, hospitals, 4-H, the library, food pantry, and much more.

Across the world, Co-ops offer a variety of services. So what other kinds of co-ops are out there? Co-ops fall under a variety of cat-

egories and services, including agriculture and forestry; consumer and retail; banking and credit unions; health and wellness; and utilities, to name a few.

Here are a few other national co-ops you might recognize.

• **C-SPAN (Cable-Satellite Public Affairs Network):** Since 1979, this cooperative TV network has provided public access to the political process and receives no government funding.

• **Welch’s Grape Juice:** More than 1,000 family-farmer owners make up the Welch’s Grape Juice family, and they are located in the U.S. and Canada.

• **Best Western:** Owned by

independent operators of more than 4,000 hotels in 80 countries, Best Western is one of the world’s largest hotel chains.

• **Ace Hardware:** More than 4,600 Ace Hardware stores are independently owned and operated.

• **Sunkist:** This not-for-profit company’s membership is comprised of numerous growers located throughout California and Arizona.

• **FTD Florists:** The FTD membership includes thousands of growers located in the U.S. and Canada.

To learn more about your cooperative join us for our annual meeting, April 12 at the Browning High School. Doors open at 10 a.m.

GLACIER ELECTRIC COOPERATIVE, INC.



The Glacier Electric Cooperative Board,
Management, and Employees
cordially invite you to attend the

Annual Meeting

of COOPERATIVE MEMBERS

Saturday, April 12, 2014

Browning High School

Lunch will be served at 11 a.m.

and the meeting will begin at noon.

Voting will be open from 11 a.m. - noon.

Lunch will be hamburgers cooked by
your local cooperative employees.



Pre-pay Members Save 14%

Exciting Results from NEEA Pre-pay Study and Survey

Glacier Electric introduced pre-pay to our members in 2009 to help provide another option when it comes to managing your electric account. We were one of the first cooperatives in the Pacific Northwest to introduce this technology, complete with 24-hour payment kiosks. Now, less than 5 years later, 1,163 of our 4,860 members are on pre-pay.

According to the Northwest Energy Efficiency Alliance (NEEA), "Prepay is gaining momentum across the nation as utilities look for new avenues to increase customer satisfaction, leverage Smart Meter investments, improve utility cash flow, and bad debt management, address affordability for low-income customers, and pursue energy savings. By combining pre-pay with an in-home-display unit members are engaged and motivated to actively manage their energy consumption."

In 2013 Glacier Electric participated in a NEEA study on energy savings from pre-pay. The results of this in-depth study and member survey were striking. The study compared real energy usage data from GEC members one year prior to joining pre-pay against energy usage data for the same member for one year after joining the pre-pay program. The results of the study showed that Glacier Electric members on pre-pay save an average of 14 percent on their electrical usage! Not only are our pre-pay members saving energy and money, they are also happy with the program. A telephone survey of our pre-pay members was also conducted as part

of the NEEA study. The random survey showed a 93 percent satisfaction rate with the pre-pay system. Also, 92 percent of members indicated that they had "made a conscious effort to reduce electricity usage," since switching to pre-pay.

Saving 14 percent on your electric bill equates to saving about \$15 per month (based on average household usage). There are very few energy efficiency measures that have such a significant impact on your electric bill, especially considering the LOW cost of joining pre-pay. If you are looking for a new way to reduce your energy usage, consider pre-pay. Remember the savings is not generated by the pre-pay device, but by your own behavioral change when you see how much electricity you are using on a daily basis.

If you are interested in converting to a pre-pay account come by our office and one of our friendly customer service representatives will be happy to help you. Conversion to pre-pay is easy. With pre-pay you will not have to pay late fees, disconnect or reconnect fees, and no security deposit is required. Simply purchase or rent an in-home display unit and make power purchases anytime 24 hours a day, 7 days a week online or at our convenient payment kiosks, or make payments at our offices during regular business hours. The same electricity rates apply to pre-pay and traditional accounts.

The pre-pay system is just one example of the many ways that Glacier Electric uses innovative solutions to provide excellent service to our members.



Highlights From the Pre-Pay Study and Survey

Number of Members on Pre-pay: 1,163 Out of 4,860 Total Active Members

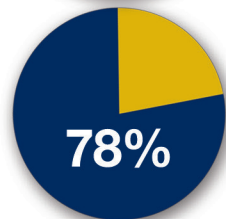
Average GEC Member's Electric Usage Savings with Pre-pay: 14%



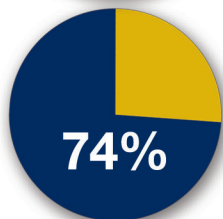
98% Satisfied with Pre-pay



92% of Pre-pay Members Have Taken Specific Steps to Reduce Electricity Usage



78% Made Behavioral Changes Since Switching to Pre-pay



74% of Pre-pay Members Have Replaced Light Bulbs with Energy Efficient Bulbs

Stepping Up

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In 2013, the Board of Trustees continued to focus on four key financial goals: maintain debt service coverage, stable member equity, low equitable rates, and regular retirement of capital credits. Glacier Electric has met or exceeded all of these established goals. For example, the debt service coverage requirement of 1.35 was surpassed with a level of a 1.6 debt service coverage. In addition, the cooperative has maintained a strong equity level of 43 percent and returned more than \$450,000 in capital credits to our members.

At Glacier Electric, we understand that electric rates are a continued concern for you and for all our members. Due to an increase in our wholesale cost of power, Glacier Electric members experienced a rate increase

in October. Despite the increase, your rates continue to be some of the lowest rates throughout Montana and the entire United States. Nationally, the average rate for residential electricity service is more than 12 cents per kilowatt hour; 65 percent higher than our rate of 7.4 cents.

Future increases in wholesale power costs continue to be a concern for Glacier Electric. Our board and management have been monitoring the issue of long-term power supply and increased cost from Bonneville Power Administration (BPA). Wholesale power expenses account for approximately 40 percent of all Glacier Electric members' bills. It is important that the cooperative is engaged in policy development and cost management measures within BPA. These efforts ensure that we buy the

lowest cost power available and continue to offer you low cost electricity.

Federal regulatory policies, secondary market power prices; and reduced runoff from lower than normal snow pack are the primary variables that affect the financial condition of BPA. BPA forecasts that the cost of wholesale power will continue to increase into the foreseeable future. Because we recognize the need to keep rates as low as possible, we will closely monitor the upcoming BPA capital improvement plan and borrowing authority from the federal treasury.

In an effort to increase member involvement and satisfaction, Glacier Electric began holding member forums in 2013. These forums covered topics related to energy conservation, energy assistance programs, rate increases, bylaw changes, the role of cooperative board members, and the voting process. The forums have been extremely

successful and have had good member attendance. We invite you to participate in activities that we offer and stay informed about the business that you own. We encourage you to communicate any suggestions, requests, and complaints about your cooperative to our employees or the Board of Trustees. We hope that you will take the time to get involved in your cooperative.

Our purpose is to power communities and empower you, our members, to improve the quality of your lives. It is our goal to exceed your expectations. Because when the cooperative exceeds, we all succeed.

I encourage you to learn more about your cooperative by participating in our annual meeting, April 12, 2014. The meeting will be held at the Browning High School. Doors open at 10 a.m., lunch will be served at 11 a.m., and the meeting will begin at noon.

GLACIER ELECTRIC COOPERATIVE Board Room Report

The Glacier Electric Board of Trustees' regular board meeting is held on the last Wednesday of the month.

Member's may submit requests for donations to the Glacier Electric Board in writing. All donation requests will be considered by the board the last week of each month, at the regular board meeting.

Action items from the February Board meeting:

- Reviewed request from Glacier County Combined Fund. No action was taken.
- Reviewed funding allocation request from CFC Integrity Fund. Board voted to allow our donation to be used for service area integrity issues only.

	1/31/2014	1/31/2013
kWh Sold	16,609,157	17,026,705
Revenue	\$1,494,259	\$1,439,080
Cost of Power	\$556,874	\$557,059
Margins	\$266,232	\$208,353

60 Plus Program 2014

Members ages 60 and older, turn in this form to GEC for your chance to win \$100.

Last month's winner was:
Mary Guse
of Cut Bank

Bring your entry to one of our offices or mail it to:

Glacier Electric Co-op
P.O. Box 2090
Cut Bank, MT 59427

60 Plus Entry Form

Name

Address

City

Phone Number

Age