

2019 ANNUAL REPORT



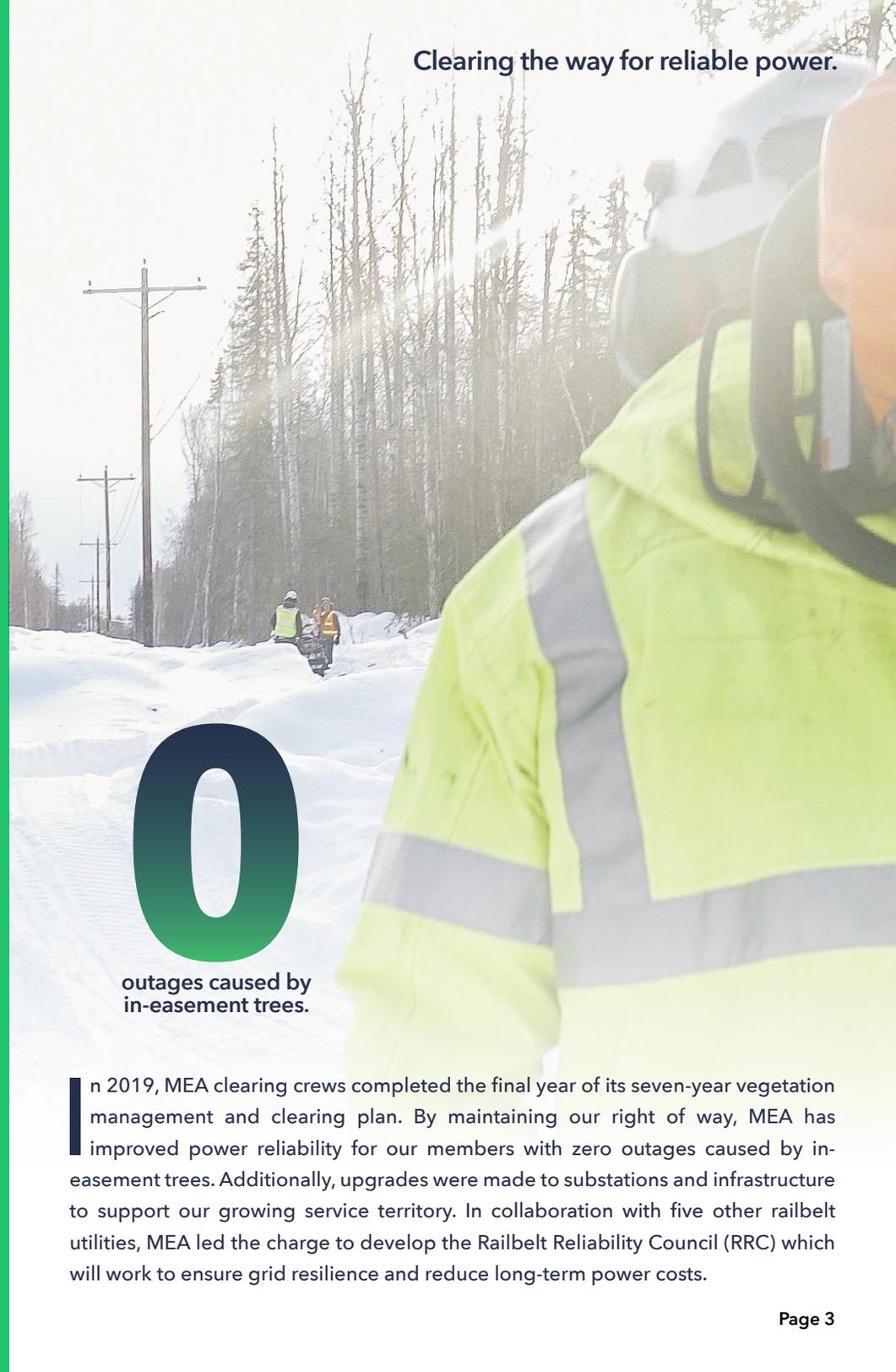
Power. People. Purpose.



# RELIABILITY



Clearing the way for reliable power.



**0**

outages caused by  
in-easement trees.

In 2019, MEA clearing crews completed the final year of its seven-year vegetation management and clearing plan. By maintaining our right of way, MEA has improved power reliability for our members with zero outages caused by in-easement trees. Additionally, upgrades were made to substations and infrastructure to support our growing service territory. In collaboration with five other railbelt utilities, MEA led the charge to develop the Railbelt Reliability Council (RRC) which will work to ensure grid resilience and reduce long-term power costs.

# COMMUNITY



**42**

grants provided to local non-profits from the MEA Charitable Foundation.

**\$12,500**

provided in scholarships to students in our service territory.

**71**

classrooms visited to teach students about electricity and safety.

**\$17,000**

provided in local sponsorships of community events and causes.

Powering the communities we serve.



MEA's Day of Sharing event benefitted local nonprofits, including Connect Vets.

**M**EA is led and built by the communities we serve. Our sponsorships and grants from Operation RoundUp® stay local, providing direct support to our members. In 2019, more than \$228,000 was provided in grants from the MEA Charitable Foundation. MEA also assisted emergency responders in the McKinley Wildfire, helping to clear more than 33 acres for fire mitigation and getting power restored to members safely. From local sports teams to senior services, an additional \$17,000 was provided to community events and causes through our sponsorship and donations request program.

MEA's clearing crews assist firefighters during the McKinley Wildfire.

**\$228K**

provided to non-profits in our service territory through Operation RoundUp®.



# INNOVATION



**198**

members personally generating their power through renewable sources.

**21%**

decrease in carbon emissions since 2016 as a result of the Eklutna Generation Station.

**1,560**

students in our service territory learned how to use less energy and be more resourceful through MEA's energy education program.

**12%**

power generated from renewables.

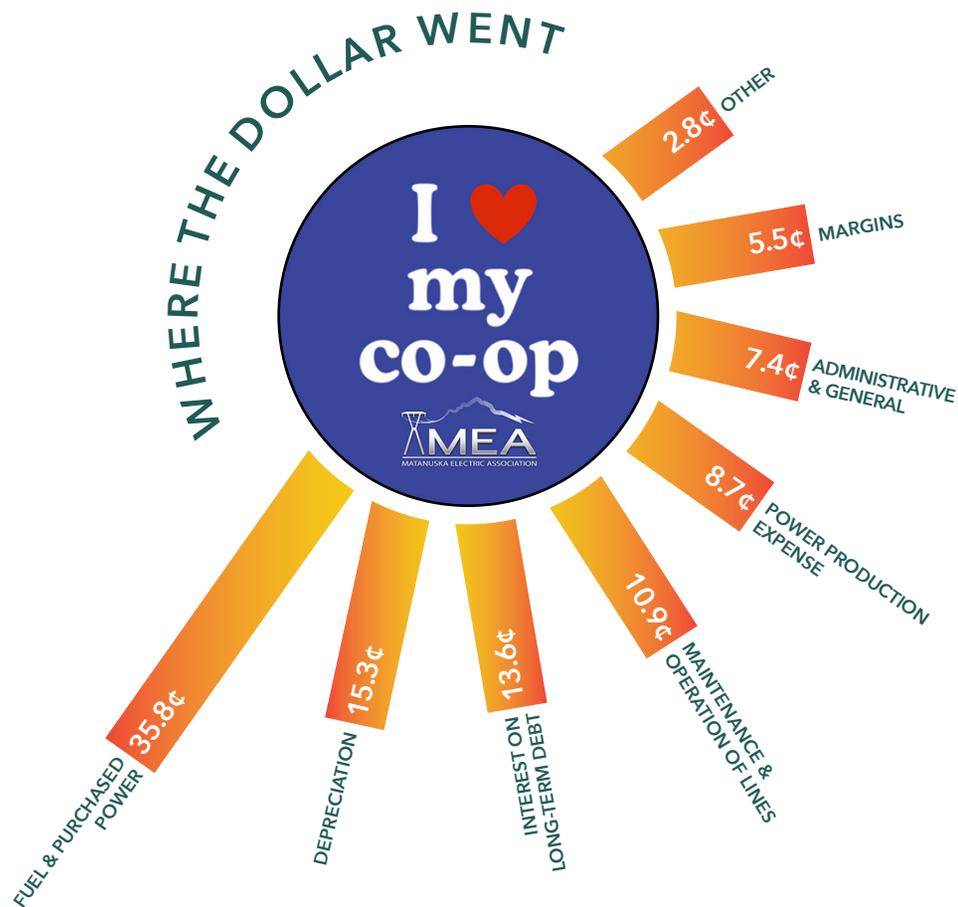
Cultivating innovation to meet member needs.



**1MW**

megawatt solar farm completed and energized in Willow, Alaska by Renewable IPP.

In 2019, MEA worked with members to expand its renewable energy portfolio and research member needs when it comes to future power generation. Sustainable energy consumption is important to our members. In the 2019 annual member survey, more than 78% of members supported MEA developing a carbon reduction goal. From exploring new options for members to grid modernization, MEA is collaborating with our members and independent power producers to innovate our system, services, and power generation as we plan for the future.



WHERE THE DOLLAR CAME FROM



Balance Sheet as of December 31, 2019		
Assets	Net Utility Plant	\$560,926,542
	Other Property and Investments	18,150,458
	Current Assets	52,509,704
	Deferred Charges	3,604,556
	Total Assets	<u>\$635,191,260</u>
Equities and Liabilities	Equities and Margins	\$161,377,927
	Long-Term Debt, Net	437,182,703
	Current Liabilities	30,718,227
	Deferred Credits	5,912,403
	Total Equities and Liabilities	<u>\$635,191,260</u>
Statement of Revenue and Patronage Capital Year Ended December 31, 2019		
Operating Revenues	\$148,343,834	
Less: Fuel and Purchased Power Costs	53,124,496	
Other Operating Expenses	89,321,249	
Total Operating Expenses	142,445,745	
Operating Margins	5,898,089	
Patronage Capital from Others	1,733,417	
Non-Operating Margins, Net	598,912	
Assignable Margins	8,230,418	
Beginning Patronage Capital	150,302,624	
Patronage Capital Returned	(1,470,603)	
Ending Patronage Capital	<u>\$157,062,439</u>	

MEA members may request a complete copy of the audited financial statements by calling 761-9212.



Tony Izzo, CEO



In 2019, MEA focused on improving reliability of our power system and building towards a new future. We were faced with many challenges, including fires, rebuilding from an earthquake and now, moving into 2020, a pandemic which changes the way we connect with each other and each of you. We also faced the Spruce Bark Beetle epidemic by removing more than 12,700 Danger Trees, 8,100 of which were killed by Spruce Bark Beetles. We are proud to report that these proactive measures resulted in zero outages from trees falling from inside our easements in 2019. However, fallen trees from outside of our easements are still the number one cause of outages. Meanwhile, our Engineering Department focused on substation improvements and other equipment upgrades to account for our members' growing and changing needs. Our goal is to keep the lights on more often and more efficiently every year, delivering reliable service you can count on while reducing costs where possible.

Our industry and the importance of power to our members continues to evolve. This year the staff worked with the Board of Directors to chart the cooperative's course for the next 5 to 10 years. Our new strategic plan focuses on collaboration with other utilities, our communities and our members. It also looks to the future with a balanced approach to innovate our infrastructure, provide more options to our members, and plan for the long-term stewardship of our employees, the organization and the changing world around us.

I enjoy serving our members and guiding our cooperative to success. There's always more work to do and I look forward to overcoming future challenges and exceeding your expectations.

-Tony Izzo



Collaborate with other Railbelt utilities to develop reliability and cost savings strategies.



Explore a renewable energy and carbon reduction strategy.



Strengthen MEA's role as a trusted energy advisor.



Fortify our cybersecurity defenses.

## Message from the President of the Board



**David Glines**  
Board President

As the President of the MEA Board of Directors, I am continually impressed by the hard work and dedication the leadership team and other MEA employees put in each day to provide our members with reliable power and quality service. While 2019 brought several challenges, we were able to lay the groundwork alongside our fellow Railbelt utilities, legislators and others to create the Railbelt Reliability Council (RRC) – a diverse group of utilities, independent power producers, consumer advocates, state agencies and others dedicated to coordination and collaboration for the benefit of our members.

2020 will see that goal materialize as well as many of our other plans for the future: improving infrastructure and facilities, fortifying our cybersecurity defenses, cultivating successful employee development, finding new ways to meet the changing needs of our service area and, as always, ensuring that our members receive the best possible service day in and day out.

It's a privilege to have your trust and faith in our commitment to this organization. The Board is thankful to represent and serve you as we help lead our cooperative into a promising tomorrow.

A handwritten signature in black ink, appearing to read 'David Glines'.

-David Glines

## Board of Directors



**Peter Burchell**  
Vice President  
Director At-Large



**Bob Doyle**  
Secretary/Treasurer  
Susitna East District



**Catharine "Kit" Jones**  
Director At-Large



**Bill Kendig**  
Susitna West District



**Janet Kincaid**  
Director At-Large



**Mark Masteller**  
Matanuska District