

HIGHLINES

NEWS FOR THE MEMBERS OF PELLA COOPERATIVE ELECTRIC

2021
ANNUAL
REPORT

Official Notice of Annual Meeting

The Annual Meeting for members of Pella Cooperative Electric Association will be held April 5, 2022 at Pella Christian High School. Dinner will start at 5:30 p.m. with the meeting following at 7:00 p.m. to take action upon the following matters:

1. The report of officers, directors and committees.
2. Receive the results of the election of the Board of Directors of the Cooperative for a term of three years for District 3 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 3

Steve Inskeep
Kevin Mart

At-Large

Bob Van Soelen - unopposed

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 25 to be counted.

Dated at Pella, Iowa this 8th day of March 2022.



Bryce Arkema, PCEA Secretary

Pella Cooperative Electric

Your Touchstone Energy® Cooperative 

2615 Washington St.
PO Box 106
Pella, IA 50219

641-628-1040
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
Doug Stewart

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 by March 25th!
Look for more info in your mailbox soon.





PRESIDENT & CEO



Doug Stewart
CEO

After two years of virtual meetings, we are excited to host an in-person meeting with our members. Plans are well underway for the 2022 Annual Meeting of the Pella Cooperative Electric Association. The meeting is scheduled for Tuesday, April 5 at Pella Christian High School.



Duane Ver Ploeg
Board President

While the meeting will return to in-person, we have decided to continue with mail-in ballots for the election of directors. One of our seven Cooperative principles is democratic member control and voting by mail provides for greater member participation in that process.

This year, members will vote for two directors located in District 3 and At-Large. Be looking for your ballot to arrive by mail soon, and please return it by March 25. **It is important to note that there will be no in-person voting at the annual meeting on April 5.**

The Cooperative finished 2021 in a financially sound and fiscally responsible position. Net margins for the year were \$451,590 which were sufficient to meet all the financial requirements specified within our loan covenants. Another one of our seven Cooperative principles is members' economic participation. Members contribute equitably to, and democratically control, the capital of their Cooperative. One of the responsibilities of your Board of Directors is to determine when it is financially appropriate to return that capital back to the members. We are pleased to report that the Board of Directors returned \$348,673 in capital credits during 2021.

Reliability is always a priority for the Cooperative. Our reliability factor was 99.993% for 2021. The average member experienced only seventy-three minutes of outage time for the entire year. Our line crews follow a comprehensive maintenance and inspection program to ensure your Cooperative is providing a high level of service reliability.

We are pleased to report that we continue to see modest growth within our service territory. The

Cooperative added 63 new accounts during 2021. We also provided additional energy to existing commercial and industrial members who are expanding their operations. That growth translated into a record year with 59.4 million kilowatt-hours of energy sold. As we grow, it is important that we make system improvements to support the energy needs of the membership. Our operations department completed construction on the new Howell and Thunder Creek substations during 2021. The Howell Substation is located south of Pella and will support Lely North America's new 60-acre campus - plus additional growth in the Pella area. The Thunder Creek Substation is located approximately three miles north of Pella and will support the northern portion of our service territory.

Our power supplier, Central Iowa Power Cooperative (CIPCO), continues to provide the Cooperative with affordable and reliable energy. CIPCO partnered with Clenera LLC, who developed a 127.5-megawatt solar facility on nearly 800 acres in Wapello, IA. CIPCO will purchase 100% of the output from that solar facility. CIPCO also completed the Summit Lake Expansion Project in 2021. As part of the repowering project at the Summit Lake generating plant in Creston, IA, three efficient natural gas-fired reciprocating engines were installed that will produce 110 megawatts of power to assist during times of peak energy use. The leadership team at CIPCO continues to make solid resource planning decisions that provide for reliable sources of energy and add diversity to the generation portfolio.

The Cooperative is proud to support the communities in our area. The USDA Rural Economic Development Loan & Grant program provides funding for rural projects through local utilities. During 2021, the Cooperative was awarded a \$1 million pass-through loan from USDA to assist with a business expansion project at Co-Line Manufacturing, Inc. The Cooperative was also awarded a \$300,000 grant from USDA to help Forward with Faith build a second home for adults living with disabilities. Since the beginning of our partnership with USDA, the Cooperative has spurred over \$5 million of investments and help retain or create over 100 jobs in our communities.

We hope you will take the time to attend your annual meeting on Tuesday, April 5. We look forward to seeing you there.

2021 HIGHLIGHTS



\$1 Million USDA Loan Secured with Co-Line

PCEA and member, Co-Line Manufacturing Inc., secured a \$1 million loan through the USDA REDLG to assist with a building expansion project.

Annual Meeting Held Virtually for the Second Year

Due to the continued pandemic, the co-op aired its virtual Annual Meeting on April 6. Members also voted by mail in ballots for the second year for the Board of Directors election.

PCEA Welcomes Two New Employees in Spring 2021

Cassie Cason, Senior Accountant and Owen Ellingson, Apprentice Lineman joined PCEA in March and April.

Howell Substation Goes Live

On April 19, the line crew flipped the switch to energize the new Howell Substation.

Six Scholarships Awarded

Students Callista Webb from Pella Community High School, Morgan Heinen from Pella Christian High School, Cally Gibbs from Lynnville-Sully High School, Seth Schumacher from Pleasantville High School, Lydia Roudabush from Grinnell High School and Joshua Warner as a homeschooler each received a \$1,000 scholarship from PCEA.

PCEA Names Doug Stewart as Next CEO

After five years of service at PCEA, CEO Jon Miles retired. Doug Stewart, previously Financial Manager and Assistant Manager, was named the next CEO effective September 1, 2021.

Member Appreciation Day Held as a Drive-Thru Event

To continue to keep members and staff safe, Member Appreciation Day was held as a drive-thru event once again. PCEA served over 775 members on September 18th.

PCEA Welcomes Two More New Employees in Fall

Emma Henning, Communications Coordinator, and Spencer Nagel, Apprentice Lineman joined the PCEA crew in the Fall of 2021.

Board Approved Capital Credit Retirements

The Board of Directors approved capital credit retirements for \$162,696 in February and \$186,150 in December. Learn more about capital credits at www.pella-cea.org/capital-credits.

PCEA Partners with Forward with Faith on Second Home

PCEA and Forward with Faith secured a \$360,000 loan through the USDA RLF to build a second home for adults living with disabilities. The first home was completed in 2019.

Annual Meeting Agenda

- Welcome
- Secretary's Report
- Report of the Nominating Committee
- President Report
- CEO Report
- Results of the Election
- Adjournment
- Prize Drawings

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: Dennis Goad, Wade Puyear, Vaughn Newendorp, David Way, Michael Montgomery, Ruth De Bruin, Maury Van Der Wilt, and Doug Massdam.



FINANCIAL REPORT



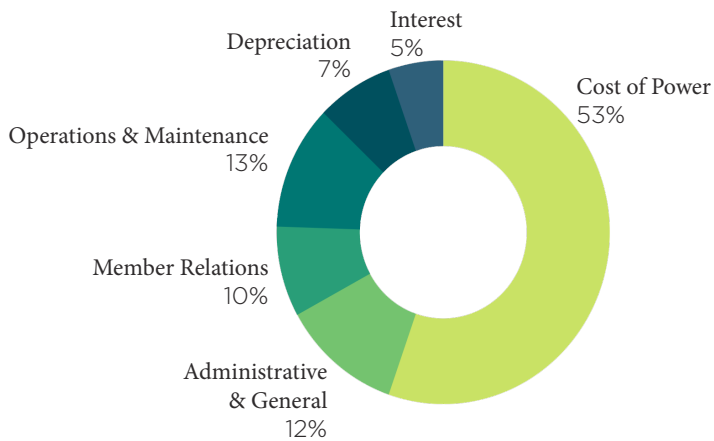
BALANCE SHEETS

	2021	2020
Assets		
Net Utility Plant	\$ 20,748,569	19,068,051
Other Assets and Investments	5,138,171	4,061,900
Current Assets	2,095,735	2,212,392
Deferred Debits	63,659	75,076
Total Assets	\$ 28,046,134	25,417,419
Equity		
Margins and Equity	\$ 15,009,039	14,912,561
Liabilities		
Long-Term Debt	11,338,005	8,938,437
Current Liabilities	1,699,090	1,566,421
Total Liabilities and Equity	\$ 28,046,134	25,417,419

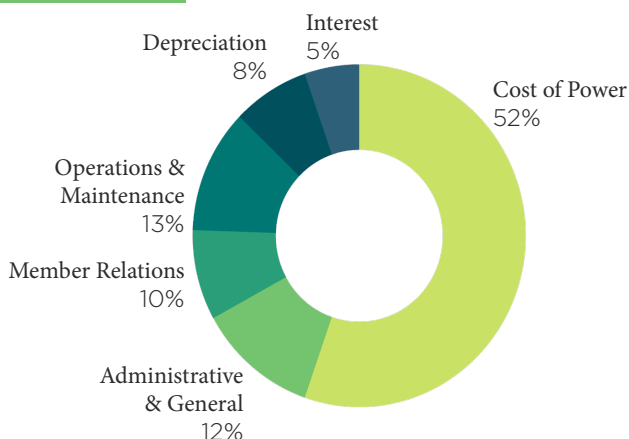
INCOME STATEMENTS

	2021	2020
Operating Revenues	\$ 7,006,522	6,974,746
Operating Expenses		
Cost of Power	\$ 3,588,164	3,531,233
Operations and Maintenance Expense	885,579	862,957
Member Relations Expense	677,030	663,672
Administrative and General Expense	812,471	771,077
Depreciation Expense	523,775	495,709
Interest Expense	381,753	358,619
Operating Margins Before Capital Credits	\$ 137,750	291,479
Capital Credits	247,080	351,956
Net Operating Margins	\$ 384, 830	643,435
Non-Operating Income	66,760	64,931
Net Margins	\$ 451,590	708,366

2021 EXPENSES



2020 EXPENSES



2021 STATS

63	new services added
3,136	homes and businesses in the co-op membership
638	miles of line
0.95	average number of outages each member experienced in 2021
46	free electric water heaters provided to members through the rebate program
892	energy efficiency rebates paid out to members