



**2026**

# **Annual Meeting**

## **Agenda**

- **Call to Order at 6:30 pm**
- **Invocation**
- **Pledge of Allegiance**
- **Determination of Quorum**
- **Introductions**
- **Reading of Notice of 2026 Annual Meeting**
- **Reading and Approval of Minutes of 2025 Annual Meeting**
- **Nominations and Reports of Petitions Received**
- **Voice Vote for Uncontested Election**
- **General Manager's Report**
- **Financial Report from CFO**
- **Scholarship Winners Announced**
- **Unfinished Business**
- **Member Comments**
- **\$100 Bill Credit Drawing**
- **Draw for Prizes & \$2,500 Cash**
- **Adjourn**

**Tonight's meal is catered by D&J Cafe in Julesburg, CO.**

## **President's Report by Mike Bennett**

As we move into 2026, I am pleased to tell you Highline Electric had another good year. On behalf of the board and staff, we welcome you and hope you enjoy your evening with us, celebrating eighty-eight years of providing electricity to you, our friends, and neighbors. Your support and participation are valuable, and I would like to thank all of you for taking time from your busy schedules to be here this evening.

Three director positions are up for election this year, two directors from district one and one director from district two. The incumbent directors from each district have submitted their petitions for re-election. No other petitions have been submitted, so in compliance with Highline's by-laws, an election will not be held.

Highline's operating margins for 2025 were \$173,423 below budget. The board once again agreed to return capital credits. General capital credits totaling \$1,255,982 were returned and special retirements totaling \$378,519 were also retired to estates. The board has approved an overall rate increase for 2026 of 10.5%. This increase varies among the multiple rate classes.

Energy efficiency programs will continue to be offered at Highline in 2026. If you are considering purchasing outdoor power equipment, converting to an electric water heater, updating your heating/cooling systems, or installing new electric motors, contact the Highline office and find out what it takes to be eligible for the many rebates that are available.

With the assistance of Tri-State, Highline continues to donate to the 4-H councils and the fire departments within our service territory. Scholarships each year are also provided to many recipients for the continuation of their education beyond high school.

2025 was a very busy year for Highline's line crews, engineering, and office staff. Constructing many new services, maintaining the current facilities, and managing the daily affairs of the company is an ongoing process.

Keeping Highline's system reliable, efficient, and providing electricity 24/7/365 is a daunting task. We, the board, are proud of the work Highline's employees do to accomplish this for you, our members. Should you have questions about this evening's events or anything else, don't hesitate to contact Highline's office or one of your board members. Once again, thank you for your support and thanks for attending this meeting!

## **Tri-State Report by Leo Brekel**

Tri-State Generation and Transmission continue to deliver wholesale power and transmission services to its membership. We intend to deliver power and transmission reliably and affordably while being responsible and compliant with rules and regulations. Electricity and transmission services are provided to Coops in Colorado, Wyoming, New

Mexico and to Coops and Public Power Districts in Nebraska. This electricity is delivered to about 525,000 meters.

At the end of 2025, Tri-State met all required financial requirements with a margin of \$20 million. The Tri-State Board approved a 7.5% rate increase beginning in 2026 and no Capital Credits were retired. The same economic issues that we see in all our daily lives are also true for Tri-State. Everything costs more--poles, conductor, transformers, etc. We are working hard to contain costs and maintain reliability.

Three hundred megawatts of renewable resources began supplying energy last year. These resources were added to help fulfill the 2023 Electric Resource Plan filed at the Colorado Public Utilities Commission. In addition, Craig Unit 1 was scheduled to be retired Dec. 31, 2025. However, Tri-State received an order from the Department of Energy to keep this plant available. The duration of this order was 90 days and is expected to be renewed. Time will tell.

There are a couple of notable events slated for early 2026. April 1, Tri-State will become part of the Southwest Power Pool West side market. Joining this Regional Transmission Organization will facilitate the flow of power and help ensure the lowest cost. LaPlata, a cooperative in Western Colorado is scheduled to exit Tri-State April 30.

For 20 plus years it has been an honor and privilege to serve on the Tri-State Board from Highline. Should you have questions or comments, please let me know or contact the Highline Office.

### **Western United Report by Ted Carter**

Western United achieved a milestone in Fiscal Year 2025, surpassing \$300 million in sales for the first time—a ninth consecutive year of record growth. Membership has been a key driver, expanding from \$78 million to \$218 million over nine years, with ten new members added in 2025, including six from Kansas, three from Arizona, and one from Idaho. This growth led to Kansas earning Board representation and an expansion to 33 directors.

The company finalized a warehouse lease in Tucson, Arizona, enhancing material availability in that region. The IT team rolled out phase two of its barcoding system, streamlining inventory management for members. Western United also formed new partnerships with Socorro Electric Cooperative (NM) and 4 Rivers Electric Cooperative (KS), bringing total alliances to 43.

Sales in fiscal 2025 reached \$307.4 million, up 13.5% from the previous year. Growth was seen across all segments—member business (13.5%), contractor (22%), municipal (12%), and oil & gas (over 80%). Regional highlights included significant sales increases in Arizona (20%), Nevada (23%), and Idaho (43%), with Nebraska as the only outlier, declining by 8%. Improved material access supported growth in non-member sales.

Currently, growth in FY2026 is slower and more variable, with flat to slightly higher sales expected due to tariff uncertainties, inflation, increased competition, and utilities reducing inventories. Western United continues to align inventory levels with market demand, reducing holding costs. Inventory dropped from \$69.4 million to \$60.9 million, improving inventory turns from 2.29 to 2.5.

Financially, the company remained strong, avoiding short-term debt and maintaining minimal long-term debt. In 2025, it returned a record \$13 million in patronage capital to members, reducing its retirement schedule to six years. Sales per employee were \$4.7 million, gross margins hit \$38.6 million, and net income reached \$23 million. Members' equity stood at \$135.7 million, and member patronage was 7.3% of purchases—70% of gross margins went back to members.

At year-end, the sales order backlog exceeded \$114 million, anticipated to decrease as long lead-time orders are fulfilled. Western United's primary mission remains serving its members, not generating profit, making it a valuable cooperative asset. It has been a privilege to serve as a Highline Electric representative on the Board of Directors of Western United.

### **CREA Report by Jim Lueck**

The Colorado Legislature convened January 14, 2026, and will adjourn May 13, 2026. The State of Colorado is looking at an \$850 million budget shortfall this year versus a \$1.2 billion deficit in 2025.

Any bill that would include a fiscal note that would take additional dollars to implement if passed is pretty much dead-on arrival given the state budget. In 2025 there were over 500 bills introduced by this time of the session, this year there have been 466 and can be attributed to dollars available.

CREA has been monitoring 30 of those bills that would have an impact in the electric industry. Seven of the 30 have already been defeated but there are more waiting to be presented.

Several of the bills attracting CREA attention are as follows:

**Clean Electricity Bill:** This bill is introduced to establish goals for greenhouse gas reductions. The goal for 2035 is a 90% reduction followed by a 95% reduction in 2040 and a 100% reduction by 2050. Legislature can come up with dates for industries to comply with, but no solution attached to their dreams. The standard amounts to, here is the timeline... you in the industry, figure it out. Tri State Generating would be the entity that has come up with a plan and not the local co-ops.

**Robin Alerts:** This bill would require utilities to notify members of planned and "unplanned" outages. A planned outage is obvious but an unplanned outage (i.e. blizzards,

tornadoes, high wind, grass fires, etc.) need a crystal ball committee. If HEA has an unplanned outage in 2026, consider this your notification.

**Data Centers:** Data centers have been a hot topic lately. There are two bills currently moving through the legislative process. HB26-1030 would provide sales tax and use tax exemptions for the developers of these projects. SB26-102 would require data centers to use 100% renewable energy and self-generating power to energize their projects. CREA puts the odds on both these bills passing as slim. Colorado has a big appetite for taxes so an exemption for the likes of Microsoft, Google, Meta and Amazon to build a data center and not contribute taxes won't play well with the taxpayers of the State. The bill requiring renewable energy for powering these enterprises conflicts with co-op franchised territories.

**HB26-1272 Extreme Temperature Legislation:** The Colorado Dept. of Labor and Employment would conduct a study to collect data to understand heat and cold temperature projection for workers. The temperature range would be below 30 degrees and above 80 degrees that would trigger worker protection. Blame weather range for farmers and ranchers. It baffles me to believe that we in rural Colorado have survived this long without legislation protecting us from the elements.

The Wildfire Liability issue has been delayed for a possible 2027 legislative session. With the recent Nebraska fire, the comment that a co-op could be only one fire away from bankruptcy is concerning for all. Our CREA lobbyist have done an admirable job of representing our membership at the State House.

I want to thank you for allowing me to serve on the HEA Board of Directors and to represent HEA on the CREA Board of Directors. Thank you for your attendance at the annual meeting and continue reading the Colorado Country Life magazine.

### **NREA Report by Merlin Prior**

Highline Electric Association's territory consists of rural consumer-members in Northeast Colorado as well as a significant number of consumer-members in southwest Nebraska including irrigation load. With this diverse load in Nebraska we are a member of Nebraska Rural Electric Association, made up of 34 Nebraska rural electric systems which work cooperatively to make sure we continue to have affordable, reliable and safe electricity. Constant monitoring of state and federal regulations, US Congress & Nebraska legislature is necessary, along with a watchful eye towards what is happening and how it will affect our ability to keep the power available 24/7.

Many new innovative ideas, new senators and representatives and perceived new sources of electric power through renewable energy projects are constantly being put before our systems' boards as better than what we traditionally have depended on. Sorting out the most reliable, economical and best combination of projects for the growing power needs

and consumers' preferences is challenging. The choices must work for our coop and the system as a whole for long term dependability.

The NREA staff and member systems strive to maintain strong relationships with state and federal elected representatives as well as regulating commissions so we can provide them with reliable information to make sound decisions preserving our rural power systems.

One of the challenges deals with net metering of new renewable power generated by consumers wanting to sell extra generated power back to their power provider. This creates inequities for the rest of the consumer-members. Education is needed to discuss the fairness and use of existing infrastructure built to supply power to the Association. NREA is striving to develop ways to accomplish these education needs with the consumers and legislative members by using the Working for Nebraska programs. This effort is to provide important details for understanding the principles involved. Nebraska is presently one of the top states in the US for lowest economical rates and most reliable electrical grid systems. I encourage you to go to the HEA website to view informative videos which can help you better understand issues and services we provide. Please contact HEA with questions you don't find answers to.

HEA & NREA are committed to excellence in providing electric services safely, efficiently and economically for you, our consumer-members. The NREA will continue to provide association services, training and monitoring of legislative and regulatory initiatives that affect Nebraska rural electric systems.

I want to thank the HEA members for allowing me to represent you on the HEA Board of Directors and the opportunity to represent HEA on the NREA Board of Directors.

Thank you for attending this year's annual meeting and your support of HEA.

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