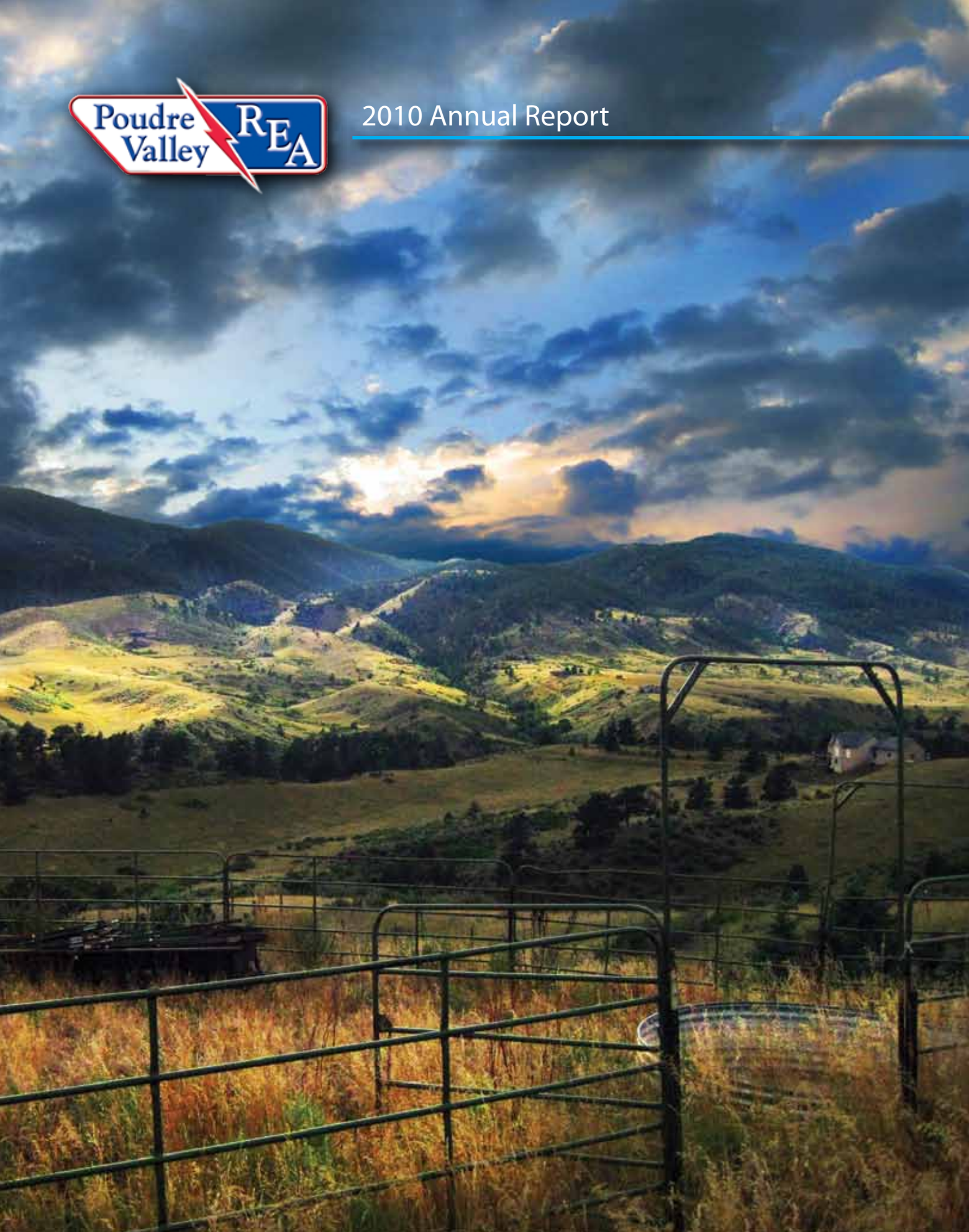




2010 Annual Report





Report from the CEO

The year 2010 continued to challenge your board, management staff and employee team as new growth throughout our service territory remained sluggish. However, once again we pulled together as a team and worked collectively to make tough and difficult decisions that led to another year of successful operations of your member-owned electric association.

In 2010 Poudre Valley Rural Electric Association, Inc. (PVREA) was able to hold the line on rates to our members. Operational costs were reduced in a number of ways including, reducing our staff size through retirement attrition, refinancing \$7 million of long-term debt at lower interest rates, decreasing our materials and vehicle fleet inventory levels and by making changes to our medical insurance plan. Your association continued to maintain high service levels, reliable power and a strong financial position throughout the year.

Inactive housing and commercial development along with the City of Fort Collins annexation of a portion of PVREA's service territory resulted in your association serving fewer meters than it served in 2009. At year-end we served a total of 35,072 meters compared to 35,626 at year-end 2009. This represents a negative annual growth rate of 1.6%.

Even with negative growth in total services, peak demand exceeded 200 megawatts (mW) for the first time in association history, topping out at 206 mW. Record annual energy sales of 1,095,258,693 kilowatt-hours (kWh) were also recorded. This represents an increase over the 2009 system peak demand and energy sales of 4.0% and 5.8%, respectively. The increases are the result of a full year of operations from one of PVREA's large industrial loads compared to only eight months of operations in 2009.

In 2010 PVREA met or exceeded all financial requirements and obligations set by our lenders and received a favorable opinion from our independent financial auditor in regard to our accounting records and internal controls. Revenues for the year totaled \$95,074,109 compared to operating expenses of \$94,237,042. Operating margins were \$837,067 and total

margins to be allocated back to the membership were \$7,557,086. As a result of another year of sound financial health, your board of directors approved a \$2.1 million capital credit retirement to current and past members.

With little new development activity we continued to focus on our construction work plan projects to bolster our distribution delivery system and enhance reliability. In 2010 we invested \$4.3 million in plant replacement and upgrades and \$6.9 million in system operations and maintenance. We currently have over \$9 million of infrastructure improvement projects in process that will continue to ensure system reliability and allow for economic expansion once the economy turns around and new growth again surfaces in the area.

In 2010 we continued the deployment of our Advanced Metering Infrastructure (AMI) project. This "smart" meter project will reduce meter reading costs, heighten operational efficiencies, enhance reliability, provide consumer energy conservation/efficiency opportunities and superior customer service. This project is the cornerstone of a long-term strategy to use advanced technologies to provide safe, reliable and affordable electric service with minimal environmental impact. At year-end we had a total of 3,600 AMI meters installed. We plan to install an additional 10,500 smart meters in 2011 and anticipate completing our project by the end of 2012.

2010 saw your association escalate our already strong energy efficiency and conservation programs for our consumer/members. Your board of directors approved a ground breaking program we call Concern About Residential Efficiency Fund (CARE Fund). The CARE Fund assists qualifying members to make weatherization improvements to their homes. In 2010 the new program received more than 100 qualified applicants, approximately 60 homes were provided energy audits and 16 homes received weatherization improvements totaling \$23,000. Weatherization upgrades continue to be made on homes selected for the program from the applications we received in 2010. We have continued to fund the CARE program for 2011 and we are currently accepting new applications.

Also, in 2010, 237 residential and 11 commercial energy audits were performed for members, 95 insulation rebates totaling \$27,836 were awarded, 143 rebates totaling \$93,301 were made through our Energy Efficiency Credit partnership with Tri-State G&T for energy star appliances, more efficient lighting, heating and cooling systems, and high-efficiency motors for irrigation, commercial and industrial applications. \$26,250 in financial assistance was provided for the construction of 6 residential solar projects adding 26.5 kW of renewable energy to our system.

We continued to explore opportunities to promote and partner in larger scale local renewable projects that made economic sense and would bring value to our members. In the fall of 2010 we began discussions with the Northern Colorado Water Conservancy District that has resulted in a commitment to purchase 100% of electricity generated from a 2.6 megawatt hydropower plant that is projected to be operational in the summer of 2012. This hydro-powered facility is projected to produce approximately 7,000,000 kWh annually.

As the CEO of a business that employs a number of individuals, particularly line workers, that work in an inherently dangerous occupation my priority has always been the safety and well being of all team members. In September 2010 our team members were recognized for their commitment to work place and public safety by earning the Rural Electric Safety Accreditation Certificate of Safety. I congratulate them for their hard work in achieving the high safety standards required for this award.

I thank the board for their dedication, leadership, encouragement and support. I give special recognition to the employee team for their commitment to customer satisfaction and their professionalism in serving the growing needs and demands of the membership during trying times. And I thank you for your patronage and support of your association. I encourage each of you to exercise your rights as a member/owner of PVREA and participate in the affairs of your association by attending this year's annual meeting.

Brad Gaskill

The first formal meeting of Poudre Valley REA was held November 2, 1939 and by September of 1940 the first few miles of line were energized. Most of the farms and ranches east of the foothills were being served within a decade.

The majority of electric lines serving Rist Canyon, Poudre Canyon, and the Red Feather lakes area were completed by the late 1950s. Today the PVREA service area covers 2,000 square miles.



Report from the President of the Board of Directors

One of the most important roles of your board of directors is staying current on legislation and government regulation that can affect the cost and reliability of your electricity.

During the course of 2010 members of your board met with all of the Gubernatorial and Senatorial candidates prior to the November election and, also, traveled to Washington D.C. to express our positions on various issues confronting the rural electric utilities.

The candidate forum sponsored by Colorado's Electric Co-ops in August was attended by the three candidates for governor and two candidates for the U.S. Senate who addressed about 200 people representing Colorado electric cooperatives gathered at Tri-State Generation and Transmission in Westminster. The event was a two-way discussion with each candidate. Representatives of the electric cooperatives had an opportunity to explain to the candidates what co-ops are and how they fit into the utility industry that serves Colorado. It was a chance to remind the candidates that the co-ops, as well as Tri-State, their power supplier, are all not-for-profit entities working to provide reliable, affordable power in the difficult and far-reaching corners of the state.

In early May a delegation of Poudre Valley Rural Electric Association directors and staff joined 90 Colorado and some 2,500 total rural electric cooperative leaders, representing 42 million co-op consumers, from across the nation in Washington, DC. The group made personal visits with their respective state's congressional delegation. This annual trip is critical in making sure our voices are heard on laws and regulations being considered that could significantly impact your association's business

operations and the price you pay for electricity. At the 2010 legislative rally, Colorado's electric cooperative delegation focused our message on several specific areas of concern. We asked Congress to preserve the 75-year old Rural Utilities Service (RUS) program and to oppose the efforts to reduce the RUS electric loan program funding levels for fiscal-year 2011. We also encouraged our elected officials to support HR4785, the Rural Energy Savings Program Act (RESPA). The bill would allow rural electric consumers to obtain low interest loans for energy efficiency improvements through rural electric cooperatives. Finally, our Congressional delegation was asked to support one of several bills that were introduced to prevent the Environmental Protection Agency from using the Clean Air Act as a vehicle for regulating Greenhouse Gas Emissions, including carbon dioxide, from power plants.

The effort to keep issues that are important to rural electric cooperatives decided fairly will continue in the months and years ahead. The budget recently proposed by the administration seeks to cut the RUS loan program in half and the fight over EPA regulation continues as well. A bill that would prevent the EPA from regulating the emission of greenhouse gases from stationary sources such as power plants has been introduced this year and will need support from every rural electric consumer.

On the local level we have had some success in the past year. Along with CREA, our statewide service organization, we were able to amend recent legislation to save our industrial and agricultural consumers from double taxation on energy costs. Recently the Colorado legislature passed a requirement for Xcel Energy to convert two coal-fired plants to more expensive natural gas and is considering additional regulation of coal-fired generation. Government regulation of a utility's

BOARD OF DIRECTORS



JACK SCHNEIDER

President



THAINE MICHIE

Vice President

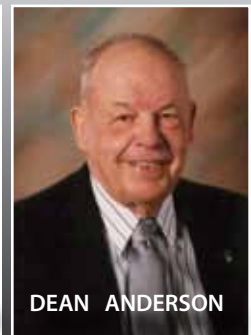


ROBERT LOCK

Secretary/Treasurer



ROGER ALEXANDER



DEAN ANDERSON



2011 Annual Meeting

The Poudre Valley REA Annual Meeting will be held **March 26, at The Embassy Suites Hotel and Conference Center** near I-25 and Crossroads Blvd.

Registration will be open from 7:30 A.M. to 9:30 A.M. in the John Q. Hammons Conference Center.

A hot, hearty breakfast will be served at 9:00 A.M.

Presentations, information booths including the Rocky Mountain Raptor Center

Prizes awarded include Wii Game Systems, iPods, iPad, HDTV, gift cards and more.

Reports on the state of the association will be delivered by PVREA Board of Directors President, Jack Schneider, Treasurer Robert Lock and CEO Brad Gaskill.

Voting for four board member positions will be conducted and **Election results** announced at the close of the meeting.

So please **plan to attend** the annual meeting.

After all, it's your meeting and your co-op!

fuel of choice is an important issue and we will be closely watching any action that will have an impact on electricity rates. Keeping electricity affordable, especially today, for all of our members is a top priority.

It is important for us to help lawmakers understand how co-ops are different from other utilities so that we can continue to deliver reliable and affordable power to our 2,000 square mile service territory and the 35,000 consumers it holds. But it is also important to build consensus, not only between co-ops and government, but within our membership. My passion is to find common ground on potentially divisive issues and bring us to a place of unity where the good of all is fairly represented.

Finally, on a more personal note, I would like to take a moment to remember the wildfire that burned more than 700 acres west of Loveland in September. This fire was located within the Poudre Valley REA service area. Even though the fire was so extensive, power was restored to all homes affected in just four days.

Once more we are reminded of the dedication and quick response of the line workers and supervisors in our Operations Department and all the other PVREA team members who were available to aid our members during a very harrowing time. Our thanks go out to the brave firefighters and to all those here at the co-op who pitched in and worked long hours under difficult conditions to protect the firefighters and restore electricity to folks in the affected areas.

Jack R Schneider



KEITH CROONQUIST



GEORGLYN DIEHL



RICK JOHNSON



JIM PARK



RON SUTHERLAND



RANDY STARR



Financial Report

For the year 2010, PVREA operating revenues were \$95.1 million, an increase of 5.0% over 2009. The main driver for the increase was an increase in our kWh sales from several large loads operating at full capacity during 2010. Operating expenses were \$94.2 million, an increase of 5.7% over 2009. This was mostly attributable to an increase in the amount of purchased power due to increased energy sales.

2010 Highlights:

- No rate increase to our members.
- Capital Credits retirements disturbed to our member/owners totaled \$2.1 million in 2010.
- Seventeen miles of line added in 2010.
- Infrastructure improvements currently in process total \$9 million and will ensure reliability and allow for economic expansion.
- Net new services for 2010 decreased by 554 compared to an increase of 147 in 2009.
- Decrease in our inventory in 2010 of \$300,000 compared to 2009 through active management and our partnership with Western United Electric Supply Corporation.
- Refinanced approximately \$7 million of loan funds in 2010 reducing effective interest rate from 5.0% to 4.1% - savings of \$650,000 over life of the loans.
- Long-term and short-term strategic investments paid dividends in 2010 as our average earnings on investments was around 4.8% .

2011 and beyond:

- New and pending federal/state legislation and regulations along with EPA increased oversight will put pressure on our rates beyond 2011 – Cost of purchase power represents 77% of our operating expenditures.
- Implementing a new Enterprise Software Solution which will allow us to provide superior customer service, greater effectiveness in restoring outages, streamlining of processes, and full integration throughout the association resulting in operating cost reductions in the long term through use of technology.

Financial Targets:

The board of directors sets policies regarding financial targets for the association. One important goal is the Equity Ratio. This is a measure of the extent to which the association members have financed plant and other assets with their own funds, as distinguished from assets financed with borrowed capital. Equity represents the percent of total assets the membership actually owns. Another important ratio is OTEIR (Operating Times Interest Earned). This is a measure of the association's ability to generate sufficient revenues/margins from electric operations to repay interest on our long-term debt. The ratios as of December 2010 along with the board targets are shown below:

	Dec -10	Board Min	Board Max
Equity Ratio	46.67%	35%	50%
OTIER	1.48	1.30	N/A

The 2011 Capital Work Plan for replacing and improving the grid in the PVREA service area is budgeted to be almost \$14 million. This is the cost for substations, circuits, transformers and other equipment to keep the system operational and are in addition to damage and maintenance. There are many "unseen" costs to delivering power across such great distances in Colorado and your co-op is working hard to keep your electricity both reliable and affordable.

Balance Sheet

Assets

	2010	2009
Utility Plant		
Electric Plant	\$155,375,438	\$147,463,436
Depreciation	45,656,988	43,152,642
Depreciated Value	109,718,450	104,310,794
Investments In Assoc. Org./Other	63,209,070	63,045,337
Current Assets		
Cash and cash equivalents	\$6,335,678	\$5,074,625
Held-to-maturity securities	100,000	100,000
Receivables, net	8,389,878	8,234,034
Materials	1,400,129	1,710,520
Prepayments	491,153	145,701
Total	16,716,838	15,264,879
Deferred Debits	47,159	41,006
Total Assets	\$189,691,517	\$182,662,016

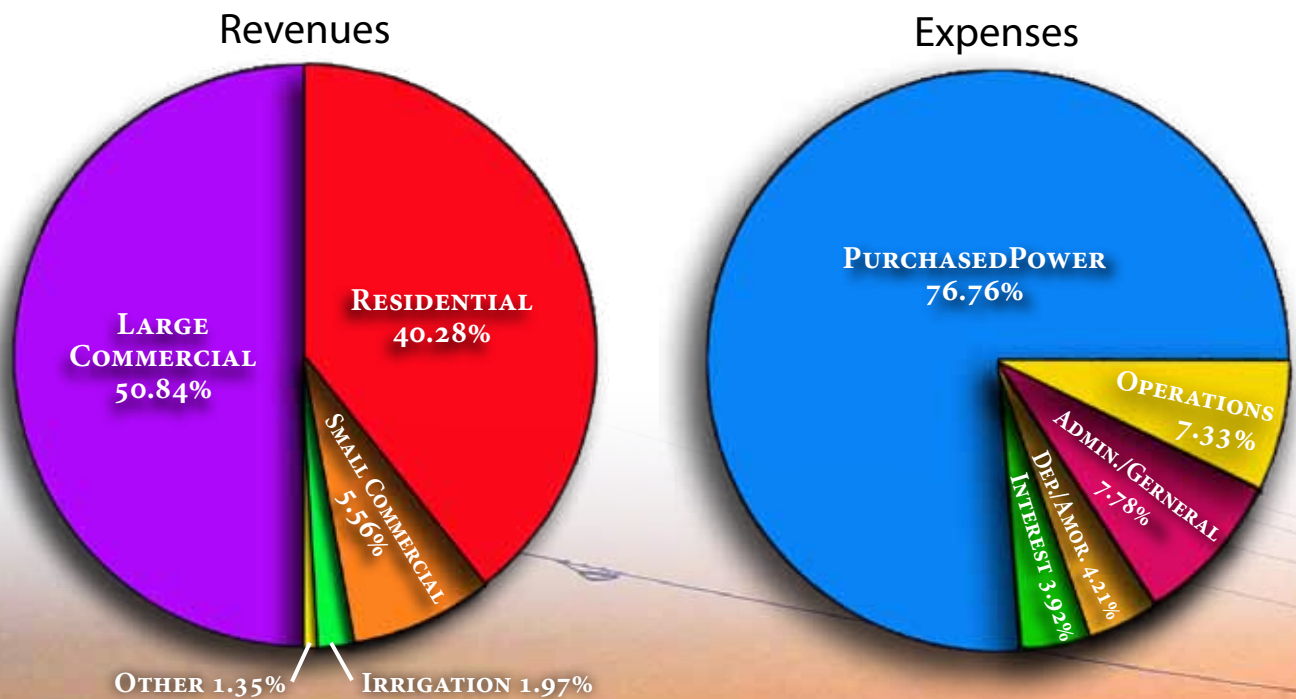
Liabilities and Capital

	2010	2009
Capital Equities		
Memberships	\$175,235	\$175,235
Patronage capital	90,647,771	85,335,470
Other equities	2,165,455	1,821,652
Other comprehensive income (loss)	(4,456,868)	(4,939,028)
Total	88,531,593	82,393,329
Long-Term Liabilities	66,613,455	68,030,987
Other Long-Term Obligations	14,624,582	13,730,367
Current Liabilities		
Current maturities of long-term debt	2,382,500	2,422,566
Accounts payable	6,918,997	7,398,108
Accrued expenses	1,095,674	1,453,377
Accrued taxes	1,456,208	1,297,745
Customer deposits	338,249	385,215
Total	12,191,628	12,957,011
Deferred Credits	7,730,259	5,550,322
Total Liabilities and Capital	\$189,691,517	\$182,662,016



Statement of Operations

	2010	2009
Operating Revenue		
Residential	\$38,293,053	\$37,713,673
Irrigation	1,871,758	1,672,264
Small Commercial	5,289,832	5,198,861
Large Commercial	48,331,040	44,686,309
Pubic Buildings & Lighting	421,627	396,512
Other Electric Revenue	866,799	914,471
Total Operating Revenue	\$95,074,109	\$90,582,090
Expenditures		
Cost of Purchased Power	\$72,331,765	\$68,296,714
Operations & Maintenance	6,908,655	6,727,080
Administrative & General	7,331,675	7,090,381
Depreciation & Amortization	3,973,522	3,545,861
Interest & Other Deductions	3,691,425	3,501,968
Total Expenditures	\$94,237,042	\$89,162,004
Margins		
Operating Margins	\$837,067	\$1,420,086
Non-Operating Margins	1,006,354	1,030,536
G&T Capital Credits	5,713,665	7,730,350
Net Margin or Patronage Capital	\$7,557,086	\$10,180,972



Rural electric cooperatives, like Poudre Valley REA, own and maintain 2.5 million miles, or 42%, of the nation's electric distribution lines, covering three quarters of the nation's landmass. Electric cooperatives typically have an average of 7 customers per mile compared to 35 for investor-owned utilities and 47 for municipal-owned utilities. Revenue per mile of line for a typical investor-owned utility is \$62,665, municipals \$86,302 and for co-ops \$10,565.

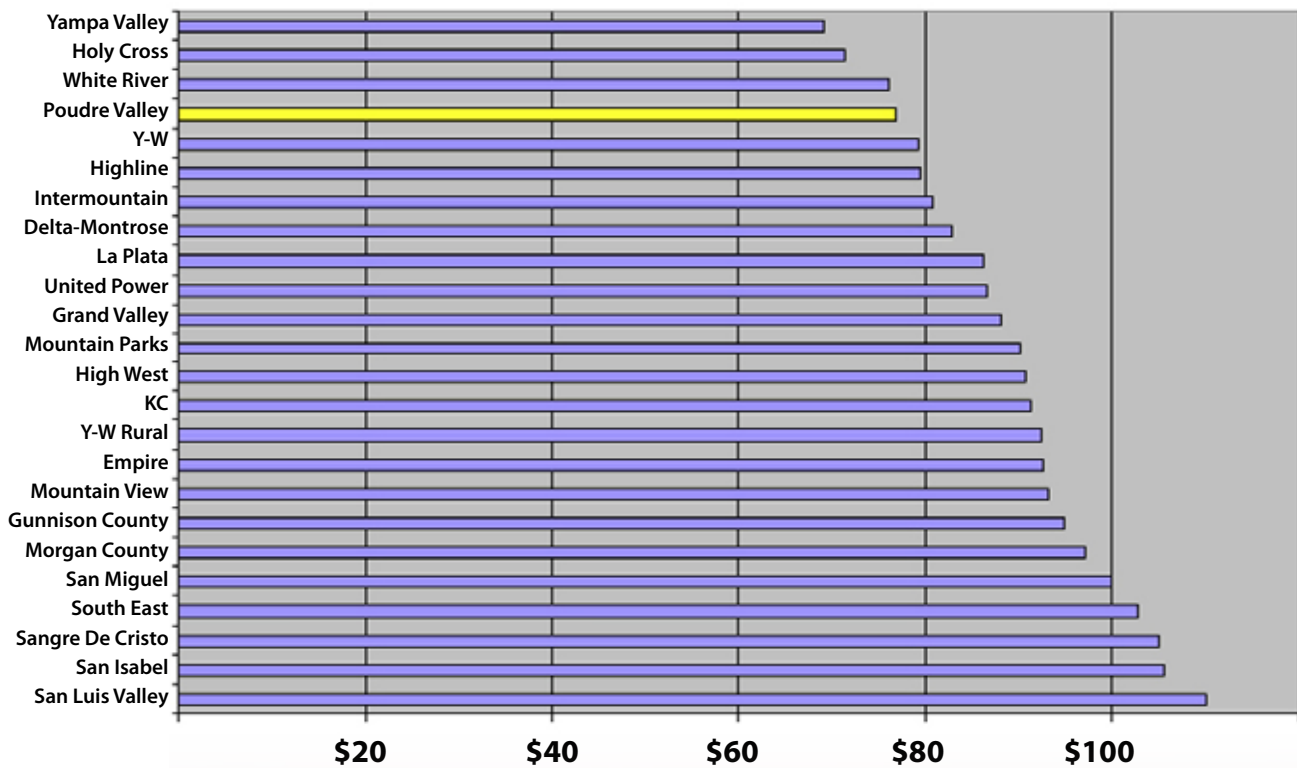
Rates

Poudre Valley REA is one of Colorado's lowest-cost cooperative electric service providers. Supplying affordable and reliable power with the highest service possible has always been the goal of your board and management team. Of course, ensuring the future financial health of the association is also a primary goal and responsibility.

In 2010 PVREA hired an outside consultant to conduct a Cost of Service and Rate Design Study. Simply put, the purpose of the study is to answer two important questions. First, are the association's rates adequately recovering our cost to serve? Second, are the rates equitably shared by

each of our rate classes (i.e. residential, small commercial, large commercial, industrial, irrigation, etc.)? The study findings showed that our current rates should be adjusted slightly upwards to fully recover our actual cost of service. However, most significantly the study revealed that our residential facilities charge, in particular, is not recovering our monthly fixed costs to serve this class of service. Since receiving the study results, your board and management team has worked diligently to further analyze the findings and evaluate the consultant's recommendations to develop and implement a new rate design that correctly recovers our cost of service and will greater ensure the future financial security and stability of your association.

Colorado Electric Co-op Residential Rate Cost Comparison (700 kWh)





Capital Credits

Poudre Valley REA is a consumer-owned co-op. Because PVREA operates on a non-profit basis, any margins (profits) are allocated to each member in proportion to their patronage, or how much revenue they provided. These funds are called capital credits and are held in the member's name until the board of directors determines that the association's financial condition will allow retirement. In 2010 the Poudre Valley Rural Electric Association board of directors approved the retirement of \$2.1 million of allocated capital credits (profits) from 1998 and 2009. Consumers who received service from Poudre Valley REA in those years, and accumulated allocated margins of \$25 or more, received a check in the mail in late September. In the last ten years, alone, PVREA has refunded nearly \$19,000,000 to our consumer/members

Perhaps it's unusual for a utility to send checks to its consumers but that's one of the things that makes an electric cooperative different from investor-owned companies. We are not in the business of making a profit. The welfare of our members is our primary concern. So, at a time when economic conditions are tough, your association is working very hard to hold the line on costs and, in the true spirit of cooperative ownership, is returning a part of your equity investment in the association back to you.

The refund of profits to consumers is one difference that sets cooperatives apart from big, investor-owned utilities. Because our first concern is the best interests of every member our emphasis is on providing the highest level of service at the lowest possible price. We bring electricity to homes and ranches where for-profit companies refuse to go and do it with exceptional service and affordable rates.

Community Programs

Every year there are some profits that can not be returned to members. Despite diligent efforts there are some consumers who move or, for other reasons, we are unable to locate to return their portion of the profits. These unclaimed capital credits are put to use for the benefit of all members as a group. The programs on the next page created with these funds are based in the Co-operative Principles that guide our business decisions.

Rural electric cooperatives were formed so people could join together to bring electricity to those who otherwise could never afford it. Today that spirit lives on in the legacy we have inherited and in the principles upon which our co-op was founded. Principles like Community and Democracy and Education. By working together we can learn from one another and share the benefits of being in a cooperative.

One way we work together is by providing the information and tools needed to reduce energy consumption and lower utility bills. Over the years Poudre Valley REA has developed many programs to promote energy conservation and efficiency. We now offer rebates on Energy Star appliances and heating and cooling systems as well as insulation. Our Home Energy Audit program has helped hundreds of consumers learn how to improve the efficiency of their homes with impressive results.

Making some basic weatherization improvements is, by far, the most cost-effective thing anyone can do to reduce their energy use. So, as a way to promote energy conservation and make these improvements more widely available to our members, the Board of Directors established the CARE Fund in 2010.

In 1935 FDR discovered the cost of electricity in his country cottage was 18¢ per kWh and in his city house it was just 4¢. This difference was one of the reasons he created the Rural Electrification Administration to bring affordable power to rural America. Today the cost of electricity in areas served by Poudre Valley REA averages just over 10¢ per kWh, including all taxes, fees and other charges.

What else can you think of that costs less than it did in the 1930s?



CARE Fund

The purpose of the CARE Fund is to provide energy efficiency and conservation improvements to the homes of those who may not have the ability to do them on their own. The program guidelines allow for insulation, energy efficient lighting and weatherization measures to be made on PVREA members' homes. The result is reduced energy costs and increased comfort for many of our neighbors.

We received many requests, not only from folks inquiring about the program for their own needs but, often, for their neighbors and others they knew who would benefit from this program.



Work on the Poudre Valley REA CARE Fund program is continuing and current scheduling anticipates all 60 homes included in the current project

to be completed by April. Funding for the program has been increased in 2011 and we are now accepting new applications. Please visit www.pvrea.com or contact the Member Services and External Affairs Department for more information about CARE and to see how you may qualify for energy efficiency improvements to your home at no cost to you.



Youth Programs

Washington Youth Tour

Every year Poudre Valley REA sponsors one high school junior on a trip to our nation's capitol. This once-in-a-lifetime experience is offered by your co-op to help students learn more about our government and how it can affect electricity supply and costs. And it's also very fun and educational.

Youth Leadership Camp

In July Poudre Valley REA sponsors two high school students to attend, free of charge, the Cooperative Youth Leadership Camp near Steamboat Springs. This is truly a special opportunity to experience the wilderness and beauty of Colorado and learn about the history and functioning of their electric co-op.

College Scholarships

13 college scholarships are available through Poudre Valley REA for high school seniors and college undergraduate students. These scholarships are available for students who have been accepted for admission or are currently attending any U.S. college, university or community college. Ten scholarships are awarded in the amount of \$2,000, one for \$1,000 and two for \$500. The scholarships are awarded every year to dependents of parents (or consumers themselves) who currently receive electric service from Poudre Valley REA.

All of these programs are funded with unclaimed capital credits





Consumer Programs

Co-op Connections

We understand what it's like trying to balance all those pieces of daily life. Being a part of a co-op is like being in a big extended family. So, in 2010, we introduced the Co-op Connections Card program to help you save on those everyday things you purchase for your family.

This exciting new program provides you with savings on travel expenses, entertainment admission fees and many other retail purchases. The card is accepted by more than 90 national retailers and we are adding local retailers to the list of participating businesses every week.

Another way the card will help with your budget is through the pharmacy discount portion of the program. PVREA member/consumers who don't have insurance or have limited prescription drug insurance coverage can receive savings on prescriptions ranging from 10% to 60% off the retail price. The card is recognized at more than 60,000 national, regional and local pharmacies.

This program is a great example of how your association is working to make a difference in the lives of our members and strengthen the partnership between our community businesses and your local, member-owned rural electric cooperative.

To find an updated list of participating businesses visit our website at www.pvrea.com.

Select HVAC

In an effort to help consumers choose the best contractor for the job, Poudre Valley REA and the City of Fort Collins have joined forces to develop a list of specially selected Heating, Ventilation and Air Conditioning (HVAC) Contractors. In order to be accepted into the SELECT-HVAC program contractors agree to a code of ethics, adhere to industry standards for sizing, installation and repair, maintain proper licenses and insurance, be an Accredited Member of the Better Business Bureau, and agree to third party inspection. The list of participating SELECT-HVAC contractors is posted on the co-op website at www.pvrea.com.

NoCo Energy Star Homes



Poudre Valley REA joined with several cities, other utilities and the Home Builders Association to create Northern Colorado ENERGY STAR® Homes. The mission is to transform the regional new home market to high-performance construction working closely with the national ENERGY STAR New Homes program and the Colorado Governors Energy Office.

An ENERGY STAR Home reduces energy use and is at the heart of sustainability and green building. The ENERGY STAR label helps customers easily identify homes that perform better than conventional new construction.

Renewable Energy



Green Power Program

In 2010 the price to support electricity generated from renewable sources was reduced from 50¢ to just 9¢ per 100 kilowatt block. A residential consumer using an average of 900 kWh a month and wanting to purchase 100 percent of his/her energy from renewable resources could do so for as little as an additional 81 cents a month. At year end our members had purchased 183,942 blocks of Green Power.

In 2010, the Governor's Energy Office awarded Poudre Valley REA the 2009 Governor's Excellence in Renewable Energy Award for utilities. The award honors organizations that have made outstanding contributions to protecting the environment through the promotion, usage, implementation and technology development of renewable energy in Colorado.

Wind and Solar Projects

In 2010, Tri-State Generation and Transmission Association, the wholesale power supplier to PVREA, completed two large renewable energy projects. The Kit Carson Windpower Project, a 51-megawatt wind farm located in east-central Colorado was developed in association with a subsidiary of Duke Energy Corp. The Kit Carson Windpower Project, the latest utility-scale renewable project to come online in Colorado, was named for the county in which it is located. The facility is comprised of 34, 1.5-megawatt General Electric turbines. Also last year, the Cimarron1 Solar Project in New Mexico came online producing electricity for some 9,000 homes. At 30 megawatts, Cimarron1 is among the nation's largest solar photovoltaic plants and is the first resulting from the partnership between Southern Company, Tri-State and Ted Turner.

Smart Grid

Poudre Valley REA is currently engaged in development and construction of one of Colorado's largest smart grid projects. Known as the AMI program (Advanced Metering Infrastructure) this effort will result in "smart" electric meters being installed on every PVREA service throughout our 2,000 square mile area.

As a result of our leadership in advanced metering technology deployment, PVREA was selected to be a part of a national research project team that is charged with testing and demonstrating ten different elements of a smart grid electric system. As a participant in the research project we were able to secure a \$1.1 million matching grant from the Department of Energy. PVREA will be able to use the grant money to fund certain portions of our AMI project, including smart meter communication and monitoring equipment, pre-paid metering and in-home usage monitoring devices.

To date more than 3,600 smart meters have been installed on Poudre Valley REA services. This represents more than 10% of all PVREA accounts. Work on the smart grid project has been centered, to-date, near Nunn and Berthoud. In the coming months the project will continue to focus on the area southwest of Loveland around Berthoud and Hygiene. Later in 2011, work will progress to areas surrounding Loveland and Windsor then north to Waverly and east/northeast of Fort Collins. The entire project is scheduled for completion by the end of 2012.

Smart grid technology reduces greenhouse gas emissions by making the grid more efficient and allowing consumers to monitor and reduce energy consumption.

The first successful cooperative was organized in 1752 by Benjamin Franklin. In addition to the 900 rural electric co-ops, there are more than 40,000 U.S. cooperatives engaged in the business of America. Co-ops served 127 million members and include your local credit union and national brand names like Welch's, Land O'Lakes, Ocean Spray, Sunkist, REI, Tillamook and ACE Hardware.

The Poudre Valley Rural Electric Association is an electric distribution cooperative with a service area that encompasses 2,000 square miles in Boulder, Larimer and Weld Counties. From modest beginnings in 1939 with only 560 members the association has grown to include a total of more than 35,000 services.

Today there are 90 full time employees at Poudre Valley Rural Electric Association. Every person on this team is dedicated to bringing the highest level of service possible to each member and to the association as a whole. The Board of Directors extends our thanks to each of them for their efforts on behalf of the membership.

- BRAD GASKILL, Chief Executive Officer
- JEFF WADSWORTH, Chief Financial / Operating Officer
- MYLES JENSEN, Member Services and External Affairs Manager
- DUANE ZILLER, Human Resources and Safety Services Manager
- GLEN LIVENGOOD, Operations Services Manager
- TIMOTHY STANTON, Engineering Services Manager

	2010	2009
Total Services	35,072	35,626
Miles of Line	3,915	3,899
Total kWh Purchased	1,126,207,116	1,063,329,026
System Peak Demand	186,387	198,307
High Peak	August	August
Purchase Power Cost	72,331,765	68,296,714
Power Cost / kWh	.0642	.064
Property Tax	1,041,104	844,683
Average kWh Use Residential Monthly	980	962
Average Residential Monthly Bill	102.04	100.51

- | | | | |
|-----------------|--------------------------|------------------|-----------------|
| JESS AILLS | LISA FLYE | KIM MAIO | PATRICK PLANK |
| TEDDY AINSWORTH | TONY FRANCONI | TIM MANNSCHRECK | ALICIA QUINTANA |
| CHARLIE ALVA | DOUG GRANT | PAM MARTIN | GREG RINK |
| ANDY APODACA | JASON HALL | DONNA MAURER | MITCH ROEDER |
| WANDA BANOVIC | JOEL HAND | GARY MCDONALD | BENNY SALAZAR |
| KATHY BIALY | CRAIG HARNEY | JENNIFER MICHAUD | MARILYN SCHUCK |
| ALAN BEHRMAN | MARTHA HOKE | KATHY MICKELSON | DAN SECREASE |
| JOHN BENNER III | JIM HOTTINGER | BILL MORLEY | HEATH SMITH |
| LARRY BINDER | BILL HUGGINS | STEVE MOSQUEDA | RIC SOULEN |
| ROD BLEDSOE | SANDY HUST | GARY MYERS | CLIFF SPIREK |
| TAMRA BRACKIN | HAL JOHNSON | JOHN NACE | KIRK STARCK |
| DENNIS BROOKS | VINNIE JOHNSON | JOSH NOEL | KELLY STREEB |
| MENDY CLARKE | LENNIE JORDAN | CHRISTIE OBERLE | FRANK TAYLOR |
| PAT CONNORS | JOHN KERSTE | KELLY O'BRIANT | RAY THORNTON |
| RIC CRAWFORD | TRAVIS KIEFER | GABE OLSEN | BILL UNRUH |
| BRIAN CULVER | SUE KNAPP | URSULA OLSON | DENNIS WACKER |
| MARK DAILY | MIKE LINDENTHAL | MATT ORGAN | DAVID WHITE |
| SCOTT DENT | JOHN LLAMAS | MIKE PADZIK | LAMONT WIDICK |
| GARY DITUS | BEN LUDINGTON | BRYANT PANGRAC | LOREY WILLIAMS |
| KIRK DREW | HEATHER LUZADER-PETERSON | FRANK PEDERSEN | TERRY WILLIS |
| DUSTIN FISHER | LeROY MACE | DAVE PETERSON | LISA WRIGHT |



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The Seven Cooperative Principles

Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. Members have equal voting rights--one member, one vote.

Members Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. In proportion to their transactions with the cooperative, members allocate surpluses to develop the cooperative and support other activities approved by the membership.

Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

Education and Information

Cooperatives provide education about cooperatives for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public--particularly young people and opinion leaders--about the nature and benefits of cooperation.

Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative philosophy by working together through local, national, regional and international structures.

Concern for Community

While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

Statement of Nondiscrimination

Poudre Valley Rural Electric Association, Inc. is the recipient of federal financial assistance from the U.S. Department of Agriculture Rural Utilities Service and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended; Section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended, and the rules and regulations of the USDA which provide that no person in the United States shall be excluded from participation in, admission or access to, denied the benefits of or otherwise be subjected to discrimination under any of this organization's programs or activities on the basis of race, color, national origin, age or handicap. The person responsible for this organization's nondiscrimination compliance is Duane Ziller, the manager of Human Resources and Safety. Any individual or specific class of individuals who feel that this organization has subjected them to discrimination may obtain further information about the statutes and regulations listed above from, and or file a written complaint with the Secretary, U.S. Department of Agriculture, Washington, D.C. 80250 or the Administrator, Rural Utilities Service, Washington, D.C. 80250. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

www.pvrea.com



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OUR MISSION

***P**roviding the power to enhance our members' lives through*

***V**isionary planning,*

***R**eliable and affordable service,*

***E**nvironmental stewardship and*

***A**ccountability for today, tomorrow and forever*



Your Touchstone Energy® Cooperative

