

2022

# Columbia REA Annual Report



**Columbia REA**

A Touchstone Energy<sup>®</sup> Cooperative   
The power of human connections

## Annual Meeting Notice



Pursuant to the provisions of the bylaws, notice is hereby given that the Annual Meeting of the Members of Columbia REA will be held in the Warehouse at the Walla Walla Service Center, beginning at 4:30 p.m., Thursday, April 20, 2023, and will take action upon the following matters:

- Receive reports of officers, directors and committees.
- The election of three directors to serve three-year terms.
- The passage of six amendments to the bylaws of Columbia REA.
- The presentation of three academic scholarships.

Dated this 1st day of April 2023.

Jay DeWitt  
Secretary/Treasurer  
Board of Directors


**Herewith** is the Annual Report of your Cooperative. According to the Cooperative's Bylaws and articles of incorporation for not-for-profit organizations, we are legally required to conduct an annual meeting of members.

The extra activities at the Annual Meeting are intended to encourage attendance. Your Annual Meeting is a balance of business and pleasure. Your Board of Directors wants you to be well informed. We believe this 2022 Annual Report will give you a summary of the past year's business activity.

In order to keep the business meeting progressing, copies of minutes, reports and other business items are printed in this Annual Report rather than presented from the platform. Please review the information at your convenience and bring it to the Annual Meeting for reference if you wish.

# 85th Annual Meeting of Columbia REA members



Parking areas marked by 

THURSDAY, APRIL 20, 2023  
Columbia REA Walla Walla Service Center  
2929 Melrose Street  
Walla Walla, Washington

3:45 p.m. Transportation departs from Burbank Columbia REA Service Center, 26401 Ice Harbor Drive.

4:30-5:45 p.m. Registration opens. Bucket truck rides in the parking lot starting at 4 o'clock!

6:00 p.m. Dinner buffet served.

6:45 p.m. Meeting called to order:

- Business reports
- Announcement of election and bylaw voting results
- Unfinished business
- New business
- Announcements of the 2022 scholarship recipients
- Door-prize drawings
- Conclusion of meeting

8:30 p.m. Bus transportation to Burbank departs.

### PLEASE NOTE:

Reservations to attend the Annual Meeting must be made by Monday, April 17, to ensure seating availability (members and immediate family only). Call 509-526-4041, or visit us in person to make your reservations.

Parking will be available near the front entrance, including several handicapped parking spots for valid handicap parking only. If you need special accommodations please arrive early for assistance.



Transportation available from Burbank only. To reserve your seat on the van, please call 509-526-4041. Reservations must be made by Monday, April 17.



## President's Message



**Neil Carpenter**  
President  
Columbia REA  
Board of  
Directors

As President of your Board of Directors for Columbia REA, it is my honor and privilege to invite you to our annual membership meeting on April 20th at the Walla Walla Service Center Warehouse.

The Board of Directors and Managers are constantly working to keep the power reliable and rates as low as possible for our members. As we all know, this past summer our entire region experienced another period of extremely hot and dry weather during which we all used a lot of power. That increased usage resulted in a substantial revenue surplus for Bonneville Power Administration. As a Federal agency within the Department of Energy, BPA acts much like a non-profit, and profits are dispersed rather than saved. By law, BPA will distribute \$500 million; \$350 million will go to their customers, \$100 million will go to paying down their debt, and \$50 million will be dedicated to fish passage. Columbia REA's share of that is \$2.283 million that will come off Columbia REA's bill from BPA this year.

Inflation is affecting everyone and everything. In this time of higher costs Columbia REA is very proud to have been able to make improvements and modernize while not having a rate increase. We also returned more than \$500,000 in capital credits to our members.

In 2022, as we always do, the Directors and Managers had a strategic planning session to discuss critical issues to the cooperative in the future. During this meeting we plan out how we can improve our system to make it more reliable in times of unforeseen events. We have now replaced both large transformers at Fishhook substation. There has also

been design and transformer work at Sun Harbor. If you have driven by the office you will notice a new electric vehicle charging station This is the first level 3 charger in Walla Walla, which can charge EV batteries faster. There are also two level 2 hookups, all beneath a solar panel sunshade. It was installed in partnership with Energy Northwest.

One of the other important things we've continued to work on is the Fire Mitigation plan which includes year-round tree trimming and ongoing updating of our power line reclosers that are more sensitive to trip at the first short. In addition, we are installing fire-resistant wraps on poles. As a precaution to recent attacks on substations in the Northwest and beyond we are updating our security at substations.

Columbia iConnect is continuing to grow with the new fiber line installed in the Touchet area using Rural Development Opportunity Funds, which will give Touchet and the surrounding rural area access to faster, more reliable internet.

We will present the results of this year's election at the Annual Meeting, and we hope that as a member, you will take the time to vote, as we have made it easier to cast your ballot either online or by mail. Remember, your vote gives you a voice on the board. Also, we will be announcing the recipients of three academic scholarships.

And finally, we will end the evening with a prize drawing for those in attendance. I hope you will be able to join us at the Walla Walla Service Center Warehouse to attend the meeting, enjoy a meal, and get to visit with your neighbors and other Columbia Rural Electric members. As we look to the future, we hope you know that Columbia REA is always here for our members and our community.

## CEO's Message



**Scott Peters**  
CEO  
Columbia REA

It's easy to throw out some facts and figures in a column like this and call it good, but this is a CEO Message, not a stat sheet. The numbers are important, and they are covered in this Annual Report, and will be covered in even more detail at our Annual Meeting on April 20. I hope you can be there.

For the record, our 2022 "Stat Sheet" was very good. We have been on a "steady-as-she-goes" path for the last few years, and last year was no exception. We enjoyed moderate growth and as a result, financial stability and success.

For a long time, electricity has been delivered in a predictable fashion; through a wire, either overhead or underground, from a generating station through a substation, through a transformer to you. The process, start to finish, was familiar, and we, the electric utility industry, have gotten very good at it.

But we are now facing new, critically important issues that will define Columbia REA, and the way we do things for the next few decades, perhaps setting this company on a course toward whatever the next version of itself will be. These are important times.

Carbon-free power represents about 84 percent of our current mix, and with fossil fuels on the way out thanks to the Clean Energy Transformation Act, clean energy sources such as solar, wind, nuclear and battery will represent a growing percentage of our electric mix every year going forward. How will that change things? We don't have a definite answer, or a definite replacement for natural gas, so all we know is that things will change dramatically. What will our delivery system look like in five...10...30 years? What do we not know that we will know in another decade or two? What capabilities will we have at our

disposal? We now have cars powered by battery, and houses powered by cars. We should know better than to say "never."

The electric utility business has been an industry of change and advancing technology ever since it was created back in the late 1800s, and Columbia REA is no stranger to change.

In 1940, Columbia REA operated two miles of line for every three members. In 2023, that number is two miles of line for every nine meters served. That's roughly a 300 percent increase, but we are still pretty spread out around here, and we still face some of the challenges that our founding fathers in Dayton faced in the 1930s: affordability being number one. But there are other concerns that those original 90 members wouldn't have dreamed of:

**Wildfire risk mitigation:** As drought conditions continue in our region, the risk of wildfire is a constant threat, and an ongoing infrastructure challenge and expense.

**Substation and system security:** We've all read about attacks on power stations and substations around the the world. Security system upgrades and safety measures are now part of our everyday process and an integral part of what we do.

**Cybersecurity:** Our internal computer systems, which run our electricity delivery systems, face the ever-evolving threat of cyber-attack every day, and require steady surveillance and constant oversight.

So...the message I will share is this: Columbia REA belongs to all of us. It exists to serve us. It is run by us. Columbia REA is not just a company or a business; it is a cornerstone of our region's past, present and future, and it is our responsibility, our legacy. We not only depend on Columbia REA, Columbia REA depends on us. This cooperative effort that was just a big idea has become a pretty big deal and an important piece of our communities. It was left to us by our grandparents and great-grandparents, and we will leave it for the next generation, strong and resilient and ready for whatever comes next.



## Minutes from the 84th Annual Meeting

The Annual Meeting of the Members of Columbia Rural Electric Association was held pursuant to Notice at the Columbia REA Headquarters at 2929 Melrose, Walla Walla, Washington on April 21, 2022. A quorum was in attendance: 149 memberships were represented at the meeting, and a total of 714 ballots were received. Attendees were welcomed by Nabel Shawa, the city manager for Walla Walla, who thanked Columbia REA for their community mindedness and organizational culture. The invocation was given by Doug Case.

President Neil Carpenter called the meeting to order at 7:00 p.m. and introduced special guests in attendance. President Carpenter appointed General Counsel Chris Varallo to serve as parliamentarian. President Carpenter introduced the other board members; Patrick Dennis, Jay DeWitt, Dennis Munden, Vic Parks, Katie Wooldridge (in absentia), Glen Shipley, Doug Logan, Greg Knowles and CEO Scott Peters.

On a motion duly made and seconded from the floor, the minutes of the April 15, 2021 Annual Membership Meeting were approved.

Jay DeWitt, secretary/treasurer of the Cooperative, introduced Mike DeCoria and Brandon Blair, of the certified public accounting firm, DeCoria, Blair & Teague, who gave the financial report. CPA DeCoria reported on the audit process and that the auditor's responsibility is reporting to the board and to express an opinion on the financials. Mr. Blair thanked CREA for management support and reported that the financial statements are fairly stated in all material

respects and Columbia REA's records are thorough and there are no suggested audit adjustments, with the cooperative in good financial condition. On a motion duly made and seconded from the floor, the audited financial report for the year ending December 31, 2021, was approved.

President Carpenter addressed the membership and discussed the record return of capital credits, fire mitigation, fiber-optic expansion and strategic planning. President Carpenter stated that the role of the board is to keep the co-op thriving into the future and the challenges ahead.

CEO Scott Peters welcomed members to the 84th Annual Meeting, and paid tribute to the dedicated team of employees and retirees. CEO Peters spoke to the membership and welcomed them to the CREA headquarters. CEO Peters discussed challenges with COVID, fire prevention, reliability improvement and reviewed total kilowatt hours sold, revenue, capital credits disbursements, fuel mix, monthly residential usage and meters per mile. Scott Peters recognized the members of the nominating committee; Ed Chvatal, John Miller, John Cress, Duane Depping, Darren Goble, Robert Riley, Doug Maxey, Pat McConnell and Todd Kimball. CEO Peters also recognized the Elections and Credentials Committee; Ruth Rencken, Alan Mehlenbacher, Alan Hamada, Sue Zimmerman and Chuck Reeves.

Parliamentarian Varallo thanked the nominating committee for its work to nominate candidates to fill three positions on the board of directors. Mr. Varallo

introduced Duane Depping, chairman of the nominating committee, who read the nominating committee report. Duane Depping then introduced the nominees presented for election:

District 1 – Patrick Dennis, Scott Keller and Tim Ruybalid  
District 2 – Dennis Munden and Dan Dotta  
District 3 – Jay DeWitt and George Marshall

Parliamentarian Varallo reported that an elections and credentials committee was appointed from the membership to oversee the election. Attorney Varallo was available for legal expertise during the committee's activities, and he reported the committee met via telephone conference at 9:30 a.m. on April 21, 2022 to review and certify the results of the election. Parliamentarian Varallo advised that all voting was done per the bylaws.

Parliamentarian Varallo reviewed the operating authority of Columbia Rural Electric Association, state non-profit statutes, articles of incorporation and bylaws; and then announced and confirmed that the following directors were duly elected:

District 1 – Patrick Dennis  
District 2 – Dennis Munden  
District 3 – Jay DeWitt

CEO Peters reviewed the scholarships to be awarded. CEO Peters presented three 2022 Academic Scholarships, named in honor of former Columbia REA General Manager Clark A. Brewington and each worth \$3,000 per year for up to 4 years, to:

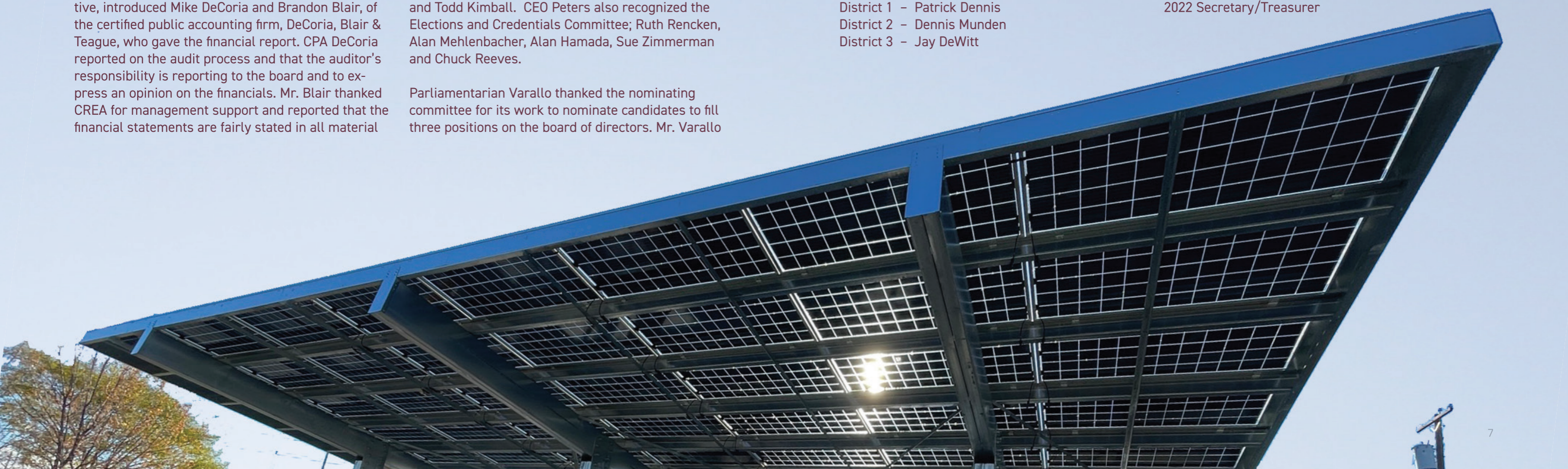
Hadley Beechinor  
Cherish Fesler  
Brayden Mohney

With assistance from the scholarship winners, employees Doug Case, Charlie DeSalvo and Steve Owens conducted the drawings for prizes and bill credits donated by Columbia REA.

President Carpenter announced that a reorganizational meeting for all directors will immediately follow adjournment of the Annual Membership Meeting.

There being no further business to come before the meeting, President Carpenter declared the meeting adjourned at 8:01 p.m.

Jay DeWitt, Secretary  
2022 Secretary/Treasurer



## Report of Independent Auditor

### **Boards of Directors Columbia Rural Electric Association and Subsidiary Walla Walla, Washington**

We have audited the accompanying consolidated financial statements of Columbia Rural Electric Association and Subsidiary (collectively, the Association), which are comprised of the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of revenues, expenses and patronage capital, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Columbia Rural Electric Association and Subsidiary as of December 31, 2022 and 2021, and the consolidated results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related

matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information accompanying the consolidated financial statements is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*DeCoria, Blair & Teague, P.S.*

DeCoria, Blair & Teague, P.S.  
Spokane, Washington

March 7, 2023



Columbia REA and Subsidiary  
Consolidated Balance Sheets

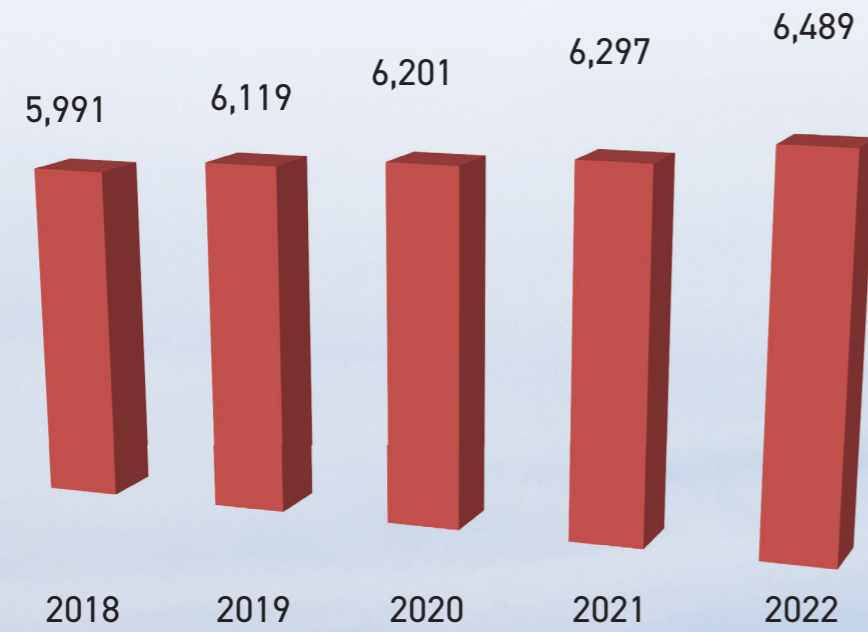
	Dec. 31, 2022	Dec. 31, 2021
<b>ASSETS</b>		
<b>Noncurrent Assets</b>		
Total utility plant, net	\$93,149,871	\$90,365,561
Investments	3,478,838	3,981,222
Non-utility property, net	6,377,535	2,714,319
<b>Current Assets</b>		
Cash and cash equivalents	273,588	714,933
Accounts receivable, net	3,121,852	3,001,120
Materials and supplies inventory	4,130,199	3,984,092
Other current assets	573,179	505,123
Deferred charges	333,275	278,994
<b>Total assets</b>	<b>\$111,438,337</b>	<b>\$105,545,364</b>
<b>MEMBERS' EQUITY AND LIABILITIES</b>		
<b>Equities and Margins</b>		
Patronage capital	\$30,053,202	\$28,281,183
Other equities	10,404,193	9,380,216
<b>Noncurrent Liabilities</b>		
Long-term debt, due after one year	61,252,554	61,172,301
Accumulated provision for post retirement benefit obligation	11,686	11,686
<b>Current Liabilities</b>		
Long-term debt, due within one year	1,919,747	1,804,028
Note payable	4,325,000	2,000,000
Accounts payable	2,002,772	1,138,125
Consumer deposits	55,435	49,762
Other current liabilities	1,358,637	1,531,046
Deferred credits	55,111	177,017
<b>Total members' equity and liabilities</b>	<b>\$111,438,337</b>	<b>\$105,545,364</b>

Columbia REA and Subsidiary  
Consolidated Statements Revenues, Expenses and Patronage Capital

	Dec. 31, 2022	Dec. 31, 2021
<b>Operating revenue</b>		
Sales of Electricity	\$33,772,831	\$34,835,016
Telecommunication service revenue	2,219,551	2,129,730
Other Operating Revenue	<u>159,355</u>	<u>35,285</u>
<b>Total operating revenues</b>	<b>\$36,151,737</b>	<b>\$37,000,031</b>
<b>Operating expenses</b>		
Cost of power sold	13,467,008	13,165,124
Cost of telecommunication service	910,765	977,403
Transmission Expense	-	-
Distribution - operations	3,526,633	3,451,356
Distribution - maintenance	2,200,577	1,863,978
Consumer accounts	658,713	681,427
Consumer service and information	766,602	687,277
Administration and general expense	3,503,375	3,213,098
Depreciation and amortization expense	4,010,311	3,916,180
Taxes	1,475,065	1,590,579
Interest on long-term debt	2,840,943	2,908,443
Other interest charges	127,939	11,993
<b>Total operating expenses</b>	<b>\$33,487,931</b>	<b>\$32,466,858</b>
<b>Net operating margins</b>	<b>\$2,663,806</b>	<b>\$4,533,173</b>
<b>Non-operating margins</b>		
Capital credits from associated organizations	295,916	307,093
Interest income	81,733	82,980
Gain(loss) on disposal of general plant	45,164	71,235
Other non-operating expense, net	334,420	385,624
<b>Total non-operating margins</b>	<b>\$757,233</b>	<b>\$846,932</b>
<b>Net margins</b>	<b>\$3,421,039</b>	<b>\$5,380,105</b>

## Financial Information

### Meters Served

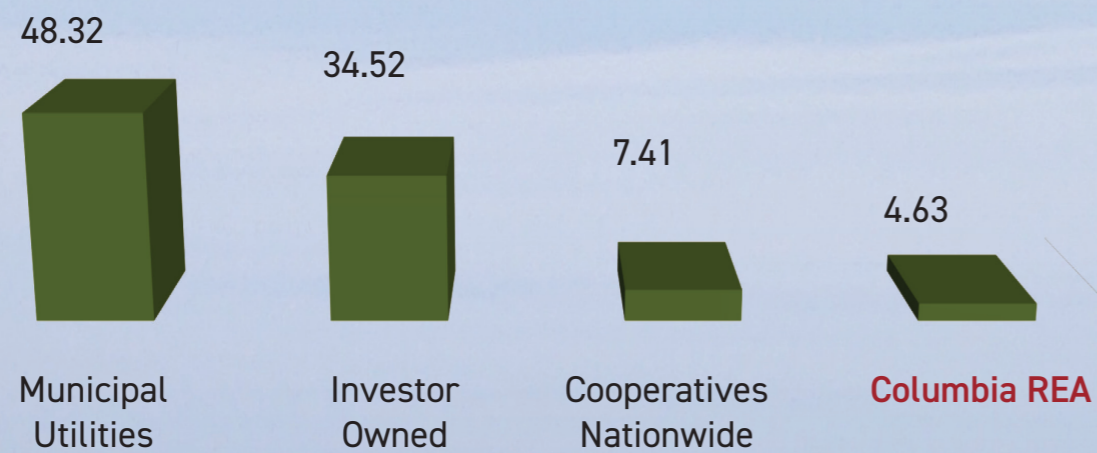


## Financial Information

### Total Kilowatt Hours Sold

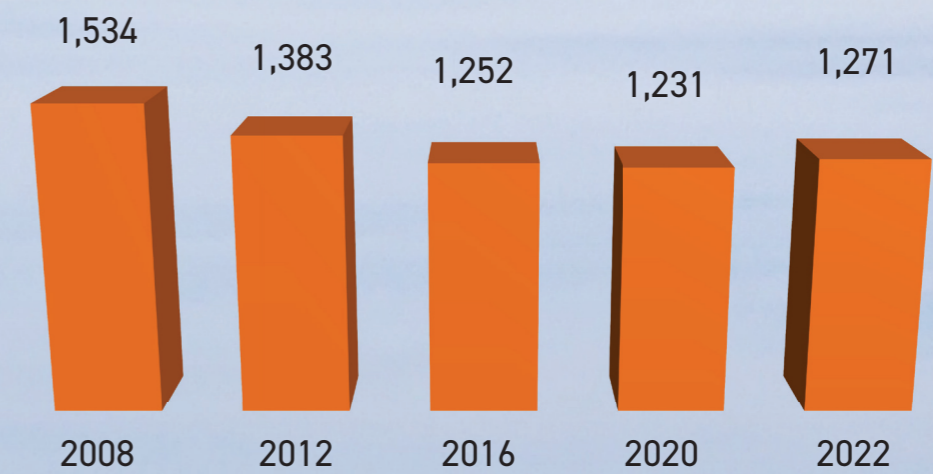


### Meters per mile



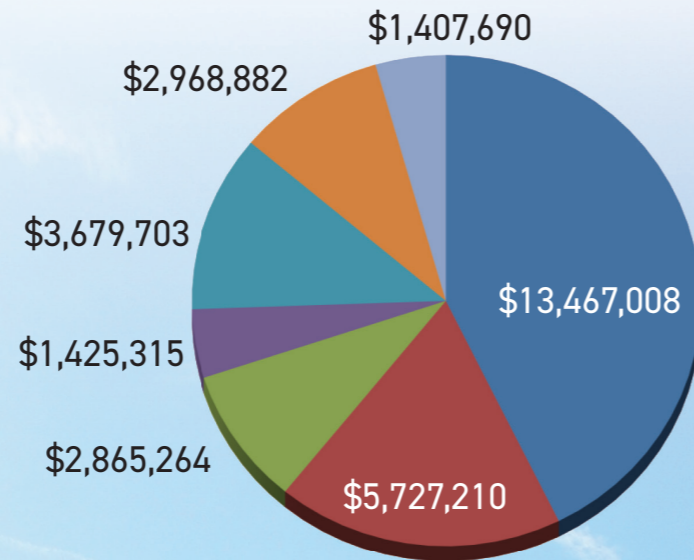
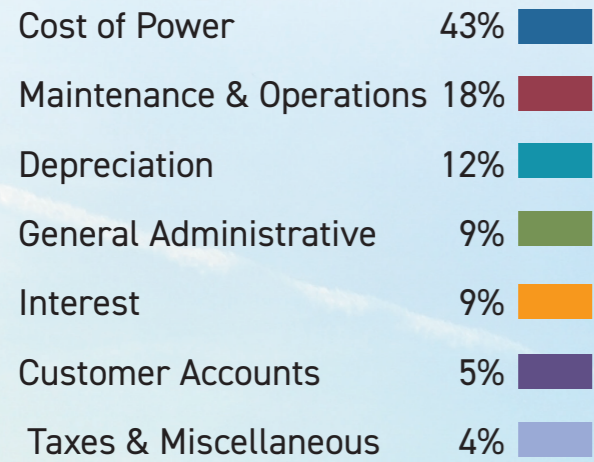
### Average Monthly Residential Usage

*Kilowatt Hours*



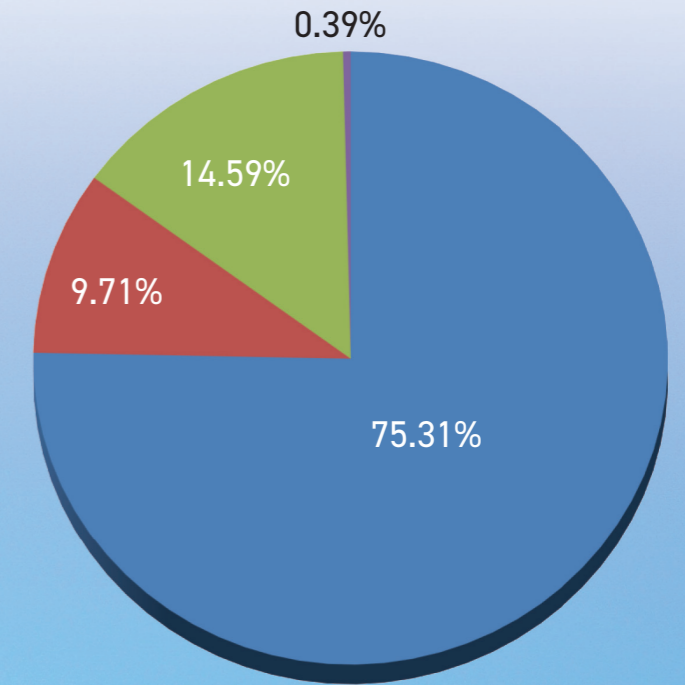
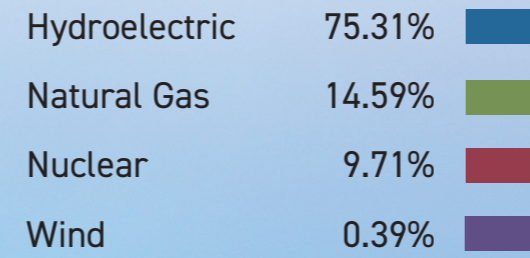
## Financial Information

### Expenses

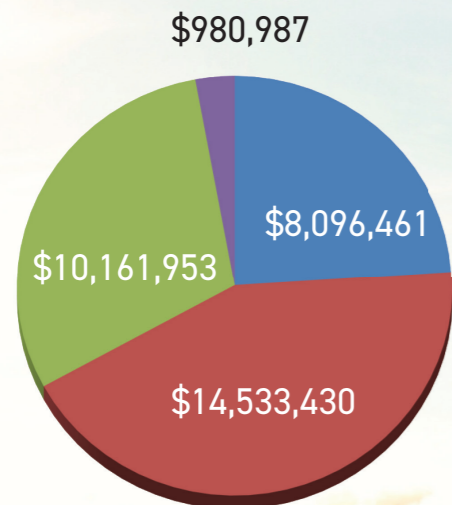


## Financial Information

### Fuel Mix

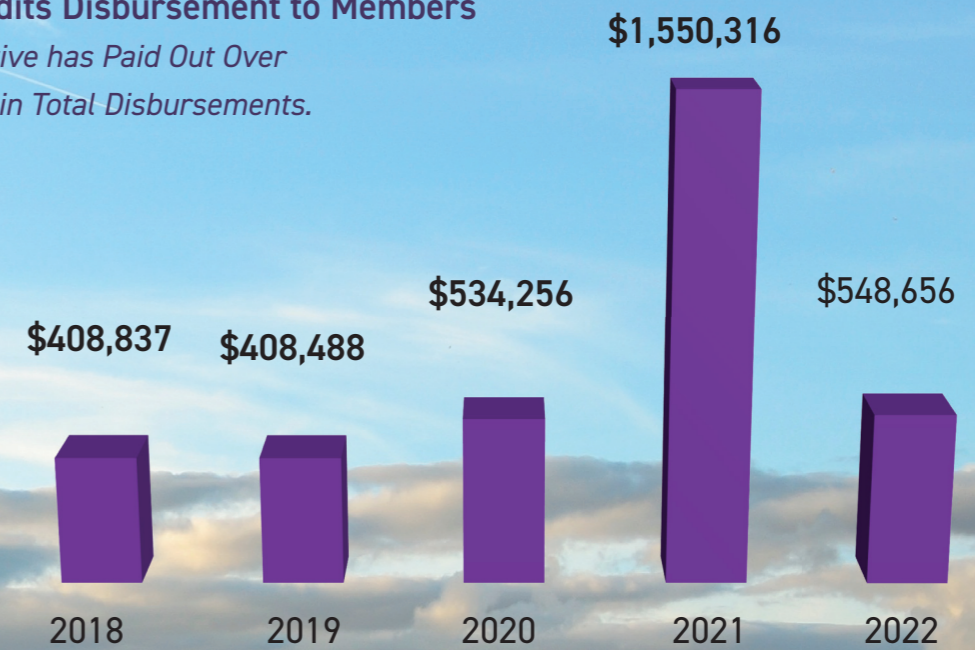


### Revenue



### Capital Credits Disbursement to Members

The Cooperative has Paid Out Over \$20.5 Million in Total Disbursements.



Columbia REA  
*Family Forever*



*Lisa Benzel*

*8 Years*

*Accountant*

*Oct. 25, 1962 - May 3, 2022*



*Bob Greene*

*15 Years*

*Manager of  
Information Technology  
& Communications*

*June 18, 1955 - Feb. 10, 2023*