TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.

POWER WITH A PURPOSE
Power with a purpose. As a cooperative, bringing people together is central to who we are and what we do. Our roots run deep in the West, and the communities we serve endow us with the values of hard work, telling it like it is and staying true to who we are.
We listen. With the engagement of our members and partners, we seek to understand the energy needs of rural communities.

We collaborate. By sharing knowledge and sparking conversation, we unlock the possibilities that come from working together.

We deliver. Together, with competence and innovation, we power the potential of the rural West.
**2016**

**By the Numbers**

Tri-State’s financial position provides the association with the continued ability to meet the future needs of our member distribution systems and their member owners.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td><strong>Net Margin</strong></td>
<td>$64.2 M</td>
<td>$53.4 M</td>
<td>$31.7 M</td>
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<tr>
<td><strong>Power Produced</strong></td>
<td>12.4 M MWh</td>
<td>12.0 M MWh</td>
<td>11.4 M MWh</td>
</tr>
<tr>
<td><strong>Total Sales</strong></td>
<td>18.7 M MWh</td>
<td>17.8 M MWh</td>
<td>18.5 M MWh</td>
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<tr>
<td><strong>Member Coincident Peak Demand</strong></td>
<td>2,813 MW</td>
<td>2,753 MW</td>
<td>2,802 MW</td>
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</tbody>
</table>
Financials and Quick Facts

- Operating revenue: $1.4 B
- Net margin: $31.7 M
- Total employees: 1,585
- Total assets: $4.9 B
- Miles of line: 5,535
- Average member wholesale rate: 7.2¢/kWh

Energy Sales

- Member sales: 15.7 M MWh
- Non-member sales: 2.6 M MWh
- Member generation: 0.2 M MWh
- Total sales: 18.5 M MWh

Sources of Generation

- Coal: 1,875 MW, 43%
- Natural gas/oil: 933 MW, 21%
- Renewables: 1,038 MW, 24%
- Contracts: 528 MW, 12%

Power with a Purpose
From the Chairman

Rick Gordon

Tri-State entered 2016 with a strong foundation of financial stability and member engagement to build upon, propelled by a new wholesale rate design that was collaboratively developed by our membership and approved by the board of directors.

Our association continued to come together through contract and rate committees, each including member system directors and CEOs, along with our Tri-State directors, to consider the issues affecting our industry and develop further recommendations to the board.

With strengthened member relations, we navigated several issues. The year saw the amicable exit of one of our members and engagement with another before federal regulators. As we continue to address these issues, we remain focused on respecting and protecting the interests of all the association’s members.

Even as the board made the difficult decision to retire a coal mine and two generating units, we continued to move forward with support for carbon management technology development. The board continues to look at future needs, including our consideration of integrating the association into an organized market that will reduce costs.

Driven by prudent strategies to develop cost-effective, utility-scale renewable resources and support for our members’ local resource development, our association reached an energy supply milestone in 2016 of 26 percent renewable energy delivered to our member owners at the end of the line.

Tri-State remained financially sound, even as weather and industry factors affected member sales. With board direction to reduce costs and increase revenues, the association greatly mitigated a forecasted rate increase in 2017. At year-end, the board authorized payment of $10 million in patronage capital, which, along with the growth of member equity in the association, is a significant benefit of association membership.

I want to recognize Tri-State’s staff for their strong performance and thank the board of directors and the membership for their engagement throughout the year. Together, we deliver power with a purpose.

Rick Gordon, Chairman
From the CEO

Mike McInnes

With guidance from our board, engagement from our membership and the dedicated work of staff, our association performed well in 2016. We fostered greater unity among our membership and together served the needs of our rural communities.

Tri-State issued our first bonds since our 2014 refinancing and implemented our commercial paper program. With strong credit ratings and sound financial policies, we remain in a solid position to cost-effectively meet our capital needs. Our ongoing focus is to manage costs and increase revenue to be competitive for our members.

The association’s generation fleet performed reliably, with a major outage completed and construction of new environmental controls continuing at Craig Station. Tri-State completed work on 18 new or modified member delivery points and added a significant new transmission line in eastern Colorado.

Even as we grow our renewable resource portfolio, Tri-State is preserving our ability to responsibly use coal resources. In 2016, the U.S. Supreme Court stayed the Clean Power Plan that Tri-State has challenged, and permitting progressed on a new mining area at Colowyo Mine. However, we announced the retirement of Nucla Station and New Horizon Mine, as well as Craig Station Unit 1, by the end of 2022 and 2025, respectively. We have extended the timing of these retirements as long as is practical to help plan for the future with affected employees and their communities.

Tri-State continues to work closely with our neighboring utilities and transmission providers to consider participation in an organized market across the Mountain West region. Central to our consideration is ensuring that the association can capture efficiencies and cost savings for the benefit of our member systems.

Our safety record continues to be above industry averages and staff at many of our generation, transmission and mining facilities reached impressive safety milestones. I am grateful for staff’s focus on keeping each other safe.

As we look to 2017, Tri-State will engage our members in a disciplined process to ensure our alignment with their needs and goals, ever focused on our mission as part of a cooperative family to deliver power with a purpose.

Mike McInnes, Chief Executive Officer
Getting electricity from where it’s generated to where it’s ultimately used is a complex task, and in the mountain West, where many utilities and transmission providers have facilities, we don’t work in a vacuum. Tri-State has always worked closely with neighboring transmission providers to plan and construct reliable transmission systems. Joel Bladow, senior vice president of transmission, manages the team that not only works to deliver the power to Tri-State’s member systems today, but he also looks at the region’s future needs and Tri-State’s role in delivering power to our members.

**What does the future of transmission at Tri-State look like?**

Delivering electricity to our member systems safely, efficiently and reliably remains our top priority. Of course, whenever we see opportunities to reduce the cost of operating our system or improving its efficiency and reliability, it’s our responsibility to look into those options for the benefit of our members. Over the past four years, we’ve been looking at the possibility of joining an organized market with other electricity service providers in our region and evaluating how this could benefit Tri-State’s member systems.

**What’s an organized market and why consider participation now?**

An organized market is a group of transmission-owning utilities that work together to ensure a reliable supply of power and transmission infrastructure as well as a competitive electricity marketplace in the region. Regional Transmission Organizations (RTOs) are independent companies that run the organized market – balancing load and generation, dispatching generation based on economics and overseeing the operation and expansion of the transmission system.

We’re considering participation because if it can reduce costs and improve reliability, that’s in the best interest of our members. Our member systems serve their end-use consumers, the individuals and businesses across the rural West depending on a reliable flow of power, and work to provide electricity at a cost that enables those individuals to succeed in their lives and livelihoods.

Additionally, Tri-State already placed its Eastern Interconnection facilities in the Southwest Power Pool (SPP) RTO in 2015, and has experienced the benefits and cost savings associated with the change.

**What discussions are taking place with neighbors and Tri-State’s members?**

Tri-State has been working closely with the Mountain West Transmission Group (MWTG), a collaboration of seven electricity service providers in the region, to determine whether participation in an organized market would be beneficial. While we are not bound by the decisions made by the other MWTG members, we recognize the value in working together to assess our options.

It’s our responsibility to look at all opportunities that could provide efficiencies, cost reductions or added reliability for our members. It’s up to the members to decide if this is something we’d ultimately want to pursue, which is why we’ve been taking great care to ensure Tri-State, our board and members are educated on the options.
INNOVATION

Ellen Connor and Dr. Maciej Kumosa, University of Denver
While Tri-State is constantly managing the up-to-the-minute electricity needs of our members and their end-use consumers, we are also focused on the future of the industry and evaluating the new technologies, processes and developments impacting our industry. Ellen Connor, senior vice president organizational services and chief technology officer, leads the team focusing on research and development — identifying and evaluating the solutions that can positively impact cost, reliability, safety and sustainability across Tri-State’s system.

Why is research and development important to Tri-State?

When we look at what it takes to provide electricity to more than a million homes and businesses across the West, we know that technology is constantly changing. This means we can’t ever be complacent. It’s our responsibility to have an eye on the technology and innovations that could bring benefits to our members — keeping costs down and reliability up.

How does Tri-State approach research and development?

There are two things I think are important to note about our approach. First, we look at every part of the business as an area that can be improved by R&D. It’s not limited to generation and transmission, but everything from distribution to energy efficiency to intelligent electrification of systems currently fueled in other ways, like vehicles.

Second, we leverage our partners and industry resources, taking a team approach to moving our industry forward. We work with others who face the same challenges we do, or whose mission is to advance R&D for the electric industry, and together identify and test potential solutions. Our partnerships are varied, from industry associations to technology developers to educational institutions and government entities. These relationships open up greater opportunities for progress than we would have on our own.

What is Tri-State’s involvement with the Wyoming Integrated Test Center?

Tri-State has been involved in the development of a carbon management inducement prize since 2010, and along with the National Rural Electric Cooperative Association, provided matching funds for construction of the Wyoming Integrated Test Center. The facility, at Basin Electric’s Dry Fork Power Station outside Gillette, Wyoming, will offer test bays where carbon capture, utilization and sequestration technologies can be tested using actual flue gas from the plant. The facility will be home to the final stages of the $20 million NRG COSIA Carbon XPRIZE.

This is a great example of collaboration bringing a concept forward. Tri-State partnered with multiple entities to fund the development of this project, and in addition to the monetary investment, we provide support through our involvement on their technical advisory committee. We seek potential test partners so the center is used effectively once construction is finished this year. This is just one example of the many R&D initiatives we’ve taken an active role in, and one we’re excited to see evolve. Tri-State plans to be heavily involved in the R&D efforts of our industry well into the future.
## Our Members

**COLORADO**

- **DM** Delta-Montrose Electric Association, Montrose
- **EM** Empire Electric Association, Inc., Cortez
- **GC** Gunnison County Electric Association, Inc., Gunnison
- **HL** Highline Electric Association, Holyoke
- **KC** K.C. Electric Association, Inc., Hugo
- **LP** La Plata Electric Association, Inc., Durango
- **MC** Morgan County Rural Electric Association, Fort Morgan
- **MP** Mountain Parks Electric, Inc., Granby
- **MV** Mountain View Electric Association, Inc., Limon
- **PV** Poudre Valley Rural Electric Association, Inc., Fort Collins
- **SI** San Isabel Electric Association, Inc., Pueblo West
- **SV** San Luis Valley Rural Electric Cooperative, Inc., Monte Vista
- **SM** San Miguel Power Association, Inc., Nucla
- **SC** Sangre de Cristo Electric Association, Inc., Buena Vista
- **SE** Southeast Colorado Power Association, La Junta
- **UN** United Power, Inc., Brighton
- **WR** White River Electric Association, Inc., Meeker
- **YW** Y-W Electric Association, Inc., Akron

**NEBRASKA**

- **CR** Chimney Rock Public Power District, Bayard
- **MW** Midwest Electric Cooperative Corporation, Grant
- **NW** Northwest Rural Public Power District, Hay Springs
- **PH** Panhandle Rural Electric Membership Association, Alliance
- **RS** Roosevelt Public Power District, Scottsbluff
- **WB** Wheat Belt Public Power District, Sidney

**NEW MEXICO**

- **CN** Central New Mexico Electric Cooperative, Inc., Mountainair
- **CO** Columbus Electric Cooperative, Inc., Deming
- **CD** Continental Divide Electric Cooperative, Inc., Grants
- **JM** Jemez Mountains Electric Cooperative, Inc., Española
- **MO** Mora-San Miguel Electric Cooperative, Inc., Mora
- **NR** Northern Rio Arriba Electric Cooperative, Inc., Chama
- **OC** Otero County Electric Cooperative, Inc., Cloudcroft
- **SR** Sierra Electric Cooperative, Inc., Elephant Butte
- **SO** Socorro Electric Cooperative, Inc., Socorro
- **SW** Southwestern Electric Cooperative, Inc., Clayton
- **SP** Springer Electric Cooperative, Inc., Springer

**WYOMING**

- **BH** Big Horn Rural Electric Company, Basin
- **CB** Carbon Power & Light, Inc., Saratoga
- **GL** Garland Light & Power Company, Powell
- **HP** High Plains Power, Inc., Riverton
- **HW** High West Energy, Inc., Pine Bluffs
- **NB** Niobrara Electric Association, Inc., Lusk
- **WL** Wheatland Rural Electric Association, Wheatland
- **WY** Wyrulec Company, Torrington

## Our Resources

1. Headquarters and Operations Center Westminster, Colorado
2. Craig Station Craig, Colorado
3. Nucla Station Nucla, Colorado
4. Burlington Station Burlington, Colorado
5. J.M. Shafer Generating Station Fort Lupton, Colorado
6. Limon Generating Station Limon, Colorado
7. Frank R. Knutson Generating Station Brighton, Colorado
8. Rifle Generating Station Rifle, Colorado
9. Laramie River Station Wheatland, Wyoming
10. Escalante Generating Station Prewitt, New Mexico
11. San Juan Generating Station Farmington, New Mexico
12. Pyramid Generating Station Lordsburg, New Mexico
13. David A. Hamil DC Tie Stegall, Nebraska
14. Springerville Generating Station Springerville, Arizona
15. Colowyo Mine Meeker, Colorado
16. New Horizon Mine Nucla, Colorado
17. Cimarron Solar Facility Springer, New Mexico
18. Kit Carson Windpower Burlington, Colorado
19. Colorado Highlands Wind Fleming, Colorado
20. Carousel Wind Burlington, Colorado
21. San Isabel Solar Trinidad, Colorado
22. Alta Luna Solar Deming, New Mexico
WE DELIVER POWER WITH A PURPOSE

2016 YEAR IN REVIEW
Power with a purpose. Our commitment to supply reliable, cost-competitive power to our members remains unchanged as we continue to bring people together to listen, solve problems and deliver. It is central to who we are and what we do. We work hard to power the West, incorporating best practices and innovations, while advocating for our members and rural communities. Together, our association of cooperative and public power utilities delivers innovation, collaboration and affordable electricity to the region.

Tri-State remains financially strong and in 2016, all three ratings agencies affirmed our investment grade ratings, with two agencies upwardly revising their outlooks to stable. This confidence in Tri-State reflects our association’s strong financials, the success of our refinancing and the results achieved by addressing member relations, including resolving issues through the adoption of a new wholesale rate design.

These factors positioned Tri-State for a successful round of bond financing. Our offering was well received in the market, resulting in strong demand from investors and favorable interest rates for the association. As part of our short-term borrowings, Tri-State implemented a commercial paper program to help meet cash flow requirements with low-cost, short-term and liquid financing.

To address rate pressures and help our members and their loads be more competitive, Tri-State continued efforts to contain operating costs, reduce capital expenses and increase revenues. These efforts mitigated previously forecasted wholesale rate increases, resulting in no rate increase for 2016 and significantly reducing the rate increase for 2017, while maintaining a sound financial position.

“Tri-State continued efforts to contain operating costs, reduce capital expenses and increase non-member revenues.”

At the end of 2016, Tri-State’s board of directors declared a $10 million patronage capital refund, marking the 28th consecutive year that the association has returned capital to the membership.

The association bolstered its communication, cooperation and collaboration with its members through committees, councils and orientation programs. Through these efforts, member system directors and CEOs develop a greater understanding of the issues facing Tri-State and our industry and provide input to the association’s decision making processes.

In 2016, a contract committee reviewed the wholesale contract for extension and possible changes. A rate committee evaluated the performance of the new wholesale rate and weighed changes in the association’s other rates. The work of both these committees continues into 2017, when they could make recommendations to the association’s board of directors.

Member advisory councils shared information and facilitated collaboration on issues including renewable energy and distributed generation, demand management, information technology and communications. Through orientation programs for new member system directors and CEOs, the association engaged and shared information on our industry and our services to the membership.
In June, Tri-State entered into a membership withdrawal agreement with Kit Carson Electric Cooperative. The agreement permitted Kit Carson to withdraw, pursuant to the terms of the association’s bylaws, and satisfied the cooperative’s contractual obligations to the association’s members. The association also pursued policy certainty from the Federal Energy Regulatory Commission regarding sales of power to the association and its members from qualified facilities. Tri-State asked for reconsideration of a ruling on the matter, and 30 of the association’s members requested waivers transferring their obligation to purchase power from qualified facilities to Tri-State.

The association’s generation and transmission assets performed well. In 2016, Escalante Station remained online for the entire year. A planned major outage was completed at Craig Station Unit 1 and construction continued on a selective catalytic reduction and nonselective catalytic reduction systems for Unit 2 and Unit 3, respectively. At Colowyo Mine, reclamation of the East Pit was completed and West Pit reclamation continued, receiving an Excellence in Coal Reclamation Award from the State of Colorado and the Colorado Mining Association. Colowyo Mine was also named Partner of the Year by Colorado Parks and Wildlife for the mine’s long-standing commitment to environmental preservation and conservation.

Tri-State completed nine new member delivery points as well as modifications to nine other member delivery points. The association completed numerous capital additions and improvement projects to enhance transmission system reliability and capacity, including a new transmission line and facilities between Burlington and Wray, Colorado. Tri-State continued its purchase of transmission assets from members, which reduces the membership’s operational and compliance costs.

“Tri-State worked with other regional utilities and transmission providers in the mountain West to evaluate participation in an organized market.”

Tri-State worked with other regional utilities and transmission providers in the mountain West to evaluate participation in an organized market. While Tri-State’s eastern interconnect facilities are already part of the Southwest Power Pool, we are developing an understanding of how such a market could be established, how Tri-State could participate and how cost savings could be achieved.

Renewable energy resources continue to grow in the association’s portfolio. In 2016, 26 percent of the energy Tri-State and its members delivered to end-use consumers was generated from renewable resources. During the year, Tri-State added the 150-megawatt Carousel wind and 30-megawatt San Isabel solar projects and extended the Williams Fork hydropower purchase, while member renewable and distributed generation projects supported under the association’s policies grew to over 100 megawatts.

Coal remains an essential part of the association’s diverse resource portfolio. In February, the U.S. Supreme Court granted a stay requested by Tri-State and many other parties that stopped implementation of the Environmental Protection Agency’s Clean Power Plan until legal challenges to the rule are resolved by the courts. In June, Tri-State CEO Mike McInnes testified before the U.S. Senate Committee on Environment and Public Works regarding the regulation and implications of the stay.
Throughout the year, we made steady progress in the permitting process for the Collom area of Colowyo Mine, which will ensure a steady supply of fuel for the future. Tri-State participated in the April groundbreaking of the Wyoming Integrated Test Center, which will drive the development of coal-based energy technology. Tri-State, along with the National Rural Electric Cooperative Association, provided private matching funds for the facility, which will host the final stage of the coal portion of the $20 million NRG COSIA Carbon XPRIZE.

“In 2016, 26 percent of the energy Tri-State and its members delivered to end-use consumers was generated from renewable resources.”

In September, Tri-State and the other owners of Craig Station, regulators and two environmental groups proposed revisions to the Colorado regional haze plan that require Nucla Station and the New Horizon Mine retire at the end of 2022 and Craig Station Unit 1 retire at the end of 2025. The decision to revise the plan was driven by the significant costs to install additional emissions controls at the stations under the increasingly stringent regional haze rule, the state and federal regulatory environment for coal-based generation and current and forecasted market conditions. The extended deadlines for retirement give our employees and affected communities as much time as possible to plan, and transition teams are already at work to provide support.

At year’s end, Tri-State’s safety record shined brightly, with significant achievements at the association’s generation, transmission and mining facilities. The National Safety Council recognized 11 facilities with awards, including perfect records, million work hours and safety leadership, and the State of Colorado recognized safety achievements at both Colowyo Mine and New Horizon Mine.

We made robust progress in 2016 on a number of initiatives, including improved member relationships, a strong safety record, cost containment processes and reliable performance of our transmission and generation assets. Although the energy industry will continue to evolve in 2017 and beyond, we will keep doing what we do well, and look for opportunities that deliver benefits and value to our members. We are confident our mission is solid, our vision clear and our capacity to deliver power with a purpose is immeasurable.
Tri-State Generation and Transmission Association

Board of Directors

Rick Gordon  
Chairman  
Mountain View Electric

Joe Wheeling  
Vice Chairman  
La Plata Electric

Leo Brekel  
Secretary  
Highline Electric

Stuart Morgan  
Treasurer  
Wheat Belt Public Power

Matt Brown  
Assistant Secretary  
High Plains Power

Julie Kilty  
Assistant Secretary  
Wyrulec Company

Hal Keeler  
Executive Committee  
Columbus Electric

William Mollenkopf  
Executive Committee  
Empire Electric

Tim Rabon  
Executive Committee  
Otero County Electric

Robert Baca  
Mora-San Miguel Electric

Robert Bledsoe  
K.C. Electric

Jerry Burnett  
High West Energy

Tony Casados Jr.  
Northern Rio Arriba Electric

Richard Clifton  
Carbon Power & Light

Wayne Connell  
Central New Mexico

Lucas Cordova Jr.  
Jemez Mountains Electric

Jack Finnerty  
Wheatland Rural Electric

Gary Fuchser  
Northwest Rural Public Power

John Gavan  
Delta-Montrose Electric

Jack Hammond  
Niobrara Electric

Ron Hilkey  
White River Electric
Tri-State Generation and Transmission Association

Executive Team

Mike McInnes
Chief Executive Officer

Joel Bladow
Senior Vice President, Transmission

Pat Bridges
Senior Vice President
Chief Financial Officer

Ellen Connor
Senior Vice President, Organizational Services
Chief Technology Officer

Jennifer Goss
Senior Vice President, Member Relations

Barry Ingold
Senior Vice President, Generation

Brad Nebergall
Senior Vice President, Energy Management

Ken Reif
Senior Vice President
General Counsel

Barbara Walz
Senior Vice President, Policy and Compliance
Chief Compliance Officer
Driving new technology:
Low temperature heat pumps

One of the most foundational roles electricity plays in the world is tied to shelter: keeping indoor spaces cool in the summer and warm in the winter so they’re comfortably habitable. And there are some parts of the country where heating and cooling take on an especially important role.

“There are a lot of new technologies that come on the market, but we ask, will this help our members?”

With an elevation of nearly 8,000 feet and average winter lows in the single digits, Granby, Colorado, is just one of those places. So what better location to test a cold-climate, air source heat pump as a potential solution for heating homes and businesses than our member system Mountain Parks Electric?

Looking at whether this technology would be workable in their area, Mountain Parks partnered with Tri-State to launch a pilot of the heat pump technology at a home in its service territory in late 2016.

Air source heat pumps extract the heat from the outside air and transfer it via refrigerant lines into the home, where the temperatures can be regulated per room. The system’s variable-speed compressors and fans are highly responsive and efficiently maintain a consistent temperature in each of the indoor spaces.

Preliminary data from this pilot home shows that the technology is highly efficient, achieving $60–100 in monthly savings as compared to electric baseboard heat. It’s this kind of data that both Mountain Parks and Tri-State are interested in as we look at the potential for expansion of this technology into the future.

Rob Taylor, Mountain Parks manager of communications and member relations, emphasizes, “There are a lot of new technologies that come on the market, but we ask, ‘will this help our members?’ We’re seeing that this is a heating technology that’s affordable, and that’s why we’re looking at it more closely.”

That same focus on member needs comes through in the words and actions of Tom Sifers, Mountain Parks general manager. “Our members are turning to us as the experts. We’re not looking at just selling kilowatt hours; we’re looking to deliver them the service they want.”

1,836 miles of line
58 employees
20,000 meters
Roosevelt PPD, Chimney Rock PPD and Wyrulec Company

Supporting our communities: The Festival of Hope

Roosevelt Public Power District, Chimney Rock Public Power District and Wyrulec Company do more than keep the lights on in their communities. Every year, they come together to support the Festival of Hope, a grassroots event in Scottsbluff, Nebraska, committed to assisting cancer patients with nonmedical expenses related to care and treatment.

“We heard about the event, and our service territory surrounded the area. It brought us all together.”

Dr. Vince Bjorling of the Regional West Medical Center in Scottsbluff and his wife, Vicki, have been involved since the early 2000s. As cancer patients go through treatment, they may need to make changes to their diet and work schedules, and make frequent trips to the hospital. “All of that can be expensive,” explained Dr. Bjorling. “A lot of our cancer patients and their families really struggle financially, so we wanted to raise money earmarked for those nonmedical expenses.”

Held annually on the day before Father’s Day, the Festival of Hope brings hundreds of volunteers and participants together at the Scottsbluff County Fairgrounds. Since its inception in 2003, the event has raised more than $2 million and provides funds to more than 100 patients living in Western Nebraska and Eastern Wyoming each year. The festival also supports cancer research at the University of Nebraska and University of Colorado, as well as training for those caring for cancer patients.

Why did the three utilities get involved? Ryan Schilreff, Wyrulec CEO, explained, “There’s not one person who hasn’t been affected by cancer or doesn’t know someone who has been. We heard about the event, and our service territory surrounded the area. It brought us all together.”

Sandy Hendren, Roosevelt CEO, added, “Several times each year, we have a customer tell us they’re being helped by the Festival of Hope. These are people we know personally. It means a lot to be able to give back to the community and our friends in this way.”

Tri-State supported the festival with a sponsorship initiated through the Member Communications Advisory Council, because in a small community, taking care of each other and working together is a priority, a spirit that has a ripple effect. “All three systems have made an impact on the community, even beyond our immediate territories,” added Diana Reich, Chimney Rock CEO. “We support our customers, our customers also give their support and recipients give back in future events.”

1,007 in Chimney Rock
2,024 in Wyrulec
680 in Roosevelt

miles of line

11 in Chimney Rock
23 in Wyrulec
11 in Roosevelt

employees

3,201 in Chimney Rock
5,014 in Wyrulec
3,400 in Roosevelt

meters
Continental Divide

Supporting energy efficiency: Commercial lighting

CEO Robert Castillo and his team at Continental Divide Electric Cooperative (CDEC) understand their member owners and work hard to give them what they want: energy-efficient solutions that are also budget-friendly. Mac Juarez Jr. and Georgia Matthews, CDEC’s member services team, build and sustain relationships throughout the area, talking with members about the opportunities available to them to meet that need.

“The benefit of living in a rural community is we all care about each other. It also requires us to all work together.”

“Our members trust our cooperative to bring good programs to them,” explained Robert. “Energy-efficiency programs, new technology and beneficial partnerships are ways we show our commitment to the community.”

CDEC has long promoted Tri-State’s commercial lighting program, and with Tri-State’s incentives, costs were reduced, increasing overall interest. Participation tripled in a year, resulting in more than 150 commercial, LED security and street light installations throughout CDEC’s service area. This ongoing success demonstrates to members that CDEC has the expertise, resources and programs to help them make decisions about energy efficiency, new technology and savings.

Cibola and McKinley counties make up the majority of CDEC’s service area and are among New Mexico’s poorest in median family income, so every bit of savings counts. “Members appreciate the lighting rebates and lower energy costs associated with more efficient equipment,” explained Robert. “Our members should be given all the credit for embracing energy efficiency. They know that short-term investment will yield long-term savings.”

CDEC’s passion for the community doesn’t stop at the end of the workday. Members of the 66-person team serve on boards and community groups, such as workforce and economic development initiatives, Rotary, chambers of commerce and “Main Street” programs to revitalize and sustain their communities.

“The benefit of living in a rural community is we all care about each other. It also requires us to all work together,” says Robert.

CDEC has proven their success is a result of hard work, passion for community and a deep understanding of its communities and members.
Niobrara Electric

Supporting growing loads:
Oil and gas infrastructure

Cooperation powers the community of Lusk, Wyoming, home of Niobrara Electric Association (NEA). The association serves 1.3 members per mile of line across parts of nine counties in Wyoming and Nebraska. Large ranches, and oil and gas pipelines dominate their 5,400 square-mile service area, calling for NEA to take a creative and collaborative approach to keep the lights on across the vast expanse.

“We’re little, and we’re growing. We’re a family.”

For both small and large utilities, meeting the demands of growing loads can be challenging. To meet the community’s needs now and into the future, NEA and Tri-State work proactively, knowing we are helping sustain the way of life across the West.

NEA has experienced 30 percent load growth in the last four years, and since 2010, has doubled its kilowatt-hour sales. The reason is due to the busy oil and gas fields in North Dakota. Underground pipelines crisscross eastern Wyoming, carrying oil and natural gas liquids to refineries to the south. Pumping stations, powered by electricity, boost the flow of liquids along the pipeline route. In the last three years, pipeline operator ONEOK, Inc., has built two new pump stations in the region, substantially increasing NEA’s load. There’s even talk of building a new substation in 2019.

Says NEA Manager Ken Ceaglske: “We’re little, and we’re growing. We’re a family.”

A recent collaborative partnership with ONEOK benefited all of NEA’s members. As part of tying in the new pump stations, ONEOK paid for the addition of relays throughout NEA’s service territory. The addition of the relays enables quick locating of faults or outages. Line inspections that once took three or four days on four-wheelers can now be conducted remotely, saving time and precious resources.

The region is growing in other ways too. With Tri-State’s help, power will be routed from lines serving southeast Wyoming to a new line, freeing up capacity for the growth areas in the south. Working together, the flexibility of Tri-State and its members ensures load can be served for the long term.
Report of Independent Registered Public Accounting Firm

The Board of Directors of Tri-State Generation and Transmission Association, Inc.

We have audited the accompanying consolidated statements of financial position of Tri-State Generation and Transmission Association, Inc. (the “Association”) as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Association's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tri-State Generation and Transmission Association, Inc. at December 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2016 in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

Denver, Colorado
March 10, 2017