

Kodiak Electric Association, Inc.

2019 Annual Report

Report to the Membership

By Chairman Cliff Davidson and President/CEO Darron Scott

Our foundation for a cost-effective renewable future has been completed. In 2019, construction was finished on the Upper Hidden Basin Diversion Project. It was done almost one year ahead of schedule and under budget. This was a monumental step for our community. The project diverts water from two streams through a 1.2 mile 11-foot diameter tunnel to Terror Lake. This water then can be used by all of the existing Terror Lake infrastructure and it amounts to a twenty-five percent increase in the amount of energy that can be produced from Terror Lake annually. Now with Upper Hidden Basin at Terror Lake and our Pillar Mountain Wind Project, KEA should be able to keep Kodiak's electricity fully renewable for many years to come.

2019 was a tough year for fishing in our community and as you know, fishing is the basis for our economy. It is also the largest user of electricity on our island. This caused our sales to be about the same as 2018, which were eight percent lower than 2017. The drop in fishing and electric sales has caused financial pressure throughout the Kodiak Island economy, including at KEA. KEA is doing its best to keep costs down, but it is getting more difficult with the lower sales. Fortunately, even though 2019 was a challenging year financially, KEA was still able to make all of its financial targets and covenants.

Our mission is to provide you reliable and safe electrical service. KEA was very successful in that endeavor and the great employees of KEA and the vision of the KEA Board of Directors made this happen. Kodiak is an extreme environment and we are proud of the reliability that we are able to provide. There were no system wide outages in 2019. Also, with all of the hours worked by KEA employees, that work was done safely as there were no lost time injuries throughout the year.

As always, it is a privilege for our Board and employees to serve our wonderful community. Thank you for your continued support, and we look forward to a good year in 2020.



2019-2020 Board of Directors

Chairman Cliff Davidson, Vice Chairman Ron Acarregui,
 Secretary/Treasurer Stosh Anderson, Michael Brechan,
 Cliff Ford, Linda Freed, Jay Johnston, Ben Millstein,
 Matthew Moir, and USCG Liaison CDR Jessica Johnson

Vision Statement: “Endeavor to maintain 98% of energy sales with cost effective renewable power solutions for the future of our members and of the community.”

Balance Sheet (December 31, 2019 and 2018)

	2019	2018
Assets	\$206,427,009	\$179,307,042
Net Utility Plant	197,712,601	163,248,795
Investment in Assoc. Organizations	1,895,146	1,602,849
Cash	289,171	1,756,551
Restricted Cash and Investments	202,184	3,921,486
Temporary Cash and Investments	0	2,395,675
Accounts Receivable	1,824,709	1,922,565
Inventories	3,271,088	3,342,231
Other Current/Accrued Assets	347,096	360,805
Deferred Debits	885,014	756,085
Equities & Liabilities	\$206,427,009	\$179,307,042
Patronage Capital	63,428,794	59,978,813
Other Equities	999,269	771,086
Long-Term Debt	138,596,353	129,263,038
<i>Less Current Maturities</i>	-7,670,709	-8,865,055
<i>Less Advanced Payments</i>	0	-14,917,219
Current/Accrued Liabilities	10,370,436	11,339,330
Deferred Credits	702,866	1,737,049

2019 Expenses

Power Generation	3,479,479
Transmission & Distribution	3,107,687
Admin & Member Services	3,000,374
Depreciation	7,371,927
Interest & Taxes	4,477,243

Complete copies of independent audit report and financial statements are available at KEA.