

2021 ANNUAL REPORT



**Thursday,
March 17, 2022**

**SCHOOL
GYMNASIUM
CEDAR VALE, KS**

**5:30 P.M.
FREE MEAL
REGISTRATION
ENTERTAINMENT**

**6:30 P.M.
BUSINESS
MEETING**

According to Article II, Section 7 of Caney Valley Electric's Bylaws, the order of the business meeting shall be as follows:

- ▶ Call to Order
- ▶ Proof of Notice of Meeting to Members
- ▶ Reading of Minutes of the Last Meeting
- ▶ Election of Position 1 Trustees
- ▶ Business, Old and New
- ▶ Attendance Prizes
- ▶ Adjournment

FROM THE GENERAL MANAGER

Join us on March 17

Your electric cooperative continues to work at providing dependable electric service at a reasonable cost. The cooperative has limited, if any, control over most of the operating expenses it must accommodate. Ever increasing costs for wholesale power, line building materials and equipment, line maintenance supplies, vehicle fuel and repairs, computer support and hardware, insurance, etc., make holding the line on electric rates very difficult. Your personal and business financial conditions likely reflect a similar scenario.

Fortunately during 2021, financial and statistical reports show results that enable the cooperative to keep base rates unchanged. Operating margins increased to \$430,241 in 2021 following margins of \$226,752 in 2020. A one-time windfall from the federal payroll protection program of \$392,186 helped bring the non-operating income for 2021 to \$487,260. The patronage capital allocation from the cooperative's wholesale power provider, Kansas Electric Power Cooperative (KEPCo), was \$35,551, which brought the total 2021 margins to \$953,051. It should

be noted that the normal total 2021 margins would be \$560,865.

Total revenue increased to \$9,843,308 from \$9,103,994 in 2020. The increase was mainly due to higher power cost adjustments and more kilowatt-hour (kWh) sales.

General operating expenses without wholesale power costs decreased \$51,116 from \$4,214,206 in 2020 to \$4,163,090 in 2021 — 1.2% less. Leading the way at holding down expenses was line operations, which was \$31,376 less than last year. Expense categories which were essentially the same as last year were line maintenance, customer records and customer services.

Wholesale power costs were higher in 2021 - \$5,249,975 compared to \$4,663,036 in 2020. The increase was due to 1,125,280 more kWh's purchased and the average wholesale power cost per kWh increasing to 8.2¢ from 7.4¢ last year.

For the first time in the last six years, the average number of meters billed



Allen A. Zadorozny
General Manager

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Meet Our Board



Chris Kelly
PRESIDENT
Grenola



Steve Clark
VICE PRESIDENT
Havana



Don Land
SECRETARY-TREASURER
Cedar Vale



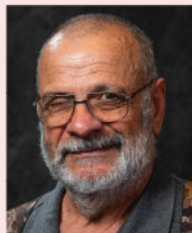
Kenny Bates
TRUSTEE
Cedar Vale



Alex Fulsom
TRUSTEE
Howard



Dan Hubert
TRUSTEE
Sedan



Charles McMillan
TRUSTEE
Sedan



Stephanie Ollenborger
TRUSTEE
Grenola



Steve Warburton
TRUSTEE
Cedar Vale

Join us on March 17

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each month did not decrease. The number in 2021 was 5,248; in 2020 it was 5,245.

System Maintenance and Reliability

Line work completed in 2021 followed the plans included in the cooperative's four-year construction work plan (CWP), 2018 through 2021. The CWP is a detailed outline of specific construction work needed to assure the electric system's capacity and reliability. The CWP contains new distribution lines, distribution line conversions, system improvements, pole change outs and new services. The projected expenditures in the CWP are \$4,780,000 over the four years.

In 2021, the linemen completed construction of 48 new service locations and specific CWP system improvements, service upgrades and maintenance. This year of CWP work was valued at \$1,024,725.

A total of \$291,566 was assigned to clear brush and trees away from power lines to reduce exposure to outages around existing structures, and to build new line. Trees and brush account for a large portion of outages. Additionally, the line loss, i.e., the electricity lost as it moves through the electric lines and equipment, is significantly increased when trees contact lines and equipment. To reduce right of way problems, we work with members to obtain permission to trim or cut trees. When possible, steps are taken to permanently remove the trees so the area need not be revisited. As conditions allow, spraying the cleared right of way is done to prevent regrowth. The clearing work is performed by cooperative employees and contract companies. Other right of way clearing programs include partial reimbursement to landowners who do pre-approved clearing themselves, and the hiring of area contractors.



Safety

Safety is a cornerstone of the cooperative's philosophy and operations. Our linemen take pride in performing their hazardous, daily assignments in a safe and professional manner. The cooperative holds monthly safety meetings with all employees to encourage safety practices and awareness.

The community is also encouraged to be mindful of electrical hazards. Electric

safety practices and reminders are included in our monthly newsletter and in notices in area publications. We provide safety poster contests for fifth graders and electrical safety demonstrations in area schools to promote safety awareness at an early age. We encourage all members to recognize the need for safety education and awareness.

Find More Online

Members are encouraged to visit the cooperative's website, which provides important information about operations, bill payment methods, billing statements, newsletters and rebates.

Regulation and Legislation

Every year there are numerous state and federal proposals considered that will significantly affect the availability and cost of reasonably priced electricity to consumers. Caney Valley Electric is a member of Kansas Electric Cooperatives and the National Rural Electric Cooperative Association, both of which are influential organizations that continue to represent your best interest in the state legislature and Congress.

The board of trustees, management, and staff are dedicated to providing you with reliable electric service. We appreciate your support as we work together to make our area of Kansas an enjoyable place to live.

ALLEN A. ZADOROZNY,
GENERAL MANAGER

2021 Annual Meeting Minutes

The 73rd Annual Meeting of the Members of the Caney Valley Electric Cooperative Association, Inc., was held at the school gymnasium, Cedar Vale, Kansas, on Aug. 5, 2021, at 6:30 p.m. Registration of the members began at 5 p.m.

Kenneth Bates, president of the board of trustees, called the meeting to order and welcomed all members and guests present. He introduced the board of trustees and Counsel Ware.

Counsel Ware provided evidence of the mailing of the official notice of the meeting as required in the bylaws, and advised that roll call of the members was done by registration as each member entered the building. She also certified that a quorum was present.

In accordance with the bylaws, a nominating committee met and made their nominations for each open trustee position. A list of the nominees was presented to the members as follows: District 1 – Mark “Steve” Freese Jr. and Steve Warburton; District 2 – Chris Kelly and Elmer Wolfe; and District 3 – Charles McMillan. All nominees were asked to stand. Nominations were then taken from the floor. Charles Jones was nominated from District 3. It was then moved, seconded and carried that nominations cease, and voting was then ordered.

The following teller committee was appointed to count ballots after the voting was held for election of trustees: Lois McClure; Amanda Robertson; David and Kathy Evans; and Clint Williard.

Chris Kelly, board secretary, was asked to read the minutes of last year’s annual meeting. However, it was moved, seconded and carried that the reading of the minutes be waived, and the minutes be approved as printed in the annual report.

President Bates then asked for any old business. There being none, he asked for any new business. There was no new business presented.

General Manager Allen Zadorozny welcomed all present, and thanked the Cedar Vale Board of Education, Superintendent Lance Rhodd, Principal Jackie Burdette, and staff, for allowing Caney Valley to use the facilities for the annual meeting, the Cedar Vale Lions Club for providing and serving the meal, Rosie Sweaney for providing musical entertainment, the Cedar Vale Library Board and director for help with child care, and the Caney Valley employees for all they do.

Zadorozny encouraged all the members to review the annual financial report provided in the July issue of the *Kansas Country Living* magazine. Caney Valley Electric had an adequate year for 2020. There has been a decline over the past several years in the number of meters served and kilowatt hours sold. The milder weather over the past three years has impacted the kilowatt-hours sold also. The increase in the customer charge in 2018 and again in 2019 was a major factor to the cooperative continuing to meet its financial goals without having to rely on

kilowatt-hour sales. He noted that crews are continuing with right-of-way clearing to reduce outages caused by trees and brush, which improves line losses and impacts the financials. Questions and comments from the audience were addressed, which included system vulnerability, length of time for monthly bills to reach the members, and the use of the magazine regarding notice of the annual meeting.

He then introduced Leslie Kaufman, vice president of government relations and legal counsel, Kansas Electric Cooperatives (KEC), Topeka. Kaufman spoke briefly to the members on how KEC assists the state cooperatives through the use of the *Kansas Country Living* magazine for notifications, trustee and employee trainings and workshops, safety trainings, and the statewide broadband project currently in progress. She noted that KEC is celebrating its 80th anniversary this year.

Zadorozny also introduced Susan Cunningham, senior vice president, regulatory and government affairs and general counsel from Kansas Electric Power Cooperative (KEPCo), Topeka. Cunningham spoke briefly on KEPCo’s strategies to contract different power sources in keeping costs low in the supply of wholesale electricity for Caney Valley Electric. She also mentioned KEPCo’s subsidiary, KSI Engineering, which does engineering projects for state cooperatives.

Zadorozny announced the following scholarship winners for the 2021-2022 school year: Brooke Thompson, Caney Valley High School; Mandi Ford, Cedar Vale High School; Georgia Kelley, Cedar Vale High School; Harley Branscum, Central of Burden; Josie Gage, Dexter High School; Destiny Lane, Sedan High School; Caitlin Williams, Sedan High School; Dakota Wiseman, West Elk High School; and Craig LaBrue, Winfield High School. It was noted that an anonymous donor gave funds to award two extra scholarships this year. Winners present came forward to be introduced and received their scholarships.

Zadorozny announced the following students were selected to attend the Kansas Electric Youth (KEY) Leadership Conference held virtually this summer: Alanna Walker, Hannah Whetstone and Lydia Woods, all students at West Elk High School.

Counsel Ware then gave the results of the balloting for trustees for Position 3 in each district:

- ▶ District I – Steve Warburton, Cedar Vale
- ▶ District II – Chris Kelly, Grenola
- ▶ District III – Charles McMillan, Chautauqua

Drawings were held throughout the meeting for numerous attendance prizes. H.E. & Lou Kennedy won the grand prize of a 43” Roku TV and Linda Heinlein won a 32” LG TV. The following vendors provided several prizes for the members: Border States, KEPCo, and KSI Engineering.

There being no further business, the meeting was adjourned at 7:48 p.m.

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Financial Reports

2021 County Tax Distribution

Caney Valley Electric was assessed \$381,947.36 in property taxes for 2021. This amount is a decrease of \$41,147.65 from taxes assessed in 2020. The details to the right show the amount of taxes paid to each county the past four years.

Although your cooperative signs the check that pays for the property taxes, we realize that you, our members, actually pay the bill. We want to report where some of your money goes when you make a payment each month. A fair portion of that goes to pay property taxes, and that in turn helps the communities in our area.

Property Tax Comparison

	2021	2020	2019	2018
Butler	\$482.44	\$535.64	\$498.74	\$479.80
Chautauqua	\$233,352.02	\$260,607.37	\$240,221.88	\$264,243.13
Cowley	\$72,927.82	\$80,223.68	\$68,967.30	\$66,621.44
Elk	\$53,903.60	\$58,820.80	\$54,809.82	\$52,846.16
Montgomery	\$21,281.48	\$22,907.52	\$20,727.60	\$20,122.36
TOTALS	\$381,947.36	\$423,095.01	\$385,225.34	\$404,312.89

Operating Statement

FOR YEAR ENDING DECEMBER 31, 2021 (UNAUDITED)

REVENUES

Sales of Electricity:	
Rural Residential Service	\$ 3,654,189
Town Residential Service	\$ 1,922,148
Commercial Service	\$ 3,875,594
Schools, Churches & Public Buildings	\$ 39,267
Street Lighting	\$ 297,264
Total Revenue from Sales	\$ 9,788,462
Other Revenue	\$ 54,846
Total Revenue	\$ 9,843,308

EXPENSES

Purchased Power	\$ 5,249,975
Transmission Expense	\$ 47,881
Line Operating Expenses	\$ 819,235
Line Maintenance Expenses	\$ 983,494
Consumers' Account Expenses	\$ 347,602
Administrative & General Expenses	\$ 636,764
Total Operating Expenses	\$ 8,084,951
Depreciation Expenses	\$ 842,701
Other Deductions	\$ 14,192
Interest Expenses	\$ 471,223
Total Expenses	\$ 9,413,067
Patronage Capital & Operating Margins	\$ 430,241
Non-Operating Margins – Other Income	\$ 522,809

NET MARGINS	\$ 953,051
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Balance Sheet

AS OF DECEMBER 31, 2021 (UNAUDITED)

WHAT WE OWN

Lines, Buildings & Equipment	\$ 333,537,714
Less: Depreciation Reserve	\$ 9,729,063
Net Plant	\$ 23,808,651
Cash (General & Construction Fund)	\$ 2,976,119
Short-Term Investments & Equities	\$ 3,901,661
Consumers' Accounts Receivable	
Less: Provision for Uncollectable Accounts	\$ 456,054
Materials & Supplies	\$ 237,712
Prepayments & Deferred Charges	\$ 834,710
Deferred Debits	\$ 412,811
Total Assets	\$ 32,627,719

WHAT WE OWE

Amount Borrowed from RUS	\$ 7,847,466
Amount Borrowed from CFC/CoBank	\$ 6,853,656
Net Long-Term Debt	\$ 14,701,122
Notes & Accounts Payable	\$ 779,751
Consumers' Energy Prepayments, Deposits, Etc.	\$ 151,479
Owed for Interest, Taxes & Insurance	\$ 320,801
Other Deferred Credits	\$ 121,019

OUR NET WORTH

Membership Fees	\$ 13,755
Other Equities	\$ 82,093
Patronage Capital Credits	\$ 15,504,647
Other Margins (unallocated)	\$ 953,051
Total Net Worth	\$ 16,553,546

TOTAL LIABILITIES & NET WORTH	\$ 32,627,719
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