



FROM THE GENERAL MANAGER

Report on 2025 Financials

ANNUAL MEETING IS
MARCH

19

**SCHOOL
GYMNASIUM
CEDAR VALE, KANSAS**

**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 2 Trustees
- ▶ Bylaw Amendment: Article III: Section 3: Nominations
- ▶ Business, Old and New
- ▶ Attendance Prizes
- ▶ Adjournment

As a result of a windfall event that lowered the cooperative's December 2025 wholesale power bill by \$252,963, the 2025 financial statement showed a margin instead of a loss for the year. The operating loss, which was originally projected for 2025, was due to several years of no increases in operating revenue and a significant decrease in electric services — meters. The yearly kilowatt-hours (kWh) sold has remained about 60 million each year since 2016. The average number of services billed each month has gone from 5,400 in 2016 to 5,109 in 2025. During this time, the cooperative's yearly operating ex-penses have increased from \$3,749,346 to \$4,887,669. Driving this increase were line materials in limited supply (demand was more than the supply), increased production costs, behind-line materials and equipment, and an overall 10-year inflation rate increase of 31.8%.

The cooperative is required to operate and maintain its electric utility infrastructure (for 2025: 1,721.40 total miles - made up of primary distribution line of 1657.11 miles and 64.29 miles of 69-kilo-volt transmission line) in a high standard of reliability and quality, regardless of the number of meters served and kWh sold. The standards have ongoing oversight and review by the USDA Rural Utilities Service (RUS), Kansas Corporation Commission, Cooperative Finance Corporation, and CoBank, among other federal and state agencies.

In order to address the financial status and electric utility infrastructure standards, the cooperative board implemented a general rate increase in 2026. The desired effectiveness of the increase will be subject to the cooperative's future level of kWh sold, number of services, and the number of destructive weather events.

SOLAR GENERATION

The Caney Valley Board of Trustees took measures to help control and reduce the wholesale power costs by entering into a purchase power agreement with Today's Power. Today's Power constructed a 1,000 kilowatt (kW) capacity solar generation facility on land purchased by the cooperative near the Sedan substation. The 25-year agreement states that the cooperative will purchase electricity generated by the solar array field at a fixed low cost of 3.7¢. Today's Power owns and operates 100% of the solar array. It began operation in November 2023. Today's Power has similar solar generation projects in operation with other Kansas, Arkansas, and Nebraska electric cooperatives.

The solar generation reduces the power cost adjustment (PCA) that is applied to the electric bill. In 2025, the savings to the members was \$219,681

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MEET OUR BOARD



Chris Kelly
PRESIDENT
Grenola



Steve Clark
VICE PRESIDENT
Havana



Stephanie Ollenborger
SECRETARY-TREASURER
Grenola



Trey Clapp
TRUSTEE
Cedar Vale



Alex Fulsom
TRUSTEE
Howard



Dan Hubert
TRUSTEE
Sedan



Jack Newcomb
TRUSTEE
Elk City



Barry Speer
TRUSTEE
Cedar Vale



Steve Warburton
TRUSTEE
Cedar Vale

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from 2,276,319 kWh generated. This reduced the PCA \$0.003/kWh, or \$3 per 1,000 kWh.

SYSTEM MAINTENANCE AND RELIABILITY

To continue accessing available RUS low-rate loan funds, the cooperative has completed a new four-year construction work plan covering 2025 through 2028. The work plan is the basis for the cooperative's RUS loan application of \$6,283,000. The loan funds will enable the cooperative to continue line improvements, maintenance and new service sites. Proper planning is vitally important to provide reliable continuity of service to the members.

During 2025, the linemen completed work that included system improvements, individual member service upgrades, and general maintenance throughout the cooperative's utility system. Included were 21 new services. This year's line work added \$855,215 to the book value of the cooperative's overall electric utility system.

Trees and brush account for a large portion of outages. Clearing power lines is necessary to provide dependable, reliable service. The cooperative allocates significant expenditures each year to help control line rights-of-way.

Additionally, line loss (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 does not have to be revisited.

As conditions allow, spraying the cleared right-of-way is completed to prevent regrowth. The right-of-way clearing work is performed by cooperative employees and contract companies to maintain a systematic clearing throughout the system and to take care of individual problems as they arise. Other right-of-way clearing programs include partial reimbursement to landowners who do

pre-approved clearing themselves, and the hiring of area contractors.

AUTOMATED METERING INFRASTRUCTURE

2025 was the cooperative's eleventh full year with the automated metering infrastructure (AMI) system. Benefits of AMI include:

- ▶ Instant meter outage locations, leading to improved time in restoring power.
- ▶ Real-time metering information, including electric usage available on various time intervals showing kWh consumption and kW demand required. Voltage, amperage and phase of service are available. Daily electric usage can be used to help explain questions about high bills.
- ▶ Electric service to residential and single-phase commercial accounts is connected and disconnected remotely.
- ▶ All meter readings are collected electronically at the office.
- ▶ Members can choose to receive paperless bills, saving postage and delays.
- ▶ Payments can be made online, over the phone with e-checks or credit/debit cards, and automated bank withdrawals.

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

SAFETY AND COMMUNITY

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 prepare them to include safety practices and awareness in all facets of their work.

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

Electric safety practices and reminders are included in our monthly newsletters in the *Kansas Country Living* magazine and in notices in area publications. We provide electrical safety demonstrations in area schools each year to promote safety awareness at an early age. We encourage all members to recognize the need for safety education and awareness.

REGULATIONS

Every year there are numerous state and federal proposals being considered, which will significantly affect the availability and cost of reasonably priced electricity to the average consumer. Caney Valley Electric is a member of the Kansas Electric Cooperatives, Inc. 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.

As always, 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

2025 ANNUAL MEETING MINUTES

The 77th Annual Meeting of the Members of the Caney Valley Electric Cooperative Association, Inc., was held at the school gymnasium, Cedar Vale, Kansas, on March 20, 2025, at 6:30 p.m. Registration of the members began at 5 p.m.

Chris Kelly, president of the board of trustees, called the meeting to order and led all in the flag salute. He welcomed all members and guests present and introduced the board of trustees.

Counsel Paul Buck 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. He certified that a quorum was present.

In accordance with the bylaws, a Nominating Committee met and made their nominations for each trustee position that is open this year. A list of the nominees was presented to the members as follows:

District 1 — Trey Clapp; District 2 — Stephanie Ollenborger; and District 3 — Steve Clark and Wellington Butler.

A request was made for other nominations from the floor. No other nominations were made. All nominees were introduced and spoke to the audience. It was moved, seconded and carried in each district that nominations cease, voting was then ordered.

The following teller committee was appointed, consisting of at least two members from each district to count ballots after the voting is held for election of trustees:

- ▶ District 1 — Angie Warburton and Don Land;
- ▶ District 2 — Lynn Kelly and Heather Kelly; and
- ▶ District 3 — Scott Ullrich and Paulia Hubert.

Secretary/Treasurer Stephanie Ollenborger asked if the members would like the minutes of last year's annual meeting read; 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 Kelly then asked for any old business. There being none, he asked for any new business. There was no new business presented.

In his annual manager's report, Manager Allen Zadorozny described the 2024 operations as less than adequate. Caney Valley Electric did not meet all the financial standards. He explained the necessity of raising the customer charge beginning in January 2026. The board is looking at holding an open meeting to discuss the rate change in September this year. There were no questions or comments from the audience. He encouraged all members to call or stop by the office to visit with him as to any concerns they may have.

Manager Zadorozny 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 board of trustees and the Caney Valley employees for all they do.

Manager Zadorozny introduced special guests, Mark Barbee, senior vice president of engineering, Kansas Electric Power Cooperative, Inc. (KEPCo), Topeka; Lee Tafanelli, CEO, Kansas Electric Cooperatives, Inc. (KEC), Topeka, and Doug Blex, District 12 State Representative.

Barbee explained KEPCo's role with the rural cooperatives, the increasing cost of wholesale power, and upcoming challenge to the aging transmission lines and Wolf Creek. Tafanelli spoke about KEC's role in supporting Kansas rural electric cooperatives through legislative efforts, board and employee trainings, and the *Kansas Country Living* magazine that reports on current state and cooperative activities. He also recognized the veterans and the scholarship winners. Blex complimented the vital role electric cooperatives provide to the economy and desirable lifestyle of

rural Kansas and the fact that board trustees pay the same rates as the cooperative members.

Manager Zadorozny introduced the following scholarship winners for the 2025-2026 school year: Katie Crocker, Cedar Vale High School; Ayden Robertson, Cedar Vale High School; Haylie Sisco, Sedan High School; Lily Wingfield, Sedan High School; Clancy Cummings, West Elk High School; Trent Haag, West Elk High School; Kase Kill, West Elk High School; and Jaxon Gattton, Winfield High School. Winners present came forward to be introduced and received their scholarships. Also, in attendance were high school students, Edward Metcalf, West Elk High School and ShyAnn Squires, Cedar Vale High School who were selected to represent the cooperative at the Cooperative Youth Leadership Camp near Steamboat Springs, Colorado, in July. An additional camp selection, Jaylon Harris, Cedar Vale High School, was unable to attend.

Counsel Buck then gave the results of the ballot for trustees for Position No. 1 in each district:

- ▶ **DISTRICT I — TREY CLAPP**, Cedar Vale
- ▶ **DISTRICT II — STEPHANIE OLLENBORGER**, Grenola
- ▶ **DISTRICT III — STEVE CLARK**, Sedan

Line Superintendent Craig Lampson introduced the office staff and linemen.

Manager Zadorozny thanked the employees for their dedicated service to the cooperative. He presented a service award to Brad Brown, 25 years. He presented retirement awards to Kitty Sweaney, 41 years, and Craig Lampson, 46 years.

President Kelly presented a service award to Manager Zadorozny for 25 years.

Drawings were held throughout the meeting for numerous attendance prizes. Patricia Potter won the grand prize of a 65" Vizio TV and Jackie Kegley won a 55" TCL TV. The following vendors provided several prizes for the members: Border States Industries, LLC, RMA Engineering LLC, KEPCo, KSI Engineering and Poor Boy.

There being no further business, the meeting was adjourned.

Financial Reports

OPERATING STATEMENT	
FOR YEAR ENDING DEC. 31, 2025 (UNAUDITED)	
REVENUES	
SALES OF ELECTRICITY:	
Rural Residential Service	\$3,713,212.46
Town Residential Service	\$1,838,249.21
Commercial Service	\$3,809,277.44
Schools, Churches & Public Buildings	\$38,661.32
Street Lighting	\$293,380.84
Total Revenue from Sales	\$9,692,781.27
Other Revenue	\$50,612.46
TOTAL REVENUE	\$9,743,393.73
EXPENSES	
Purchased Power	\$4,800,637.51
Transmission Expense	\$35,890.30
Line Operating Expense	\$751,353.89
Line Maintenance Expense	\$1,460,233.37
Consumers' Account Expense	\$424,136.55
Administrative & General Expense	\$714,062.02
TOTAL OPERATING EXPENSES	\$8,186,313.64
Depreciation Expenses	\$941,262.92
Other Deductions	\$7,644.78
Interest Expenses	\$553,084.84
TOTAL EXPENSES	\$9,688,306.18
Patronage Capital & Operating Margins	\$132,477.57
Non-Operating Margins — Other Income	\$134,470.44
NET MARGINS	\$266,948.01

OPERATING STATISTICS	2023	2024	2025
Customers Served (average)	5,212	5,184	5,163
kWh Sold	59,908,544	59,743,430	59,491,301
Total Revenue	9,635,436	9,664,537	9,820,784
Purchased Power	4,909,198	5,016,000	4,800,638
Operating Expenses	3,237,946	3,260,085	3,385,676
Depreciation Expenses	882,902	915,068	941,263
Interest Expenses	520,398	511,261	553,085
Other Expenses	13,410	11,020	7,645
Operating Margins	71,583	(48,898)	132,478

BALANCE SHEET	
AS OF DEC. 31, 2025 (UNAUDITED)	
WHAT WE OWN	
Lines, Buildings & Equipment	\$38,117,133.58
Less: Depreciation Reserve	\$11,308,786.48
Net Plant	\$26,808,347.10
Cash (General & Construction Fund)	\$1,121,720.05
Short-Term Investments & Equities	\$4,122,145.97
Consumers' Accounts Receivable	
Less: Provision for Uncollectable Accounts	\$345,122.74
Materials & Supplies	\$378,008.36
Prepayments & Deferred Charges	\$995,360.37
Deferred Debits	\$73,624.85
TOTAL ASSETS	\$33,844,329.44
WHAT WE OWE	
Amount Borrowed from RUS	\$9,499,299
Amount Borrowed from CFC/CoBank	\$5,784,985
Net Long-Term Debt	\$15,284,284
Notes & Accounts Payable	\$943,301
Consumers' Energy Prepayments, Deposits, Etc.	\$142,524
Owed for Interest, Taxes & Insurance	\$254,248
Other Deferred Credits	\$108,405
OUR NET WORTH	
Membership Fees	\$13,175
Other Equities	\$6,027
Patronage Capital Credits	\$16,825,408
Other Margins (unallocated)	\$266,958
TOTAL NET WORTH	\$17,111,568
TOTAL LIABILITIES & NET WORTH	\$33,844,329.44

CO-OP STATISTICS	2021	2022	2023	2024	2025
Average Consumers	5,248	5,253	5,212	5,184	5,163
Miles of Line	1,731	1,724	1,724	1,722	1,721
kWh Purchased	63,797,696	67,280,127	64,023,380	63,818,058	64,129,316
kWh Sold	59,590,460	61,382,818	59,908,544	59,743,430	59,491,301

2025 COUNTY TAX DISTRIBUTION

Caney Valley Electric was assessed \$265,706.89 in property taxes for 2025. This amount is a decrease of \$13,236.70 from taxes assessed in 2024 by 4.75% and down 29.13% from 2022. The details in the chart at right show the amount of taxes paid to each county the past six 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, which in turn helps the communities in our area.

PROPERTY TAX COMPARISON

	BUTLER	CHAUTAUQUA	COWLEY	ELK	MONTGOMERY	TOTALS
2025	356.92	164,685.71	47,065.82	40,349.66	13,248.78	265,706.89
2024	399.46	170,813.71	51,793.46	40,766.92	15,170.04	278,943.59
2023	424.16	191,237.59	58,149.46	44,529.60	17,196.66	311,537.47
2022	480.76	230,573.70	70,739.22	52,421.40	20,680.36	374,895.44
2021	482.44	233,352.02	72,927.82	53,903.60	21,281.48	381,947.36
2020	535.64	260,613.24	80,223.68	58,820.80	22,907.52	423,100.88