

# 2022 ANNUAL REPORT



**Thursday,  
March 16, 2023**

**SCHOOL  
GYMNASIUM  
CEDAR VALE, KS**

**5 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
- ▶ Business, Old and New
- ▶ Attendance Prizes
- ▶ Adjournment

**FROM THE GENERAL MANAGER**

## Join us on March 16

The 2022 financial and statistical reports reflect an adequate level of operations. The operating margins attained enabled the cooperative to meet the required financial ratios for Times Interest Earned Ratio (TIER) and Debt Service Coverage (DCS). TIER was 1.79 and DSC was 1.6. The minimum-required ratios are 1.25 and 1.35, respectively.

There were two main factors that had positive effects during the year. The extra hot weather caused a large increase in kilowatt-hour sales which helped cover the continually rising operations expenses. Also, there were not any major widespread storms requiring extensive repair costs.

Operating expenses increased 8% overall above 2021. The main expense categories were administration, line operations and interest expenses. The average per-kilowatt-hour cost for wholesale power remained almost the same as last year — 8.15 to 8.2 cents.

### **Solar Generation**

To take measure to help control and reduce the wholesale power costs, the board of trustees approved entering

into a purchase power agreement with Today's Power. Today's Power will construct a 1,000 kW capacity solar generation facility on land purchased by the cooperative near the Sedan substation. The 25-year agreement states the cooperative will purchase electricity generated by the solar array field at a fixed low cost. Today's Power owns and operates 100% of the solar array. It is scheduled to be in operation by the spring of 2024. Today's Power has similar solar generation projects in operation with other Kansas, Arkansas and Nebraska electric cooperatives.

### **Electric Rates**

For the cooperative to operate in a responsible manner and maintain reliable electric service, it needs to have sufficient income/revenues. As you know, there is little or no population growth in the cooperative's service territory. Therefore, the electric sales do not increase consistently enough to cover operating expenses, which continually rise. The board and staff monitor these circumstances to adapt

*Continued on page 12B ▶*



# 2022 ANNUAL REPORT

## Meet Our Board



**Chris Kelly**  
PRESIDENT  
Grenola



**Steve Clark**  
VICE PRESIDENT  
Havana



**Don Land**  
SECRETARY-TREASURER  
Cedar Vale



**Trey Clapp**  
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 16 Continued from page 12A ▶

best practices. These factors force the need to apply the source of any significant increase in revenues to the customer charge or service availability charge for each meter. Any increase in the electric rates will be made only when necessary.

### System Maintenance and Reliability

To maintain access to available RUS low-rate loan funds, the cooperative began an amended construction work plan for projects to be completed by September 2025. There is \$1,680,000 available to access with the amendment's approval. A major system improvement will be new transformers and related equipment for the Grenola substation. The station's reliability standard will become much improved for the members it serves.

During 2022, the linemen completed work which included system improvements, individual member service upgrades, and general maintenance, throughout the

cooperative's utility system. Included were 57 new services. This year's line work added \$841,770 to the book value of the cooperative's overall electric utility system.

Clearing trees and brush away from power lines is necessary to provide dependable and reliable service. The cooperative allocates significant expenditures each year to help control line right-of-ways. In 2022, \$305,196 was invested. Trees and brush account for a large portion of outages. Additionally, the line loss, or 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, cut or permanently remove trees.

As conditions allow, spraying the cleared right-of-way is done to prevent regrowth. The right-of-way clearing work is performed by cooperative employees and contract companies to maintain a systematic clearing

## 2022 Annual Meeting Minutes

The 74th Annual Meeting of the members of Caney Valley Electric Cooperative Association, Inc., was held at the school gymnasium, Cedar Vale, Kansas, on March 17, 2022, at 6:30 p.m. Registration of the members began at 5 p.m.

General Manager Allen Zadorozny led the flag salute. Chris Kelly, President of the Board of Trustees, called the meeting to order and welcomed all members and guests present. He 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 also certified 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 and Kim Holt; District 2 — Stephanie Ollenborger and David Burdette, District 3 — Steve Clark. A request was made for other nominations from the floor. No other nominations were made.

All nominees were asked to stand. It was moved, seconded and carried in each district that nominations cease and 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 — Priscilla Melton and Rachel Newberry, District 2 — Kathy Evans and Kandace Metcalf; District 3 — Grace McMillan and Jenny McDaniel.



# 2022 ANNUAL REPORT

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

2022 was the cooperative's eighth full year with the automated metering infrastructure (AMI) system. AMI provides instant meter outage locations, which leads to improved time in restoring power. The AMI system also provides access to real-time metering information, including electric usage. Electric usage history is 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 from office computers. All meter readings are collected electronically at the office. Members can choose to receive

bills online, saving postage and delays. Payments can also be made online, over the phone, or through automated bank withdrawals.

Members are encouraged to take advantage of the cooperative's website, which provides important information about 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 to you and in notices in area publications. We provide safety poster contests for fifth graders and 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.

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 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.



Don Land, 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 Kelly then asked for any old business. There being none, he asked for any new business. There was no new business presented.

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.

In his annual manager's report, Zadorozny explained the 2021 operations. Questions and comments from the audience were addressed. He encouraged all members to call or stop by the office to visit with him as to any concerns they may have.

He then introduced Doug Blex, District 12 State Representative and Coleen Wells, Senior Vice President & Chief Financial Officer of Kansas Electric Power Cooperative (KEPCo), Topeka. Doug Shepherd, Vice President of Management Consulting Services of Kansas Electric Cooperatives, Inc. (KEC) spoke about the services they provide to the cooperatives such as safety meetings, the monthly newsletters in *Kansas Country Living* magazine, and speaking on behalf of the cooperatives at the capitol.

Zadorozny then introduced the following scholarship winners for the 2022-2023 school year: Emma Hockett, Caney High School; Rae McAdam, Cedar Vale High School; Malary Davis, Sedan High School, Brooke Evans, Sedan High School; Garrett Everett, Sedan High School, Wyatt Goode, Sedan High School, Ella Gooden, Sedan High School, Landrea Sears, Sedan High School, Alanna Walker, West Elk High School, and Hannah Whetstone, West Elk High School. Winners present came forward to be introduced and received their scholarships.

Zadorozny announced the following students were selected to attend the Cooperative Youth Leadership Camp in Steamboat Springs, Colorado, in July: Jacey McIntire, Dexter High School; Macy Haag, West Elk High School; and Karly Kill, West Elk High School.

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

- ▶ **DISTRICT 1 – TREY CLAPP**, Cedar Vale
- ▶ **DISTRICT 2 – STEPHANIE OLLENBORGER**, Grenola
- ▶ **DISTRICT 3 – STEVE CLARK**, Havana

A service award was presented to Debbie Wall for 40 years.

Drawings were held throughout the meeting for numerous attendance prizes. Linda White won the grand prize of a 43" Hisense Roku TV and Steven Walker won a 32" LG Smart TV. The following vendors provided several prizes for the members: Border States Industries, LLC, Cactus Flower LLC, ElectricComm, Inc., KEPCo, KSI and Poor Boy Tree Service.

There being no further business, the meeting was adjourned.

# 2022 ANNUAL REPORT

## Financial Reports

### 2022 County Tax Distribution

Caney Valley Electric was assessed \$374,895.44 in property taxes for 2022. This amount is a decrease of \$7,051.92 from taxes assessed in 2021. The details in the chart 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, which helps the communities in our area.

### Property Tax Comparison

	2022	2021	2020	2019
Butler	\$480.76	\$482.44	\$535.64	\$498.74
Chautauqua	\$230,573.70	\$233,352.02	\$260,607.37	\$240,221.88
Cowley	\$70,739.22	\$72,927.82	\$80,223.68	\$68,967.30
Elk	\$52,421.40	\$53,903.60	\$58,820.80	\$54,809.82
Montgomery	\$20,680.36	\$21,281.48	\$22,907.52	\$20,727.60
<b>TOTALS</b>	<b>\$374,895.44</b>	<b>\$381,947.36</b>	<b>\$423,095.01</b>	<b>\$385,225.34</b>

### Operating Statement

FOR YEAR ENDING DECEMBER 31, 2022 (UNAUDITED)

#### REVENUES

##### SALES OF ELECTRICITY:

Rural Residential Service	\$ 3,868,118
Town Residential Service	\$ 2,053,503
Commercial Service	\$ 3,937,526
Schools, Churches & Public Buildings	\$ 39,296
Street Lighting	\$ 302,205
Total Revenue from Sales	\$ 10,200,648
Other Revenue	\$ 60,812
Total Revenue	\$ 10,261,460

#### EXPENSES

Purchased Power	\$ 5,480,834
Transmission Expense	\$ 47,472
Line Operating Expenses	\$ 956,826
Line Maintenance Expenses	\$ 1,013,481
Consumers' Account Expenses	\$ 374,670
Administrative & General Expenses	\$ 726,336
Total Operating Expenses	\$ 8,599,618
Depreciation Expenses	\$ 856,882
Other Deductions	\$ 11,993
Interest Expenses	\$ 506,261
Total Expenses	\$ 9,974,754
Patronage Capital & Operating Margins	\$ 286,706
Non-Operating Margins – Other Income	\$ 153,353

**NET MARGINS** \$ 440,059

### Balance Sheet

AS OF DECEMBER 31, 2022 (UNAUDITED)

#### WHAT WE OWN

Lines, Buildings & Equipment	\$ 34,379,484
Less: Depreciation Reserve	\$ 10,241,182
Net Plant	\$ 24,138,302
Cash (General & Construction Fund)	\$ 3,139,609
Short-Term Investments & Equities	\$ 3,935,017
Consumers' Accounts Receivable	
Less: Provision for Uncollectable Accounts	\$ 365,243
Materials & Supplies	\$ 413,661
Prepayments & Deferred Charges	\$ 936,993
Deferred Debits	\$ 378,051
Total Assets	\$ 33,306,876

#### WHAT WE OWE

Amount Borrowed from RUS	\$ 8,800,322
Amount Borrowed from CFC/CoBank	\$ 6,603,521
Net Long-Term Debt	\$ 15,403,843
Notes & Accounts Payable	\$ 519,716
Consumers' Energy Prepayments, Deposits, Etc.	\$ 148,295
Owed for Interest, Taxes & Insurance	\$ 326,951
Other Deferred Credits	\$ 55,722

#### OUR NET WORTH

Membership Fees	\$ 13,585
Other Equities	\$ (72,482)
Patronage Capital Credits	\$ 16,392,789
Other Margins (unallocated)	\$ 518,458
Total Net Worth	\$ 16,852,350

**TOTAL LIABILITIES & NET WORTH** \$ 33,306,876