

2020 ANNUAL REPORT



Thursday, Aug. 5, 2021

**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 Last Meeting
- ▶ Election of Position 3 Trustees
- ▶ Business, Old and New
- ▶ Attendance Prizes
- ▶ Adjournment

Annual Meeting Notice

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Members of the Caney Valley Electric Cooperative Association, Inc., will be held at the school gymnasium in Cedar Vale, Kansas, on Thursday, Aug. 5, 2021, at 6:30 p.m. for the purpose of electing trustees, hearing reports of officers, and transacting such other business which may properly come before the meeting or any adjournments thereof.

In connection with the election of trustees scheduled for the meeting, the following members have been nominated, in accordance with the bylaws, to fill Position 3 of each district for a three-year term:

▶ **District 1**

STEVE WARBURTON, Cedar Vale
MARK "STEVE" FREESE, Grenola

▶ **District 2**

CHRIS KELLY, Grenola
ELMER WOLFE, Grenola

▶ **District 3**

CHARLES MCMILLAN, Chautauqua

Additional nominations may be made from the floor during the annual meeting.

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2020 Manager's Report



Allen A. Zadorozny
General Manager

“As always, the board of trustees, management, and staff are dedicated to providing you with reliable electric service.”

During 2020, the cooperative's kilowatt-hour (kWh) sales, revenue, meters served and margins declined. However, due to only a 1.3% increase in operating expenses from 2019, the required minimum financial ratios were achieved. The Times Interest Earned Ratio (TIER) was 1.67, and the Debt Service Coverage ratio (DSC) was 1.63. The minimum required ratios are 1.25 and 1.35, respectfully. Operating expenses were minimal because employees retiring were not replaced, and there was not a lot of severe storm damage. There were some adverse effects from COVID-19, but not too excessive. The main negative effect on kWh sales, revenue and meters served was caused by the oil industry market. Many oil services stopped operating. The effects of the cooperative experiencing lower kWh sales places more reliance on fixed customer service charge increases.

Reduction in Meters

A major trend significantly affecting the cooperative's operations is the reduction in the number of meters served. The average meters billed each month in 2020 was 5,245. In 2014, it was 5,574. In addition, about one-third of the meters billed use less than 100 kWh's per month. The other main concern is the 2020 kWh sales were 57,849,786, down from 59,755,825 in 2019. These factors force

the need to apply the source of any significant increase in revenues to the customer charge or service availability charge per meter.

With the likelihood of very little population growth, if any, in the cooperative's service territory, it will be an ongoing challenge to provide quality electric service at a reasonable price. The cooperative's board and staff look forward to meeting the challenge.

Line Maintenance

Line work completed in 2020 followed the cooperative's four-year construction work plan (CWP) for 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 2020, the linemen completed construction of 29 new service locations and specific CWP system improvements, service upgrades, and maintenance throughout the cooperative's utility system. This year of CWP work was valued at \$1,059,042.

A total of \$279,837 was assigned to clear brush and

Don't Forget!

Your Registration Certificate is on the Back Cover

Bring the registration certificate with you to the annual meeting to register for prizes!

REGISTRATION CERTIFICATE
Please register at Caney Valley's
Annual Meeting August 5 with this
certificate in order to receive \$15 off
your August or September bill.

Account # 123456789
District #1

Member Name
Member Address
City, State Zip

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KANSAS

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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, 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 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 done 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

2020 was the cooperative's fifth 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 over the internet, saving postage and delays. Payments can be made on the

internet, over the phone with 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 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-member. 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.



Meet Our Board



Kenny Bates
PRESIDENT
Cedar Vale



Steve Clark
VICE PRESIDENT
Havana



Chris Kelly
SECRETARY-TREASURER
Grenola



Alex Fulsom
TRUSTEE
Howard



Dan Hubert
TRUSTEE
Sedan



Don Land
TRUSTEE
Cedar Vale



Charles McMillan
TRUSTEE
Sedan



Stephanie Ollenborger
TRUSTEE
Grenola



Dale Steward
TRUSTEE
Grenola

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Financial Reports

Property Tax Comparison

	2017	2018	2019	2020
Chautauqua	\$ 285,506	\$ 264,249	\$ 240,227	\$ 260,613
Elk	\$ 59,262	\$ 52,846	\$ 54,810	\$ 58,821
Cowley	\$ 69,924	\$ 66,621	\$ 68,967	\$ 80,224
Montgomery	\$ 20,525	\$ 20,122	\$ 20,728	\$ 22,908
Butler	\$ 535	\$ 480	\$ 498	\$ 536
TOTALS	\$ 435,752	\$ 404,319	\$ 385,231	\$ 423,102

Operating Statement

FOR YEAR ENDING DECEMBER 31, 2020 (AUDITED)

REVENUES

Sales of Electricity:	
Rural Residential Service	\$ 3,350,918
Town Residential Service	\$ 1,742,125
Commercial Service	\$ 3,587,572
Schools, Churches & Public Bldgs.	\$ 36,570
Street Lighting	\$ 254,399
Total Revenue from Sales	\$ 8,971,584
Other Revenue	\$ 132,410
Total Revenue	\$ 9,103,994

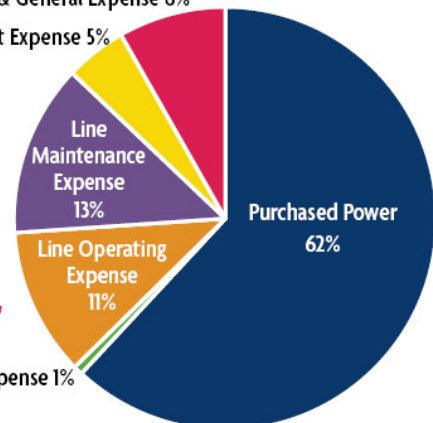
EXPENSES

Purchased Power	\$ 4,663,036
Transmission Expense	\$ 52,990
Line Operating Expenses	\$ 850,611
Line Maintenance Expenses	\$ 990,318
Consumers' Account Expenses	\$ 352,926
Administrative & General Expenses	\$ 619,224
Total Operating Expenses	\$ 7,529,105
Depreciation Expenses	\$ 825,995
Other Deductions	\$ 19,806
Interest Expenses	\$ 502,336
Total Expenses	\$ 8,877,242
Patronage Capital & Operating Margins	\$ 226,752
Non-Operating Margins – Other Income	\$ 93,633

NET MARGINS \$ 320,385

Administrative & General Expense 8%
Consumers' Account Expense 5%

**What
Your
2020
Dollars
Paid For**



Balance Sheet

AS OF DECEMBER 31, 2020 (AUDITED)

WHAT WE OWN

Lines, Buildings & Equipment	\$ 33,059,620
Less: Depreciation Reserve	\$ 9,213,088
Net Plant	\$ 23,846,532
Cash (General & Construction Fund)	\$ 1,020,580
Short-Term Investments & Equities	\$ 3,929,771
Consumers' Accounts Receivable	
Less: Prov. For Uncollectible Accounts	\$ 489,964
Materials & Supplies	\$ 222,939
Prepayments & Deferred Charges	\$ 928,544
Deferred Debits	\$ 459,953
Total Assets	\$ 30,898,283

WHAT WE OWE

Amount Borrowed from Rus	\$ 6,370,544
Amount Borrowed from CFC/CoBank	\$ 7,116,786
Net Long-Term Debt	\$ 13,487,330
Notes & Accounts Payable	\$ 1,066,813
Consumers' Energy Prepayments, Deposits, Etc.	\$ 143,568
Owed for Interest, Taxes & Insurance	\$ 398,413
Other Deferred Credits	\$ 48,409
	\$ 15,144,533

OUR NET WORTH

Membership Fees	\$ 13,700
Other Equities	\$ 3,566
Patronage Capital Credits	\$ 15,337,701
Other margins (unallocated)	\$ 398,783
Total Net Worth	\$ 15,753,750

TOTAL LIABILITIES & NET WORTH \$ 30,898,283

Meet the 2021 Nominees for the Board of Trustees

District 1

Mark "Steve" Freese Jr, Grenola

Freese is 35 years old, husband of 15 years to Deanna and the father of two boys. He was born and raised in Rising Sun, Maryland, and moved to this area in 2018 to open J&M Whitetail Outfitters LLC. He is a third generation master plumber, owning Freese Plumbing, LLC. He was raised on and operated a large beef cattle operation, and owned and operated a diesel repair shop as well as a welding and fabrication shop. He said he was raised to work hard every day, love family, God and country, and to manage all that he's given and has to the best of his abilities.

Steve Warburton, Cedar Vale

Warburton grew up in rural McPherson County and graduated from K-State in 1983 with a degree in agricultural economics. He has been a manager for McDonald's since 1984. He and his wife, Angela, moved to rural Cedar Vale in 1998 to raise their family in a small community with a strong school system. He has served on the Cedar Vale Recreation Commission and coached softball for many years. He is currently vice president of the Chautauqua County Fair Board and is a member of the USD 285 Board of Education. He is a member of the Maple City Community Church and serves on the board, and also volunteers at the Cedar Vale Baptist Church for the AWANA program. He looks forward to serving others in any capacity.

District 2

Chris Kelly, Grenola

Kelly grew up in Grenola and graduated from West Elk High School. He earned a bachelor's degree in electrical engineering from the University of Kansas. Following college, he worked as

a test and evaluation manager evaluating missiles for the Navy. He is now a vice president of Howard State Bank and the branch manager of Bank of Cedar Vale. He and his wife, Heather, have three children and live on their farm near Grenola. Kelly has served one term as board trustee for Caney Valley Electric and is currently the secretary/treasurer and Kansas Electric Cooperatives, Inc. (KEC) representative. He also represents all of the southeast Kansas electric cooperatives on the KEC executive committee.

Elmer Wolfe, Grenola

Wolfe was raised in Grenola and attended Coffeyville Vo-Tech following high school. He served eight years on the Grenola City Council and several years on the Elk County rural fire board and the rural water board. He currently serves as an elder and trustee and is head of the administrative council for the Moline Christian Church. He is also on the board of K&O Steam & Gas Engine out of Winfield. He feels it's everyone's responsibility to serve one way or another.

District 3

Charles McMillan, Chautauqua

McMillan was raised in Granada, Colorado. He graduated from Pittsburg State University in 1972 with a bachelor's degree in automotive technology and spent six years in the Kansas Army National Guard. He owned and operated Goddard Auto Repair in Goddard, Kansas, for 22 years, and then he and his wife, Grace, moved to Chautauqua in 2007. He is the representative for Chautauqua County and vice chairman on the Ten-County of Aging board and president of the Chautauqua Senior Citizens. He has served for three years on the board of trustees for Caney Valley Electric.

Meet Our Employees

Allen A. Zadorozny
General Manager

Katlin Wilson
Journeyman Lineman

Craig Lampson
Line Superintendent

Garrett Bane
Apprentice Lineman

Oscar Mattocks
Operations Agent

Tom Everett
Equipment Operator/
Safety Officer

Bob Kennedy
Equipment Technician

Debbie Wall
Administrative Specialist

Brad Brown
Line Foreman

Becky Williams
Technology Manager

Brian Smylie
Line Foreman

Joni Hubert
Cashier/Receptionist

Marc Champlin
Journeyman Lineman

Kitty Sweaney
Accounting & HR
Manager

Charley Ellis
Journeyman Lineman

Aaron Evans
Journeyman Lineman

Ethan Oidtman
Summer Intern

Denton Holt
Journeyman Lineman

Braiden Mattocks
Summer Intern

Contact Us

401 Lawrence, P.O. Box 308
Cedar Vale, KS 67024
620-758-2262, Fax: 620-758-2926
cve@caneyvalley.com

Office Hours

Monday-Friday, 8 a.m. to 4:30 p.m.

Power Cost Adjustment

The Power Cost Adjustment (PCA) for July is \$0.01353/kilowatt-hour. This amounts to an additional \$13.53 per 1,000 kilowatt-hours. The PCA was implemented in 2002 to cover only the increase (or decrease) in power costs (over and above 7¢/kwh) charged to us by our wholesale power supplier, Kansas Electric Power Cooperative (KEPCo) in Topeka. The PCA varies each month depending on the wholesale charges from KEPCo, and is a flow-through on your electric bill.

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2020 Annual Meeting Minutes

The 72nd Annual Meeting of the Members of the Caney Valley Electric Cooperative Association, Inc., was held at the school gymnasium, Cedar Vale, Kansas, on March 12, 2020, at 6:30 p.m. Registration of the members began at 4:30 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.

Counsel Marla 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 trustee position that is open this year. A list of the nominees was presented to the members as follows: District 1 – Don Land, Lori Mattingly, and Justin McIntire; District 2 – Alex Fulsom; and District 3 – Dan Hubert.

All nominees were asked to stand. 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 – Faye Melton and Marcia Magnus; District 2 – Kathy Evans and Brittany Ollenborger; District 3 – Donna Williams and Deanna Faler.

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.

Manager Allen Zadorozny presented a service award to Robert Kennedy for 30 years of service. He then thanked the Cedar Vale Board of Education, Superintendent Lance Rhodd, Principal Jackie Burdette, and staff, and board of education for allowing Caney Valley to use the facilities for the annual meeting, Shawne Fulsom for organizing the meal, the Cedar Vale Lions Club for providing and serving the meal, Rosie Sweaney and Sedan Music Department for providing music entertainment and assisting with the meal, Cedar Vale Library for help with child care, and the nominees as well as the board of trustees for their willingness to serve on the board. Manager Zadorozny then thanked the employees for their dedicated work. Caney Valley Electric had a satisfactory year. The \$6 increase in customer charges in 2018 and 2019 was a major factor to the company's success. He encouraged everyone to be mindful of our electric lines, especially when climbing trees and flying kites. Questions and comments from the audience were addressed.

He then 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.

Larry Detwiler, director of loss control safety and compliance for, Kansas Electric Cooperatives (KEC) in Topeka, was introduced. He spoke briefly as to Caney Valley Electric's dedication toward safety practices.

In his annual manager's report Manager Zadorozny encouraged the members to review the financial and operations reports in the annual meeting program. He encouraged all members to call or stop by the office to visit with him as to any concerns they may have.

Manager Zadorozny then introduced the following scholarship winners for the 2020-2021 school year Blake Hand, Cedar Vale High School; Reagan Warburton, Cedar Vale High School; Duke Ollenborger, Central-Burden High School; Allyssa Vaden, Dexter High School; Nile Osburn, Sedan High School; Madelyn Signer, Sedan High School; and Mary Leniton, West Elk High School. Winners present came forward to be introduced and receive their scholarships.

Manager Zadorozny announced the following students were selected to attend the Cooperative Youth Leadership Camp in Steamboat Springs, Colorado, in July: Caitlin Williams, Sedan High School, and Christina Perkins, West Elk High School.

Counsel Ware then gave the results of the balloting for trustees for Position 2 in each district:

- ▶ District 1 – Don Land, Cedar Vale
- ▶ District 2 – Alex Fulsom, Howard
- ▶ District 3 – Dan Hubert, Sedan

Drawings were held throughout the meeting for numerous attendance prizes. Marla Sellers won the grand prize of a 43-inch Hisense Roku TV and Jon Faler won a 32-inch Vizio TV. The following vendors provided several prizes for the members: Baldwin Poles, Border States/Kriz-Davis, Diversified Electric Supply, KEPCo, KSI, and Poor Boy Tree Service. There being no further business, the meeting was adjourned.



Non-Profits Benefit from CoBank's Sharing Success Program

Caney Valley Electric has partnered with CoBank to provide monetary donations to two local charitable organizations: **KANSAS 4-H FOUNDATION** and **THE CITY OF CHAUTAUQUA**.

The donations were a part of CoBank's Sharing Success Matching Grant Program for 2021. CoBank, headquartered outside of Denver, Colorado, is a cooperative bank serving agribusinesses and rural infrastructure providers such as Caney Valley Electric throughout the United States.

Caney Valley's board of trustees provided a \$1,100 donation to the Kansas 4-H Foundation, which will benefit 11 4-H clubs in the cooperative's service territory.

A \$1,500 donation was made to the City of Chautauqua for improvements to their city park. Both of these donations were matched by CoBank.

Throughout rural America, electric cooperatives are working to improve the quality of life in their communities. Caney Valley Electric is excited and proud to take part in assisting these foundations and the communities we serve.



Allen Zadorozny (left), general manager, presents a donation from Caney Valley Electric, as well as a matching grant from CoBank, to Charles McMillan for park improvements for the City of Chautauqua.

Statement of Nondiscrimination

This institution is an equal opportunity provider and employer. If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form found online at <https://www.ocio.usda.gov/document/ad-3027> or at any USDA office, or call 866-632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to the U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C., 20250-9410, by fax 202-690-7442 or email at program.intake@usda.gov.

Outages for May 2021

Occasionally, a part or parts of the delivery system fail and an outage occurs. Following are the larger outages that occurred during May 2021.

Date	Area	Members Affected	Duration	Cause
5/15	Otto Corner west	45	50 min	Lightning - Reset OCR
5/27	Otto Corner	30	50 min	Lightning - Reset OCR
5/27	Independence Shortcut	28	1 hr 40 min	Tree on line
5/27	Niotaze area	25	50 min	Hail & lightning - Reset OCR
5/27	Burden substation	92	5 hr 40 min	Every off

Caney Valley's Operating Statistics

For Month Ending	April 2021	April 2020
Meters Billed	5,229	5,259
kWh Purchased	4,288,768	4,289,576
Cost Per kWh	0.07475	0.07149
kWh Sold	4,358,045	4,551,810
Total Revenue	\$ 757,494	\$ 687,184
Purchased Power	\$ 322,267	\$ 307,614
Operating Expenses	\$ 228,041	\$ 256,989
Depreciation Expenses	\$ 69,976	\$ 68,516
Interest Expenses	\$ 37,587	\$ 44,040
Other Expenses	\$ 327	\$ 1,288
Operating Margins	\$ 99,296	\$ 8,736
Non-operating Margins	\$ 1,241	\$ 2,551
Total Working Margins	\$ 100,537	\$ 11,287
Margins Year-to-Date	\$ 348,949	\$ 69,181

Control Your Peak Usage

Did you know you can help your electric co-op by simply glancing at the clock? The key to that help is a term used in the energy industry called “time of use.”

Electricity follows the basic economic laws of supply and demand — when a lot of people want something, it's expensive; when they don't, it's cheaper. Energy is more expensive during certain times of the day because more people are using it.

Behind that statement, there's a story of a complex industry that's changing as fast as digital technology. The role you play can be as simple as washing and drying your clothes a couple hours later than usual. Why would you want to do that? One reason has to do with the fact that as a co-op member, you and your neighbors own Caney Valley Electric.

Peak Times For Power

By paying attention to times of energy use, co-op consumer-members can feel like they're a part of something. Essentially, if you're helping your co-op, you're helping your neighbors.

Helping with time of use can translate to real dollars. To understand that, it helps to go to the basics of time of use, which involves the routines of our daily life.

Caney Valley Electric's wholesale power supplier, Kansas Electric Power Cooperative (KEPCo), pays more for electricity during the afternoon hours from 4 p.m. to 8 p.m. in two ways: either by having a power source there to make sure enough electricity is available, or by actually paying more to purchase electricity from another utility with excess power at the time. And those peaks in energy use get even higher when it's especially hot outside as air conditioners use extra power.

By your being mindful of the peak control times, you will help limit the resulting power cost adjustment charges added to your electric bill. Thank you for your participation.

Frequently Asked Questions about Peak Control

What is Peak Control?

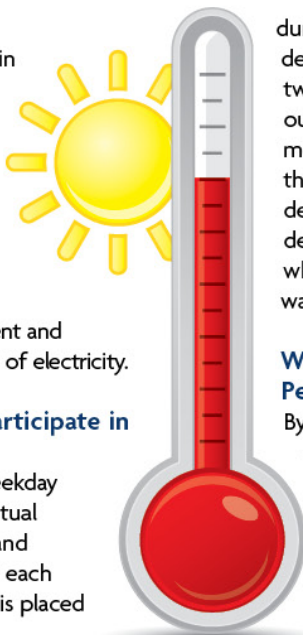
Peak control is a voluntary program in which our cooperative members can participate to hold down electricity costs.

What Can Members Do to Participate in Peak Control?

You can participate by voluntarily reducing your use of electric equipment and appliances that require larger amounts of electricity.

When Do Members Need to Participate in Peak Control?

Between 4 p.m. and 8 p.m. every weekday from June 1 through Sept. 30. The actual peak demand for June, July, August and September is the billing demand for each respective month. Special emphasis is placed



during July and August, as the peak electricity demand registered by Caney Valley during those two months drives the electricity billings from our wholesale supplier for the following eight months, October through May. Be aware of days that have high temperatures forecast above 90 degrees; these are the type of days when peak demands usually occur. Be especially careful when using large amounts of electricity on warm days.

What are the Benefits of Taking Part in Peak Control?

By helping hold the line for the kW demand charges on Caney Valley's wholesale electric bill, you will also limit the amount of the resulting power cost adjustment charges added to your electric bill. Please contact our office with any questions you may have about the Peak Control program.