

# Board Treasurer's Report

**S**outhwestern Electric Cooperative reported margins of \$4.4 million in 2022 and remains in compliance with all loan covenants. The balances presented in this report are pending the finalization of the annual financial audit, which will be available upon completion at cooperative headquarters.

The year 2022 provided many challenges to Southwestern Electric and every other energy provider across the nation. Driven by the changing landscape of power production in the Midwest Region, the Midcontinent Independent System Operator (MISO) Planning Resource Auction closed at exponentially higher rates, which meant a dramatic increase in our cost of power.

Southwestern also experienced increases in transmission and capacity costs. Cooperative members were sheltered from those increases by an all-requirements energy contract negotiated by Southwestern's Board of Directors, which became effective in 2021. With the change in the power market, the heat rate call option attached to this contract no longer proved beneficial, and in November 2022, the Board of Directors voted to buy out of the option. While this decision impacts the debt level of the cooperative, it also protects Southwestern from an

unpredictable power market and the potential for millions of dollars in added energy expenses.

Southwestern also saw across-the-board increases in business costs, the most significant being materials, including poles, power line, substation components, and other elements of our distribution system. Despite these challenges, the cooperative was able to invest more than \$9 million in infrastructure construction and improvement, including \$2 million in right of way maintenance.

The power of a cooperative lies within its member-owners. In 2022, your cooperative returned more than \$2.5 million in capital credits. As of Dec. 31, 2022, Southwestern still holds \$3.8 million in margin stabilization funds for use in future years.

For additional information, please see the financial statements on the pages to follow.

Respectfully Submitted,

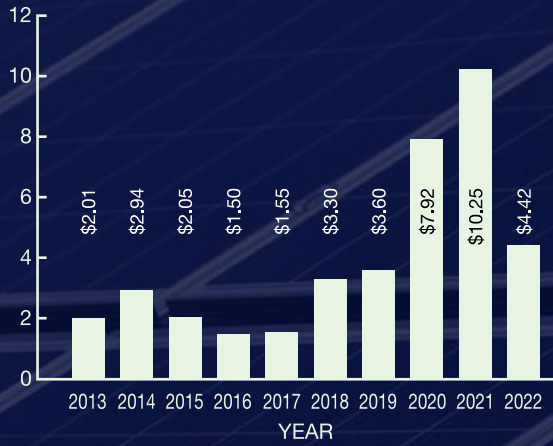


Sandy Grapperhaus  
Board Treasurer

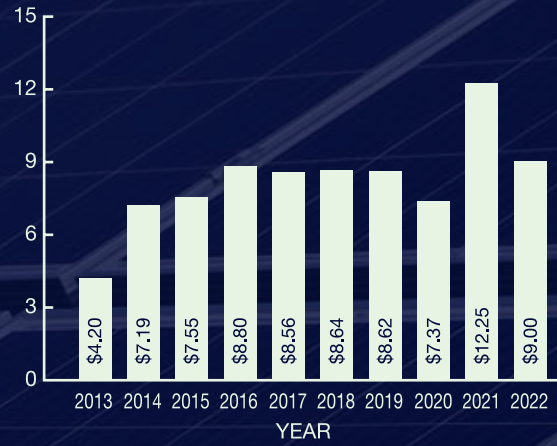
## Where did the cooperative's revenue go in 2022?

Power Production .....	\$888,705 .....	1.4%	
Purchased Power .....	\$32,988,789 .....	51.3%	
Operations & Maintenance .....	\$7,094,054 .....	11.0%	
Customer Accounts and Sales Expenses .....	\$2,324,115 .....	3.6%	
A&G .....	\$6,626,953 .....	10.3%	
Depreciation & Amortization .....	\$5,771,224 .....	9.0%	
Taxes, Interest & Other Deductions .....	\$4,209,069 .....	6.5%	
Operating & Nonoperating Margins .....	\$4,418,843 .....	6.9%	
<b>Total Operating &amp; Nonoperating Revenue .....</b>	<b>\$64,321,752 .....</b>	<b>100.0%</b>	

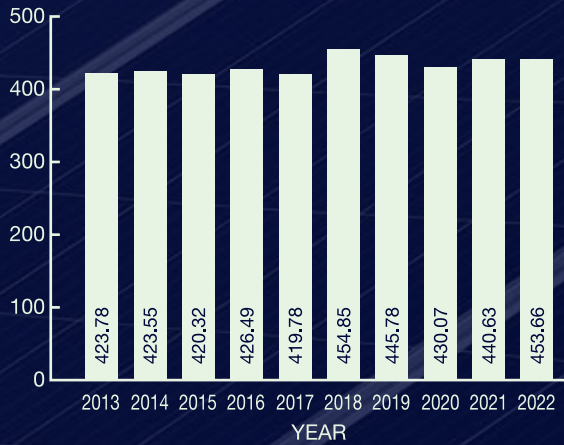
**Margins**  
in millions of dollars



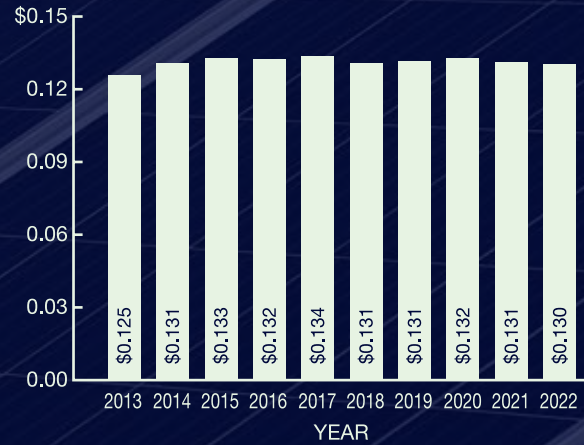
**Capital Investment**  
in millions of dollars



**Total Electricity Sold to Members**  
in millions of kWh



**Rate per kWh to Residential Members**  
in dollars (includes Service Availability Charge)





# Southwestern Electric Cooperative Financial Information

Statement of Operations	2022	2021	2020
<b>OPERATING REVENUES</b>			
Electric	\$63,364,853	\$61,893,176	\$62,186,853
Other	<u>349,854</u>	<u>314,615</u>	<u>251,305</u>
Total Operating Revenues	63,714,707	62,207,791	62,438,158
<b>OPERATING EXPENSES</b>			
Cost of Purchased Power	32,988,789	27,882,680	31,153,945
Power Production Expense - Operations	403,732	253,786	195,083
Power Production Expense - Maintenance	484,973	772,169	506,423
Transmission Expense - Maintenance	1,558	2,704	-
Distribution Expense - Operations	1,747,979	1,608,732	1,428,242
Distribution Expense - Maintenance	5,344,517	4,818,537	4,842,157
Consumer Account Expense	1,423,488	1,434,626	1,427,936
Consumer Service and Informational Expense	193,048	178,610	182,870
Sales Expense	707,579	706,054	572,316
Administrative and General Expense	6,626,953	5,605,774	5,477,043
Depreciation and Amortization	5,771,224	5,657,926	5,508,638
Taxes	210,269	211,669	212,771
Other Interest	101,749	21,477	71,634
Other Deductions	<u>30,612</u>	<u>233,719</u>	<u>66,445</u>
Total Operating Expenses	<u>56,036,470</u>	<u>49,388,463</u>	<u>51,645,503</u>
<b>OPERATING MARGINS BEFORE FIXED CHARGES</b>	7,678,237	12,819,328	10,792,655
<b>INTEREST ON LONG-TERM DEBT</b>	<u>3,866,439</u>	<u>3,718,547</u>	<u>3,849,876</u>
<b>NET OPERATING MARGINS</b>	3,811,798	9,100,781	6,942,779
<b>NONOPERATING MARGINS</b>			
Interest Income	61,414	57,358	57,997
Patronage Capital Credits	932,841	905,244	831,713
Other Nonoperating Margins	<u>(387,210)</u>	<u>184,093</u>	<u>91,591</u>
Total Nonoperating Margins	<u>607,045</u>	<u>1,146,695</u>	<u>981,301</u>
<b>NET MARGINS</b>	<u>\$4,418,843</u>	<u>\$10,247,476</u>	<u>\$7,924,080</u>

Balances submitted for annual audit at the time of this report.

## Balance Sheet (As of December 31, 2022)

### ASSETS

#### Utility Plant

Electric Plant in Service	\$200,709,201
Construction Work in Progress	<u>7,850,601</u>
Total	208,559,802
Less: Accumulated Provision for Depreciation	<u>(59,570,341)</u>
Net Utility Plant	148,989,461

#### Other Assets and Investments

Investments in Associated Organizations	4,604,350
Notes Receivable, Net of Current Portion	419,532
Other Special Funds	<u>46,544</u>
Total Other Assets and Investments	5,070,426

#### Current Assets

Cash and Cash Equivalents	6,422,306
Accounts Receivable, Net	6,070,644
Materials and Supplies Inventory	2,292,354
Current Portion of Notes Receivable	85,132
Prepayments	376,520
Interest Receivable	<u>13,981</u>
Total Current Assets	15,260,937

#### Deferred Charges

	<u>17,250,880</u>
Total Assets	<u><u>\$186,571,704</u></u>

### EQUITIES & LIABILITIES

#### Equities

Patronage Capital	\$62,462,776
Other Equities	<u>3,947,339</u>
Total Equities	66,410,115

#### Long-Term Debt, Net Of Current Maturities

103,380,441

#### Accumulated Provision for

##### Pension and Benefits

46,544

#### Current Liabilities

Current Maturities of Long-Term Debt	4,358,116
Notes Payable	-
Accounts Payable	4,220,307
Consumer Deposits	1,128,233
Other Current and Accrued Liabilities	<u>1,678,126</u>
Total Current Liabilities	11,384,782

#### Deferred Credits

5,349,822

Total Equities and Liabilities

\$186,571,704







Southwestern Electric's 85th annual meeting of members will be held at Vandalia Statehouse State Historic Site, 315 W. Gallatin Street, Vandalia.



## OUR TEAM

### BOARD OF DIRECTORS



**Sandy Grapperhaus**  
Treasurer  
District I  
Collinsville



**William "Bill" Jennings**  
District I  
Alhambra



**Marvin Warner**  
District I  
Pocahontas



**Jerry Gaffner**  
Vice President  
District II  
Greenville



**Sandy Nevinger**  
District II  
Greenville



**Ted Willman**  
District II  
Greenville



**Annette Hartlieb**  
Secretary  
District III  
Vandalia



**Ann Schwarm**  
President  
District III  
Loogootee



**Jared Stine**  
District III  
St. Elmo

### PERSONNEL

#### STAFF MEMBERS

Marvin Ayala, *Chief Operating Officer*  
Michael Barns, *Art Director*  
Victor Buehler, *Vice President of Information Technology*  
Dylan Casey, *Engineering Supervisor*  
Cody Edmonds, *Engineering Supervisor*  
Susan File, *Vice President of Member Services*  
Veronica Forbis, *Manager of Billing*  
Russell Gilbert, *Freedom Power Plant General Manager*  
Nathan Grimm, *Media Specialist*  
Marissa Horn, *Human Resources Administrator*  
Laura Huge, *Accounting Manager*  
Thaddius Intravaia, *Director of Information Technology*  
Becky Jacobson, *Chief Financial Officer*  
Andrew Jones, *Vice President of Business Development & Marketing*  
Carrie Knebel, *Vice President of Human Resources*  
Julie Lowe, *Energy Manager*  
Daniel Page, *Forestry Manager*  
Joe Richardson, *Vice President of Communications*  
Brooke Scott, *Executive Assistant*  
Neil Sperandio, *Manager of Operations*  
Bobby Williams, *Chief Executive Officer*  
Michael Willman, *Vice President of Operations*

#### GREENVILLE

**Office & Engineering Personnel**  
Allissa Bohlen, *Member Services Representative*  
Casey Eberlin, *GIS Technician*  
Barb Frerker, *Member Services Representative*  
Laura Gall, *Accounting Clerk*

Natalie Goesten Kors, *Staking Engineer*  
Renee Harnetiaux, *Work Order Coordinator*  
Nathan Hermetz, *Staking Engineer*  
Kim Jackson, *Dispatcher*  
Katie Judge, *Cashier/Receptionist*  
Brad Koonce, *Custodian*  
Tracy Kuttin-Ferguson, *Purchasing Agent*  
Kathleen Lewey, *Staking Engineer*  
Dean Schnurbusch, *Senior Staking Engineer*  
Lauren Schoen, *Member Services Representative*  
Holly Thiems, *IT Technical Support*  
Ashley Towler, *Accounting Clerk*  
Jo Ellen Wharton, *Meter Technician*  
Debbie Whicker, *Member Services Representative*  
Jessica Whitehead, *Member Services Representative*

#### Maintenance & Construction Personnel

Mark Chasteen, *Maintenance Foreman*  
Braden Clark, *Journeyman Lineman*  
Patrick Harris, Sr. *Warehouseman/ Groundman/Truck Driver*  
Sonny Lampe, *Warehouseman/ Groundman/ Truck Driver*  
Jimmy Revisky, *Construction Foreman*  
Eric Rodgers, *1st Class Mechanic*  
Clayton Snyder, *1st Class Mechanic*

#### Meter Department

Scott Fitzgerald, *Foreman/Polyphase Meterman & Tester*  
Chris Schmid, *Lineman/Polyphase Meterman & Tester*

#### Forestry Department

Alex Goodin, *Forestry Journeyman*  
Chris Hamby, *Forestry Foreman*

#### ST. JACOB

##### Office & Engineering Personnel

Brian Mills, *Staking Engineer*  
Vincent Sanvi, *Staking Engineer*  
Carla Schneider, *Member Services Representative*  
Becky Spratt, *Member Services Representative*

##### Maintenance & Construction Personnel

Tim Atterberry, *Journeyman Lineman*  
Brian Bast, *Journeyman Lineman*  
Leo Dublo, *Maintenance Foreman*  
Tyler Isaak, *Construction Foreman*  
Dustin Kemp, *Journeyman Lineman*  
Tyler Kunz, *Journeyman Lineman*  
Joel LaFrance, *System-wide Troubleshooter/ Maintenance Foreman*  
Rick Mersinger, *Maintenance Foreman*  
Rob Nesbit, *Maintenance Foreman*  
Josiah Roberts, *4th Step Apprentice Lineman*  
Jared Tebbe, *Warehouseman/ Groundman/ Truck Driver*  
Andy Wessel, *Construction Foreman*

#### Forestry Department

Dawson Chesnut, *Forestry Journeyman*  
Nick Jett, *Forestry Foreman*

#### ST. ELMO FACILITY

Adam French, *Journeyman Lineman*  
Ethan Fulk, *Journeyman Lineman*  
Douglas Haarmann, *Construction Foreman*  
Kyle Hails, *Maintenance Foreman*  
Tyler Meseke, *Journeyman Lineman*  
Keith Steiner, *Warehouseman/ Groundman/ Truck Driver*

#### FREEDOM POWER STATION

David Brandt, *Power Plant Technician*  
Leo Leonhard, *Power Plant Technician*

# VOTER REGISTRATION CARD 2023 *Please sign and present this card at the registration table.*

## 85th Annual Meeting of Members

Saturday, September 9, 2023



Member Signature \_\_\_\_\_

☐ **Please enroll me in Operation Round Up**

## PLEASE UPDATE YOUR CONTACT INFORMATION

Home Phone # (if applicable): \_\_\_\_\_ Cell Phone #: \_\_\_\_\_

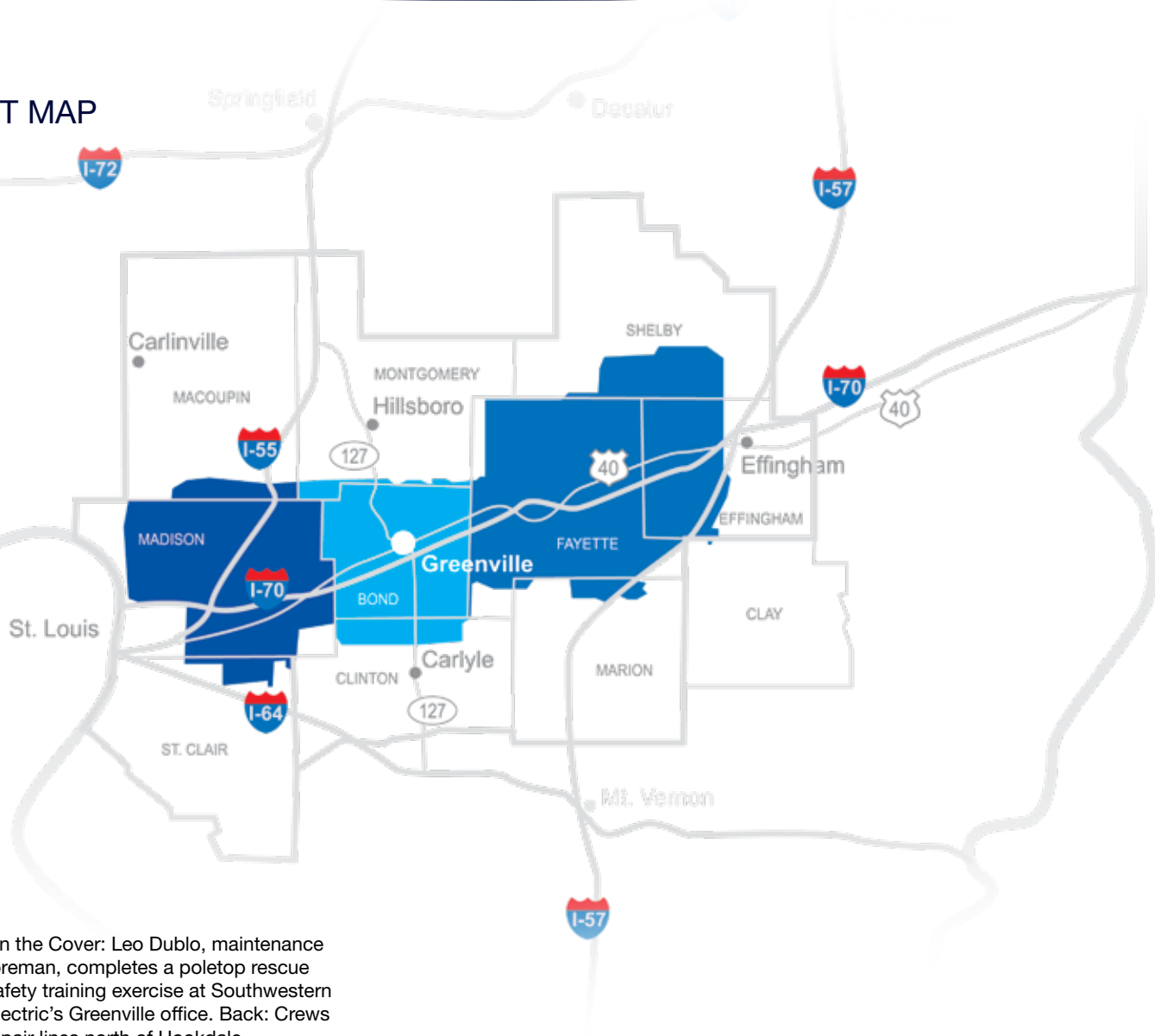
Service Address: \_\_\_\_\_ Billing Address: \_\_\_\_\_

Email Address: \_\_\_\_\_

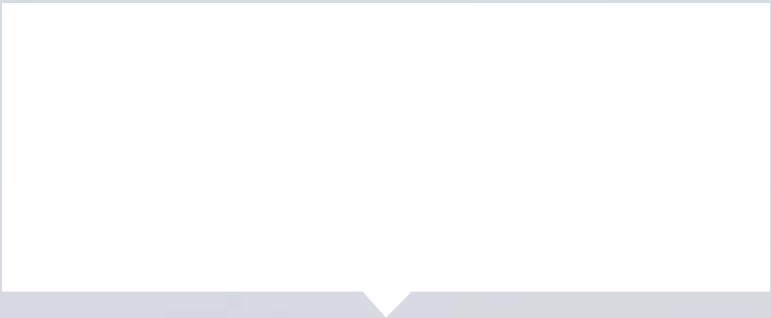
***Fill out and present this registration card to receive an additional \$10 bill credit!***

## DISTRICT MAP

- District I
- District II
- District III



On the Cover: Leo Dublo, maintenance foreman, completes a poletop rescue safety training exercise at Southwestern Electric's Greenville office. Back: Crews repair lines north of Hookdale.



**Southwestern**  
Electric Cooperative, Inc.  
Your Touchstone Energy® Cooperative 

