

Board Treasurer's Report

Southwestern Electric Cooperative reported margins of \$1.3 million in 2023 and remains in compliance with all loan covenants. The balances presented in this report are final and have been audited.

Southwestern continued to experience impacts from the broader economy, including supply chain issues and higher costs for materials. Freedom Power Station was offline for most of 2023, resulting in lower revenues, which were partially offset by lower power production costs. Increased interest in 2023 was driven by debt associated with the 2022 buyout of a heat rate call option attached to our all-requirements energy contract.

This combination of lower revenue and higher costs resulted in lower net operating margins and net margins. Despite these challenges, the cooperative invested more than \$10 million in infrastructure construction and improvements in 2023.

The power of a cooperative lies in its member-owners. In 2023, your cooperative returned \$1.5 million in capital credits. As of December 31, 2023, Southwestern still held \$3.8 million in margin stabilization funds for use in future years.

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

Respectfully Submitted,

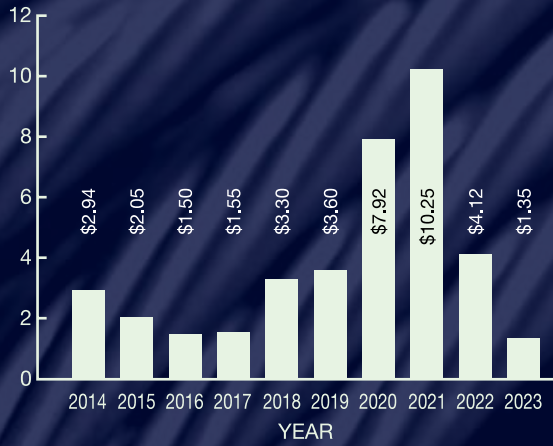


Sandy Grapperhaus
Board Treasurer

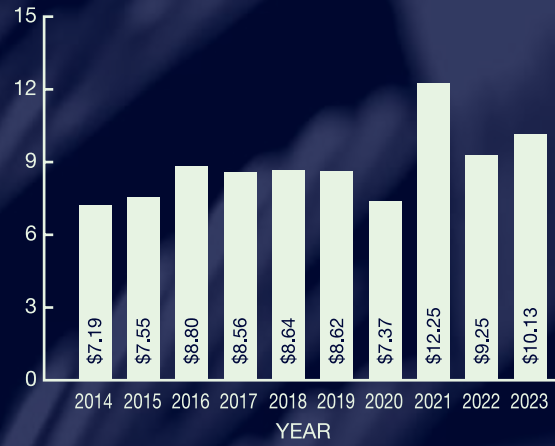
Where did the cooperative's revenue go in 2023?

Power Production	\$585,889	0.9%	
Purchased Power	\$32,425,739	51.5%	
Operations & Maintenance	\$7,886,179	12.5%	
Customer Accounts and Sales Expenses	\$2,417,291	3.8%	
A&G	\$7,314,201	11.6%	
Depreciation & Amortization	\$5,713,752	9.1%	
Taxes, Interest & Other Deductions	\$5,360,822	8.5%	
Operating & Nonoperating Margins	\$1,349,089	2.1%	
Total Operating & Nonoperating Revenue	\$63,052,962	100.0%	

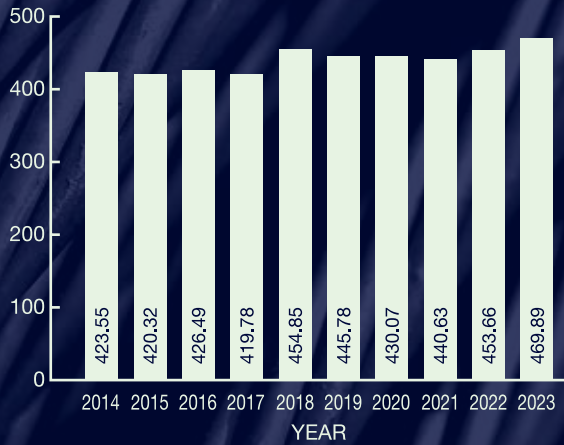
Margins
in millions of dollars



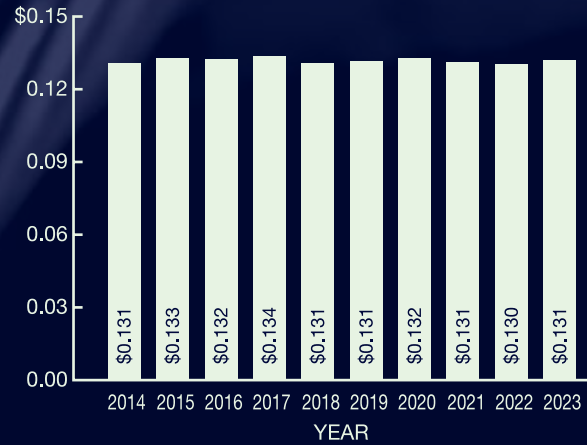
Capital Investment
in millions of dollars



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	2023	2022	2021
OPERATING REVENUES			
Electric	\$61,292,097	\$63,364,855	\$61,893,176
Other	<u>360,243</u>	<u>349,854</u>	<u>314,615</u>
Total Operating Revenues	61,652,340	63,714,709	62,207,791
OPERATING EXPENSES			
Cost of Purchased Power	32,425,739	33,289,935	27,882,680
Power Production Expense - Operations	187,484	403,732	253,786
Power Production Expense - Maintenance	398,405	484,973	772,169
Transmission Expense - Maintenance	5,264	1,558	2,704
Distribution Expense - Operations	1,624,481	1,747,980	1,608,732
Distribution Expense - Maintenance	6,256,434	5,344,517	4,818,537
Consumer Account Expense	1,495,338	1,423,488	1,434,626
Consumer Service and Informational Expense	196,507	193,048	178,6100
Sales Expense	725,446	707,579	706,054
Administrative and General Expense	7,314,201	6,626,950	5,605,774
Depreciation and Amortization	5,713,752	5,771,224	5,657,926
Taxes	198,834	210,269	211,669
Other Interest	185,191	101,749	21,477
Other Deductions	<u>33,276</u>	<u>30,612</u>	<u>233,719</u>
Total Operating Expenses	<u>56,760,352</u>	<u>56,337,614</u>	<u>49,388,463</u>
OPERATING MARGINS BEFORE FIXED CHARGES	4,891,988	7,377,095	12,819,328
INTEREST ON LONG-TERM DEBT	<u>4,943,521</u>	<u>3,866,439</u>	<u>3,718,547</u>
NET OPERATING MARGINS	(51,533)	3,510,656	9,100,781
NONOPERATING MARGINS			
Interest Income	110,175	61,414	57,358
Patronage Capital Credits	993,118	932,841	905,244
Other Nonoperating Margins	<u>297,329</u>	<u>(387,210)</u>	<u>184,093</u>
Total Nonoperating Margins	<u>1,400,622</u>	<u>607,045</u>	<u>1,146,695</u>
NET MARGINS	<u>1,349,089</u>	<u>\$4,117,701</u>	<u>\$10,247,476</u>

Balances per finalized audit reports.

Balance Sheet (As of December 31, 2023)

ASSETS

Utility Plant

Electric Plant in Service	\$211,874,153
Construction Work in Progress	<u>3,173,230</u>
Total	215,047,383
Less: Accumulated Provision for Depreciation	<u>(61,924,858)</u>
Net Utility Plant	153,122,525

Other Assets and Investments

Investments in Associated Organizations	4,961,483
Notes Receivable, Net of Current Portion	334,391
Other Special Funds	<u>71,852</u>
Total Other Assets and Investments	5,367,726

Current Assets

Cash and Cash Equivalents	10,934,822
Accounts Receivable, Net	5,523,964
Materials and Supplies Inventory	3,772,571
Current Portion of Notes Receivable	85,140
Prepayments	420,211
Interest Receivable	<u>13,981</u>
Total Current Assets	20,750,689

Deferred Charges

	<u>15,218,868</u>
Total Assets	<u><u>\$194,459,808</u></u>

EQUITIES & LIABILITIES

Equities

Patronage Capital	\$61,961,909
Other Equities	<u>3,960,208</u>
Total Equities	65,922,117

Long-Term Debt, Net Of Current Maturities

111,433,264

Accumulated Provision for Pension and Benefits

71,852

Current Liabilities

Current Maturities of Long-Term Debt	4,960,701
Accounts Payable	3,407,248
Consumer Deposits	1,189,625
Other Current and Accrued Liabilities	<u>1,749,990</u>
Total Current Liabilities	11,307,564

Deferred Credits

5,725,011

Total Equities and Liabilities

\$194,459,808