

# Board Treasurer’s Report

Southwestern Electric Cooperative reported strong margins of \$10.2 million in 2021. Such margins were partly attributable to the start of a new purchased power contract in 2021 and afforded the cooperative the opportunity to invest more in its infrastructure and return more equity to its members. In 2021, the cooperative invested \$12 million in construction and acquisition of plant assets to further increase reliability and retired \$2.9 million in capital credits to members while still decreasing the overall debt balance from long-term and line of credit borrowing by \$1 million.

To ensure stable electric rates for the membership while fulfilling the cooperative’s wholesale power agreements, from 2014–2017 your board of directors dedicated \$11.8 million to margin stabilization. Southwestern Electric Cooperative applied margin stabilization funding in 2019 and 2020 with the wholesale power contract obligation ending as of Dec. 31, 2020. Your cooperative did not dedicate any funds to margin stabilization in 2021 and has a remaining total of \$3.8 million as of Dec. 31, 2021, for margin stabilization use in future years.

Your cooperative remains in compliance with all loan covenants and received a clean audit opinion for the year ended Dec. 31, 2021.

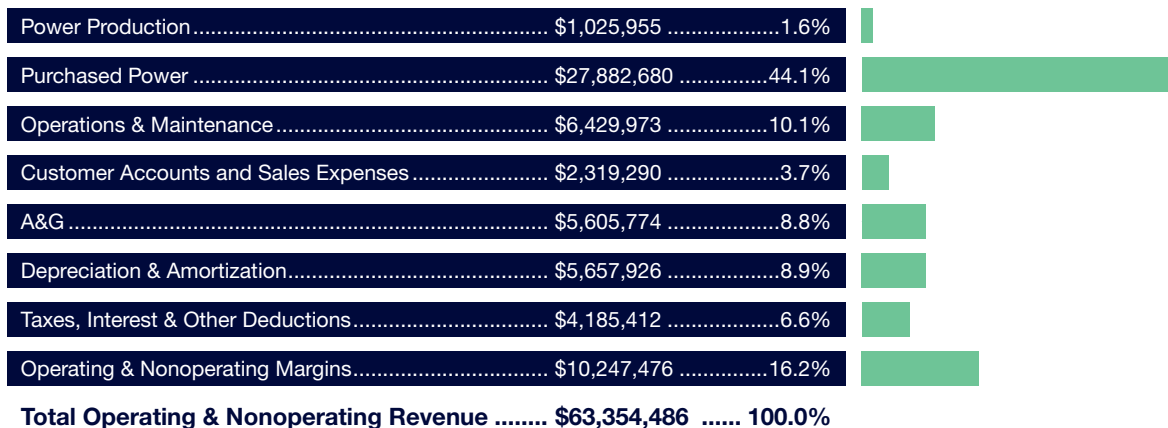
For additional information, please see the financial statements on the pages to follow.

Respectfully Submitted,

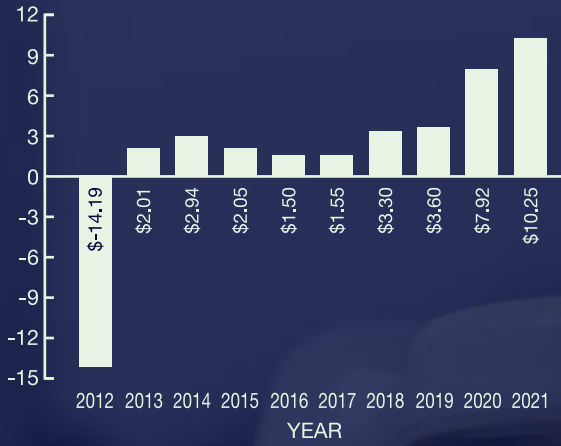


Jerry Gaffner  
Board Treasurer

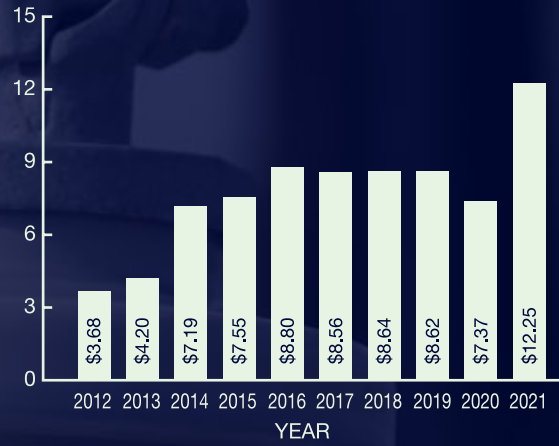
### Where did the cooperative’s revenue go in 2021?



**Margins**  
in millions of dollars



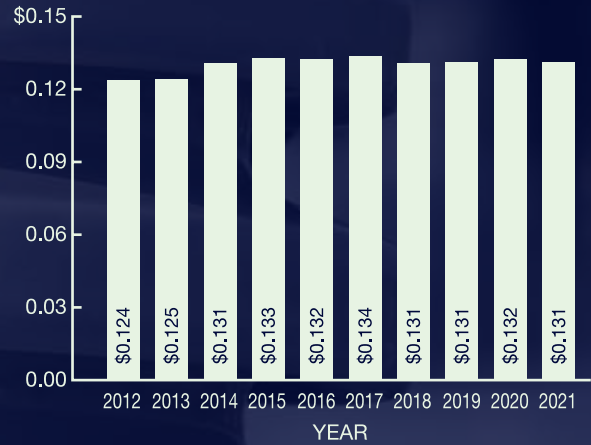
**Capital Investment**  
in millions of dollars



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



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



## REPORTS & FINANCIAL INFORMATION

### Southwestern Electric Cooperative Financial Information

Statement of Operations	2021	2020	2019
<b>OPERATING REVENUES</b>			
Electric	\$61,893,176	\$62,186,853	\$63,191,680
Other	<u>314,615</u>	<u>251,305</u>	<u>386,988</u>
Total Operating Revenues	62,207,791	62,438,158	63,578,668
<b>OPERATING EXPENSES</b>			
Cost of Purchased Power	27,882,680	31,153,945	37,119,244
Power Production Expense - Operations	253,786	195,083	184,568
Power Production Expense - Maintenance	772,169	506,423	590,950
Transmission Expense - Maintenance	2,704	-	2,501
Distribution Expense - Operations	1,608,732	1,428,242	1,604,862
Distribution Expense - Maintenance	4,818,537	4,842,157	4,508,310
Consumer Account Expense	1,434,626	1,427,936	1,333,671
Consumer Service and Informational Expense	178,610	182,870	150,063
Sales Expense	706,054	572,316	514,766
Administrative and General Expense	5,605,774	5,477,043	5,493,311
Depreciation and Amortization	5,657,926	5,508,638	5,313,272
Taxes	211,669	212,771	214,476
Other Interest	21,477	71,634	15,344
Other Deductions	<u>233,719</u>	<u>66,445</u>	<u>50,588</u>
Total Operating Expenses	<u>49,388,463</u>	<u>51,645,503</u>	<u>57,095,926</u>
<b>OPERATING MARGINS BEFORE FIXED CHARGES</b>	12,819,328	10,792,655	6,482,742
<b>INTEREST ON LONG-TERM DEBT</b>	<u>3,718,547</u>	<u>3,849,876</u>	<u>3,735,459</u>
<b>NET OPERATING MARGINS</b>	9,100,781	6,942,779	2,747,283
<b>NONOPERATING MARGINS</b>			
Interest Income	57,358	57,997	81,946
Patronage Capital Credits	905,244	831,713	732,223
Other Nonoperating Margins	<u>184,093</u>	<u>91,591</u>	<u>38,673</u>
Total Nonoperating Margins	<u>1,146,695</u>	<u>981,301</u>	<u>852,842</u>
<b>NET MARGINS</b>	<u>\$10,247,476</u>	<u>\$7,924,080</u>	<u>\$3,600,125</u>

## Balance Sheet (As of December 31, 2021)

### ASSETS

#### Utility Plant

Electric Plant in Service	\$204,571,507
Construction Work in Progress	<u>5,729,754</u>
Total	210,301,261
Less: Accumulated Provision for Depreciation	<u>(64,545,104)</u>
Net Utility Plant	145,756,157

#### Other Assets and Investments

Investments in Associated Organizations	4,294,576
Notes Receivable, Net of Current Portion	504,674
Other Special Funds	<u>94,374</u>
Total Other Assets and Investments	4,893,624

#### Current Assets

Cash and Cash Equivalents	3,002,384
Accounts Receivable, Net	4,510,296
Materials and Supplies Inventory	1,631,910
Current Portion of Notes Receivable	86,214
Prepayments	410,972
Interest Receivable	<u>13,981</u>
Total Current Assets	9,655,757

#### Deferred Charges

	<u>4,040,671</u>
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Total Assets	<u>\$164,346,209</u>
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### EQUITIES & LIABILITIES

#### Equities

Patronage Capital	\$60,916,997
Other Equities	<u>3,638,518</u>
Total Equities	64,555,515

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

85,747,112

#### Accumulated Provision for

Pension and Benefits	94,374
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#### Current Liabilities

Current Maturities of Long-Term Debt	3,911,388
Notes Payable	-
Accounts Payable	2,838,216
Consumer Deposits	850,275
Other Current and Accrued Liabilities	<u>1,520,416</u>
Total Current Liabilities	9,120,295

#### Deferred Credits

4,828,913

Total Equities and Liabilities	<u>\$164,346,209</u>
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