

## Board Treasurer's Report

**S**outhwestern Electric Cooperative's strong financial performance that began in 2013 has continued through 2014 and the co-op recorded a total of \$2.9 million in margins.

In order to minimize the need for future rate increases, an additional \$3.6 million in margins was deferred to future years under the RUS approved Margin Stabilization Plan. Excluding any unforeseen developments, Southwestern's long range outlook does not project any future rate increases before the year 2018.

For the second straight year, the co-op met or exceeded all of the RUS/CoBank/CFC loan covenant financial ratios and as a result was in total compliance with all loan terms and conditions for the first time since 2012.

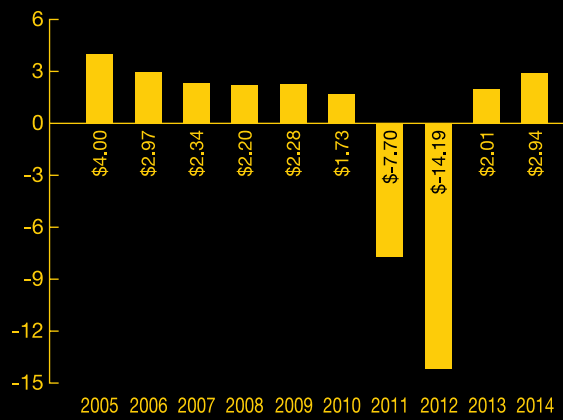
For additional information, please see the financial statements on the pages to follow.

Respectfully Submitted,

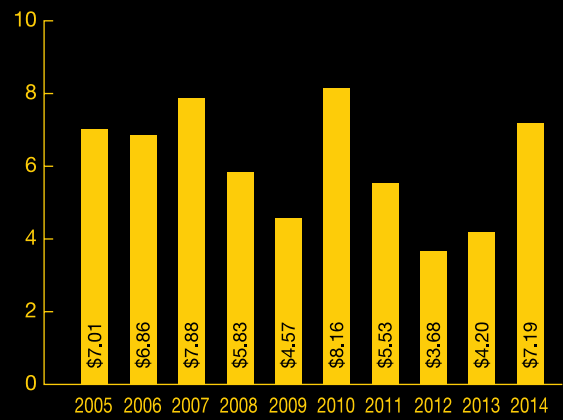


Barbara Tedrick, Board Treasurer

**Margins**  
in millions of dollars



**Capital Investment**  
in millions of dollars



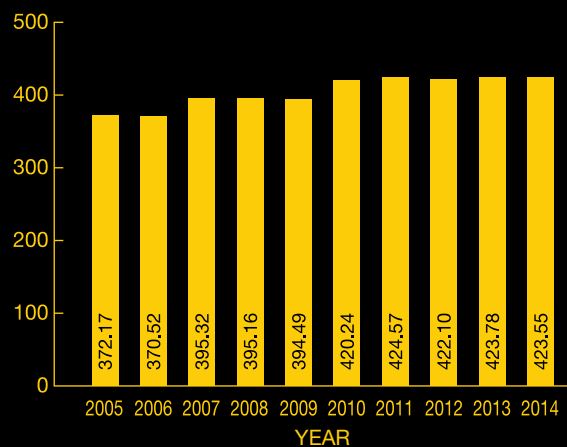
# REPORTS AND FINANCIAL INFORMATION

## Southwestern Electric Cooperative, Inc. Financial Information

Statement of Operations	2014	2013	2012
Operating Revenue & Patronage Capital	\$52,363,832	\$53,178,638	\$66,564,648
Power Production	690,243	676,725	836,657
Cost of Purchased Power	28,261,573	26,993,035	58,349,826
Distribution Expense - Operation	1,084,036	957,773	1,019,840
Distribution Expense - Maintenance	4,615,862	3,693,285	3,623,212
Consumer Accounts	1,321,571	1,205,402	1,262,870
Customer Service & Informational Expense	224,232	225,713	222,561
Sales	793,185	709,035	788,575
Administrative & General Expense	4,626,816	4,842,940	5,926,829
Depreciation & Amortization	4,369,907	4,298,375	4,267,845
Taxes	467,238	452,673	523,262
Interest and Other Deductions	<u>3,311,418</u>	<u>3,299,429</u>	<u>3,345,974</u>
Total Cost of Electric Service	\$49,766,081	\$47,354,385	\$80,167,451
<b>Margins</b>			
Operating Margins & Patronage Capital	\$2,597,751	\$5,824,253	\$(13,602,803)
Non-Operating Margins	342,193	434,518	(589,914)
Extraordinary Items	<u>0</u>	(4,251,238)	<u>0</u>
Total Operating & Non-Operating Margins	<u>\$2,939,944</u>	<u>\$2,007,533</u>	<u>\$(14,192,717)</u>

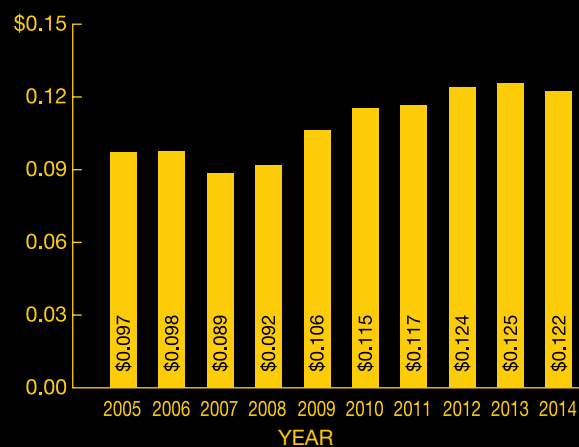
**Total Electricity Sold to Members**

*in millions of kWh*



**Rate per kWh to Residential Members**

*in dollars*





## Balance Sheet (As of December 31, 2014)

### ASSETS

#### Utility Plant

Electric Plant in Service	\$164,734,293
Construction Work in Progress	<u>2,204,293</u>
Total	\$166,938,586
Less: Accumulated Provision for Depreciation	<u>(46,268,408)</u>
Net Utility Plant	\$120,670,178

#### Other Assets & Investments

Investments in Associated Organizations	\$2,728,703
Notes Receivable	337,504
Other Special Funds	<u>213,951</u>
Total Other Assets & Investments	\$3,280,158

#### Current Assets

Cash and Cash Equivalents	\$7,859,061
Accounts Receivable, Net	5,604,055
Materials & Supplies	1,162,791
Prepayments	539,620
Interest Receivable	<u>14,163</u>
Total Current Assets	\$15,179,690

Regulatory Assets & Other Deferred Charges	\$22,992,965
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Total Assets	<u>\$162,122,991</u>
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### EQUITIES & LIABILITIES

#### Equities

Membership Fees	\$288,345
Patronage Capital & Other Equities	41,377,696

#### Long-Term Debt

Net of Current Maturities	\$84,666,472
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#### Accumulated Operating Provisions &

Other Noncurrent Liabilities	\$23,032,313
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#### Accumulated Provision for Pension & Benefits

\$213,951
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#### Current Liabilities

Current Maturities of Long-Term Debt	\$4,764,000
Accounts Payable	2,159,271
Consumer Deposits	700,308
Other Current & Accrued Liabilities	<u>590,735</u>
Total Current Liabilities	\$8,214,314

#### Deferred Credits

\$4,329,900
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Total	<u>\$162,122,991</u>
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## Where did the cooperative's revenue go in 2014?

Power Production .....	\$690,243.....	1.3%	
Purchased Power .....	\$28,261,573.....	53.6%	
Operations & Maintenance .....	\$5,699,898.....	10.8%	
Customer Accounts & Sales Expenses .....	\$2,338,988.....	4.4%	
Administrative & General Expenses .....	\$4,626,816.....	8.8%	
Depreciation & Amortization.....	\$4,369,907.....	8.3%	
Taxes, Interest, & Other Deductions.....	\$3,778,656.....	7.2%	
Operating & Non-Operating Margins.....	\$2,939,944.....	5.6%	
<b>Total: .....</b>	<b>\$52,706,025.....</b>	<b>100.0%</b>	