

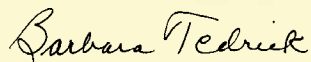
Board Treasurer's Report

Southwestern Electric Cooperative's strong financial performance has continued through 2015, and the co-op recorded a total of \$2.1 million in margins. Accordingly, Southwestern Electric was in compliance with all provisions of the loan agreements with CoBank, who is the sole lender for all of the co-op's long-term debt.

In order to minimize the need for future rate increases, an additional \$5.9 million in margins was deferred to future years under the Margin Stabilization Plan previously approved by the RUS. Excluding unforeseen developments or weather anomalies, Southwestern's long range, 10-year outlook does not project any future rate increases before the year 2026.

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

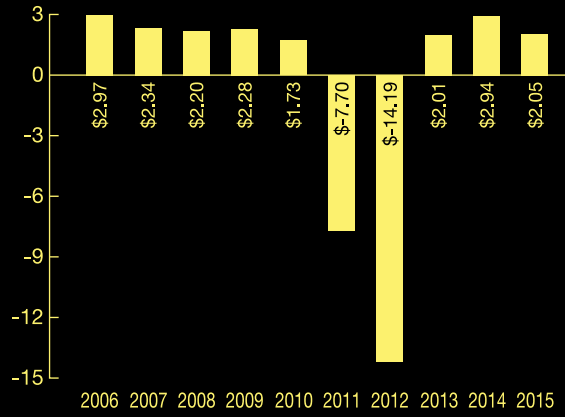
Respectfully Submitted,



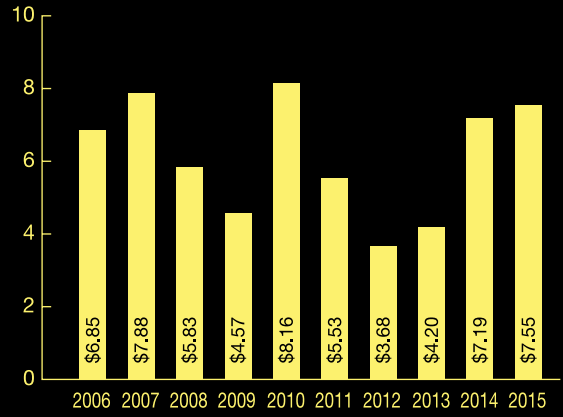
Barbara Tedrick, Board Treasurer



Margins
in millions of dollars



Capital Investment
in millions of dollars



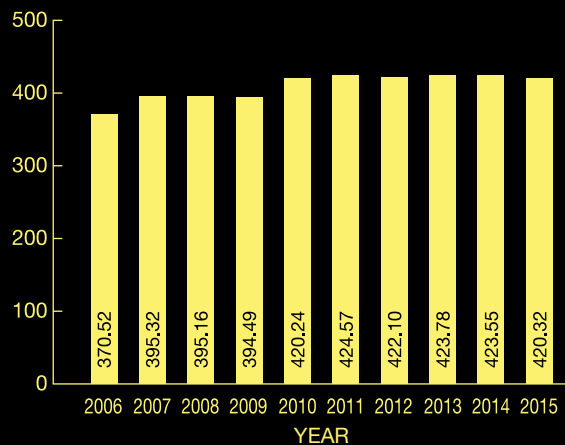
REPORTS & FINANCIAL INFORMATION

Southwestern Electric Cooperative, Inc. Financial Information

Statement of Operations	2015	2014	2013
Operating Revenue & Patronage Capital	\$53,942,258	\$52,363,832	\$53,178,638
Power Production	\$683,069	\$690,243	\$676,725
Cost of Purchased Power	30,202,140	28,261,573	26,993,035
Distribution Expense - Operation	1,015,649	1,084,036	957,773
Distribution Expense - Maintenance	4,020,166	4,615,862	3,693,285
Consumer Accounts	1,265,257	1,321,571	1,205,402
Customer Service & Informational Expense	190,416	224,232	225,713
Sales	578,915	793,185	709,035
Administrative & General Expense	6,065,388	4,626,816	4,842,940
Depreciation & Amortization	4,454,515	4,369,907	4,298,375
Taxes	195,160	467,238	452,673
Interest and Other Deductions	<u>3,651,878</u>	<u>3,311,418</u>	<u>3,299,429</u>
Total Cost of Electric Service	\$52,322,553	\$49,766,081	\$47,354,385
Margins			
Operating Margins & Patronage Capital	\$1,619,705	\$2,597,751	\$5,824,253
Non-Operating Margins	434,097	342,193	434,518
Extraordinary Items	0	0	<u>(4,251,238)</u>
Total Operating & Non-Operating Margins	<u>\$2,053,802</u>	<u>\$2,939,944</u>	<u>\$2,007,533</u>

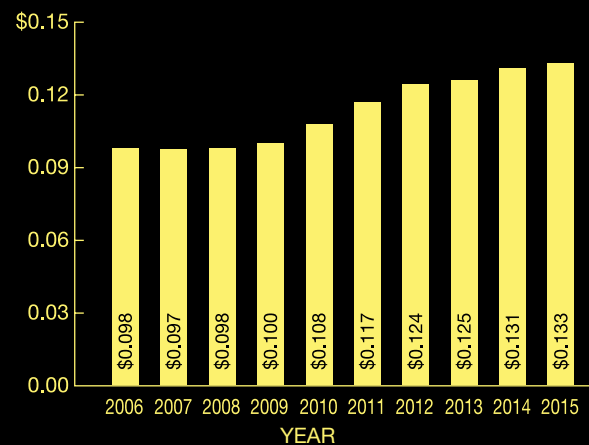
Total Electricity Sold to Members

in millions of kWh



Rate per kWh to Residential Members

in dollars



Balance Sheet (As of December 31, 2015)

ASSETS

Utility Plant

Electric Plant in Service	\$168,295,096
Construction Work in Progress	<u>5,390,600</u>
Total	\$173,685,696
Less: Accumulated Provision for Depreciation	<u>(50,099,511)</u>
Net Utility Plant	\$123,586,185

Other Assets & Investments

Investments in Associated Organizations	\$2,840,419
Notes Receivable	155,603
Other Special Funds	<u>247,638</u>
Total Other Assets & Investments	\$3,243,660

Current Assets

Cash and Cash Equivalents	\$6,495,282
Accounts Receivable, Net	5,494,962
Materials & Supplies	1,240,970
Prepayments	525,431
Interest Receivable	<u>14,163</u>
Total Current Assets	\$13,770,808

Regulatory Assets & Other Deferred Charges	\$19,974,753
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Total Assets	<u>\$160,575,406</u>
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EQUITIES & LIABILITIES

Equities

Patronage Capital & Other Equities	\$42,394,721
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Long-Term Debt

Net of Current Maturities	\$87,922,313
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Accumulated Operating Provisions &

Other Noncurrent Liabilities	\$15,746,663
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Accumulated Provision for Pension & Benefits

\$247,638

Current Liabilities

Current Maturities of Long-Term Debt	\$3,971,109
Accounts Payable	1,967,948
Consumer Deposits	733,577
Other Current & Accrued Liabilities	<u>857,977</u>
Total Current Liabilities	\$7,530,611

Deferred Credits

\$6,733,460

Total Equities & Liabilities	<u>\$160,575,406</u>
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Where did the cooperative's revenue go in 2015?

Power Production	\$683,069	1.3%	
Purchased Power	\$30,202,140	55.4%	██
Operations & Maintenance	\$5,035,815	9.3%	████████████████████████████████
Customer Accounts & Sales Expenses	\$2,034,588	3.7%	████████████████████████████
Administrative & General Expenses	\$6,065,388	11.2%	████████████████████████████████
Depreciation & Amortization	\$4,454,515	8.2%	████████████████████████████████
Taxes, Interest, & Other Deductions	\$3,847,038	7.1%	████████████████████████████████
Operating & Non-Operating Margins	\$2,053,802	3.8%	████████████████████████████
Total:	\$54,376,355	100%	