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SUMNER-COWLEY ELECTRIC COOPERATIVE

News from the Wheat Capital



Sumner-Cowley Electric Co-op, Inc.

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Coni Adams

CEO

Richard Mitchell

Manager of Operations

Stacy Wiley

Manager of Finance

CEO MESSAGE

An Update on the February Weather Event and Your Bill

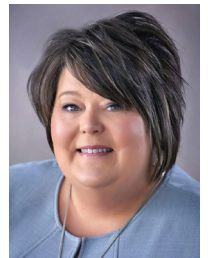
Almost a full year into the COVID-19 pandemic we were thrown another obstacle to navigate: Winter Storm Uri. This polar vortex caused historically low temperatures, stressing the electric generating capacity, natural gas supplies, and the ability of the transmission grid to move power across states and regions.

As a result of these challenges, the Southwest Power Pool (SPP) began asking us to do something unprecedented: conserve energy to avoid a total shutdown of our electric grid. As soon as your cooperative began asking for conservation of power, Sumner-Cowley Electric members rose to the task and lowered the total system consumption to just over 11 megawatts. As a reference, the system was using 18 megawatts before curtailment efforts were requested. Unfortunately, this was not enough, and

members served by our Bluff, Milan and Anson substations were twice called upon to endure mandatory outages. Sumner-Cowley Electric had no control over the circuits that were dropped, nor any control over the frequency and duration of the outages.

Sumner-Cowley Electric purchases your power through Kansas Electric Power Cooperative, Inc. (KEPCo). KEPCo was incorporated in 1975 as a not-for-profit generation and transmission cooperative (G&T). It is KEPCo's responsibility to procure an adequate and reliable power and energy supply for its 16 distribution electric cooperative members at a reasonable cost. KEPCo has a diverse portfolio that makes up the energy mix it purchases

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Coni Adams

Like Us on Facebook

Join us on Facebook for updates from Sumner-Cowley Electric. Simply search for Sumner-Cowley Electric Cooperative and click the "like" button.



Annual Meeting Update

In the April issue of *Kansas Country Living* magazine, we provided you with an update on this year's annual meeting. While this year's meeting won't be held until later in the year, we still want to share with our members some of the information that would have been provided had the annual meeting been held this spring.

This includes 2020's financial statements, election results, Youth Services updates as well as the list of our 2021 scholarship recipients here.

Balance Sheet For Year Ending on Dec. 31, 2020

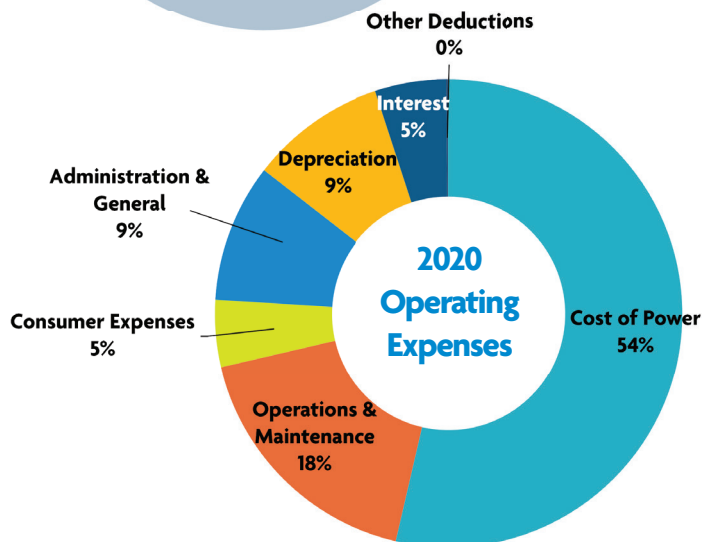
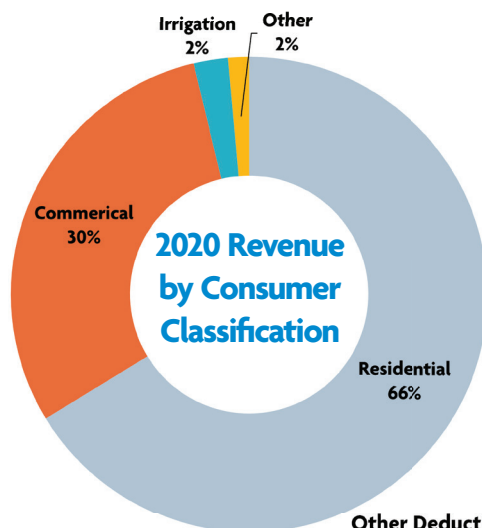
Assets and Other Debits	2020 <i>(current year)</i>	2019 <i>(prior year)</i>
Total Utility Plant	\$33,470,566	\$32,089,956
Accum. Provision for Depreciation	(\$5,531,020)	(\$5,043,740)
Net Utility Plant	\$27,939,546	\$27,046,215
Investments in Associated Organizations	\$4,609,447	\$4,616,510
Other Investments	\$286	\$286
Total Investments	\$4,609,733	\$4,616,796
Cash	\$1,176,712	\$907,125
Accounts Receivable	\$1,067,743	\$1,159,313
Temporary Investments	\$0	\$92,622
Material and Supplies	\$181,877	\$155,272
Prepayments	\$136,983	\$181,144
Other Current and Accrued Assets	\$4,706	\$4,816
Total Current and Accrued Assets	\$2,568,021	\$2,500,294
Other Deferred Debits	\$0	\$0
Total Assets and Other Debits	\$35,117,300	\$34,163,305
Liabilities and Owner's Equity		
Long-Term Debt	\$10,490,443	\$10,419,347
Accounts Payable	\$565,080	\$428,496
Member Deposits	\$506,431	\$543,750
Deferred Credits	\$5,463	\$4,117
Other Accrued Liabilities	\$478,958	\$438,793
Total Liabilities	\$12,046,376	\$11,834,503
Memberships	\$80,845	\$79,665
Patronage Capital-Assigned	\$19,733,015	\$18,711,068
Patronage Capital-Unassigned	\$991,729	\$1,387,386
Other Margins and Equities	\$2,265,335	\$2,150,683
Total Owner's Equity	\$23,070,924	\$22,328,802
Total Liabilities and Owner's Equity	\$35,117,300	\$34,163,305

Property Taxes Paid by Your Co-op

County	Amount Paid
Butler	\$221
Cowley	\$120,504
Harper	\$26,145
Kingman	\$27,505
Sedgwick	\$5,426
Sumner	\$386,122
Total	\$565,923

Income Statement For Year Ending on Dec. 31, 2020

	2020	2019
Revenue		
Operating Revenue	\$11,483,048	\$12,149,504
Expenses		
Power Production Expense	\$40,606	\$29,238
Cost of Purchased Power	\$5,659,062	\$5,804,970
Operations & Maintenance	\$1,883,847	\$1,778,061
Consumer Expenses	\$491,740	\$530,917
Administrative & General	\$1,011,669	\$1,205,239
Depreciation	\$1,005,928	\$986,539
Interest on Long-Term Debt	\$522,200	\$551,319
Other Deductions	\$13,217	\$119,085
Total Operating Expenses	\$10,628,269	\$11,005,368
Operating Margin Before Capital Credits	\$854,779	\$1,144,136
G & T and other Capital Credits	\$63,482	\$172,705
Operating Margin	\$918,261	\$1,316,841
Non-Operating Margins	\$73,467	\$70,545
Net Margin	\$991,729	\$1,387,386



February Weather Event Update

Continued from page 16A ►

on our behalf. This diversity provided somewhat of a shield for us as we were not so heavily reliant on electricity generated by natural gas.

That being said, KEPCo and, in turn, Sumner-Cowley Electric have been hit with significant costs associated with the February weather event. To exacerbate the situation, the exact amount will remain unknown until approximately September 2021 due to a Federal Energy Regulatory Commission (FERC) extension granted to the SPP to fully resolve the transactions and costs associated with Uri.

The power bill Sumner-Cowley received from KEPCo in early March for the February usage contained an additional \$126,000 related to our share of the event. This charge was passed through to the members of Sumner-Cowley through your Power Cost Adjustment (PCA). However, the total amount for Sumner-Cowley is currently known to be approximately \$406,500, leaving a balance of \$280,500. It is important to remember that this figure will likely change after the full settlement occurs later this year.

At the March 18, 2021 KEPCo Board of Trustees meeting, the board elected to defer and amortize the costs attributable to the weather event over a 24-month period. This decision helps mitigate the cost impacts to the nearly 300,000 rural Kansans served by the owners of KEPCo. It also demonstrates the value of four of the seven cooperative principles: Democratic Member Control, Autonomy and Independence, Cooperation Between Cooperatives, and Concern for Community.

The Sumner-Cowley Electric Board of Directors met at the cooperative on March 24, 2021, at 1 p.m. for their regular monthly board meeting. At this meeting, the directors elected to pass these monthly incremental charges through to the full membership of the cooperative over the next 24 months. At the current remaining balance owed, this will be approximately \$11,680 per month spread over all kWh sold in the month. An average residential member uses 1,200 kWh per month. This would add approximately \$2.40 to their billing for the next 24 months. A member using 3,400 kWh would be billed approximately \$6.80 also for the next 24 months. Please note that these approximations may change as more information becomes available.

Since the outset of this ordeal, Sumner-Cowley has been committed to achieving two goals: maintaining transparency and reducing the financial impact on our members. Sumner-Cowley's Board of Directors and management remain committed to these goals and will continue to work on your behalf until this situation has been fully resolved. As we move forward, we encourage you to look for the most up-to-date information here in the pages of *Kansas Country Living* magazine and on our Facebook page. If, in the meantime, you have any questions about your bill or any of the information published above, please contact our office at 888-326-3356.

Board of Directors Election Results

Sumner-Cowley Electric is a democratically controlled, not-for-profit electric co-op governed by seven directors elected by and from the members of their respective voting districts to serve a three-year term in office. In 2021, Districts 4, 6 and 7 were up for election. The incumbents were unopposed and deemed elected pursuant to a bylaw change approved by the membership at the annual meeting held in 2019.

District 4

KEITH LEDDY was originally elected to the board in 2012 and will enter his fourth term. He currently serves as board vice president. Leddy has obtained his Credentialed Cooperative Director certificate (CCD), Board Leadership Certificate (BLC) and through continued director training has also earned his NRECA Director Gold Credential. He and his wife, Michelle, live in the rural Conway Springs area.



District 6

GABE SCHLICKAU has served one term on the board. He and his wife, Emily, reside near Danville, with their two children, Harry, 12, and Lena, 9. They are active in the local schools and youth sports activities. He is a long-time volunteer of the Harper County Fair Board and 4-H program. Schlickau is employed by CoBank, where he works with agribusinesses throughout the state to meet their credit and banking needs. He is an advocate for agriculture, rural development, and the importance of the cooperative business model for our quality of life in south-central Kansas.



District 7

JOHN SCHON was elected to the board in 2003 and will enter his seventh term. He currently serves as board president. He has earned his CCD and BLC certificates, and his NRECA Director Gold Credential through continued education. Schon and his wife, Tommie, live in the rural Argonia area.



2021 Scholarship Winners

The annual meeting usually provides Sumner-Cowley the opportunity to honor the children of its members for demonstrating excellence in the classroom and in the community. With this year's annual meeting being held later in the year, we want to recognize our winners here in the pages of *Kansas Country Living* magazine. Since 2011, Sumner-Cowley has awarded more than \$90,000 in scholarships to the children of its members. The following local students were each awarded a \$500 scholarship:

- ▶ **CHRISTOPHER ARNETT**
Ark City High School
- ▶ **SYDNEY BACON**
South Haven High School
- ▶ **OLIVIA BATES**
Ark City High School
- ▶ **MOLLY BENDER**
Conway Springs High School
- ▶ **LUCY BOYLES**
Conway Springs High School
- ▶ **ELISE BREWER**
Ark City High School
- ▶ **JADON BROWN**
Caldwell High School
- ▶ **ALEXUS CLIFT**
Wellington High School
- ▶ **AUBREIGH HAXTON**
Argonia High School
- ▶ **EMMA HUNTLEY**
Argonia High School
- ▶ **ISAAC JIRAK**
Udall High School
- ▶ **LUCAS KUCHAR**
South Haven High School
- ▶ **KASH LIDDEKE**
Norwich High School
- ▶ **MATTHEW MATTOCKS**
Winfield High School
- ▶ **ELEANA MESSENGER**
Ark City High School
- ▶ **ISAAC MEYERS**
Conway Springs High School
- ▶ **NOAH PHILLIPS**
Argonia High School
- ▶ **AVERY ROSENHAGEN**
Norwich High School
- ▶ **COLBY SHEPARD**
Oxford High School
- ▶ **EMMA STITHEM**
Kapaun Mt. Caramel
- ▶ **GRACE THEURER**
South Haven High School

Virtual Youth Leadership Conference Winners Announced

With the cancellation of the Electric Cooperative Youth Tour and Cooperative Youth Leadership Camp, Kansas Electric Cooperatives, Inc. (KEC) is coordinating the 2021 virtual Kansas Electric Youth (KEY) Leadership Conference. Sumner-Cowley Electric is one of twelve electric cooperatives in Kansas and Oklahoma who have selected students for this exclusive leadership opportunity.

The online leadership event will take place during the week of June 21. The conference will focus each morning on different aspects of leadership and will include engaging speakers, dynamic activities, and unique challenges. Networking is always a big part of the electric cooperative youth programs as delegates connect with like-minded, high-achieving teens. Through the 2021 virtual leadership experience, students can get to know their peers across the state through mentor groups and off-line chats.

Sumner-Cowley selected this year's winners through an application process that includes an evaluation of their academic achievement, as well as their community and school involvement. Candidates in 2021 were also evaluated through essay and interview portions of the application process.

These opportunities are important for many reasons, both for Sumner-Cowley and for the students selected to represent our co-op. It provides the co-op a chance to give back to our members in a unique way, by providing these young folks with the opportunity to grow as a person, a leader and a student.

THIS YEAR'S WINNERS ARE: **ROSALYN ZOGLMANN** of Conway Springs High School, daughter of Zach and Robyn Zoglmann and **SHOSHANNA MOORE** of New Day Academy, daughter of Amy Moore.

How to Calculate Your 2020 Capital Credit Allocation

Sumner-Cowley Electric Cooperative has allocated 2020 margins to your individual capital credit accounts. Total margins for 2020 are \$991,728.97.

The chart on the right can be used to calculate the amount of capital credits that have been allocated to you based on your total patronage in 2020.

Your patronage is the total amount of Energy Charges, Power Cost Adjustments, Demand/Demand Minimum Charges, Horsepower Charges, Facility Charges, and Load Control Credits paid for the 2020 calendar year. Patronage does not include taxes, HomeGuard Lease or private Security Light charges.

To calculate your capital credit allocation, simply add up your total patronage for 2020 and multiply it by the allocation factor for the respective rate on your account. For example, a residential customer having \$2,000 in total patronage would receive an allocation of \$187.00 (\$2,000 x 0.0935021815).

Please note: If your rate changed at any point during the year, you will need to take the total patronage per rate and multiply it by each allocation factor.

If you have any questions regarding your capital credit account, please contact Erin Struble at 888-326-3356.

2020 Revenue

REV Class	PRO RATA SHARE/ MARGINS	ALLOCATION RATE
0 – Public Lighting	\$1,298.55	0.1803541667
1 – Residential	\$512,336.76	0.0935021815
3 – Residential with LC	\$209.91	0.0929413952
4 – Irrigation	\$31,298.17	0.1165988044
5 – GSS	\$120,232.44	0.0869669502
6 – GSL	\$26,266.02	0.0390395485
7 – GSL	\$109,096.31	0.0799367879
11 – Residential With Htg	\$134,238.52	0.0860629687
16 – Non Residential	\$56,752.29	0.1441401333
		\$991,728.97