

Board Treasurer’s Report

Southwestern Electric Cooperative reported strong margins of \$7.9 million in 2020. Your cooperative remains in compliance with all loan covenants.

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 \$4 million in margin stabilization funding in 2019 and 2020, respectively. As of Dec. 31, 2020, your cooperative has fulfilled its wholesale power contract obligations and has a remaining total of \$3.8 million for margin stabilization use in future years.

Southwestern Electric Cooperative received a clean audit opinion for the year ended Dec. 31, 2020.

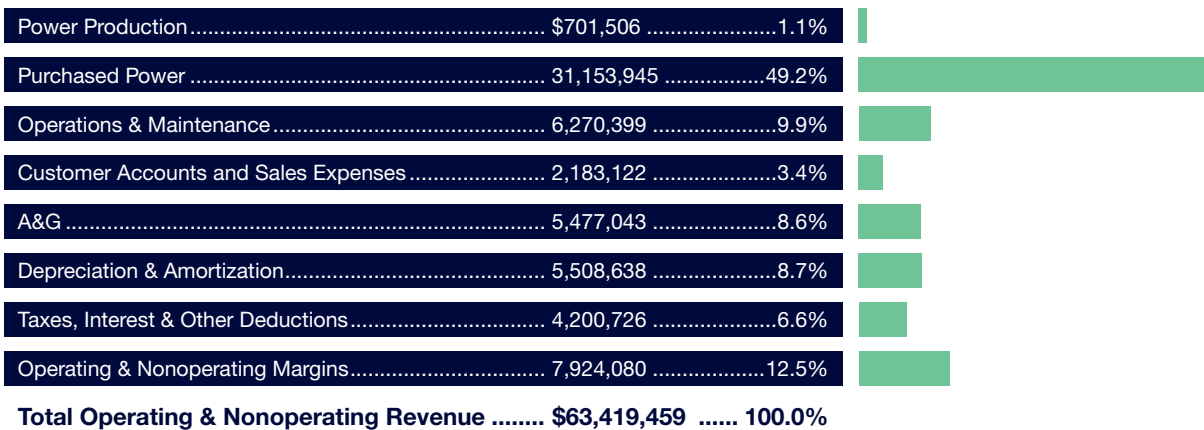
For additional information, please see the financial statements on the pages to follow.

Respectfully Submitted,

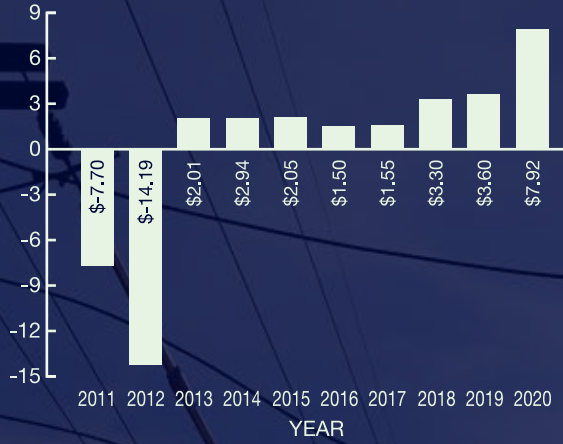


Jerry Gaffner
Board Treasurer

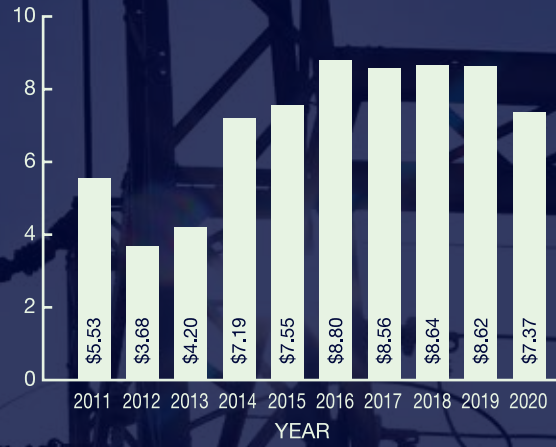
Where did the cooperative’s revenue go in 2020?



Margins
in millions of dollars



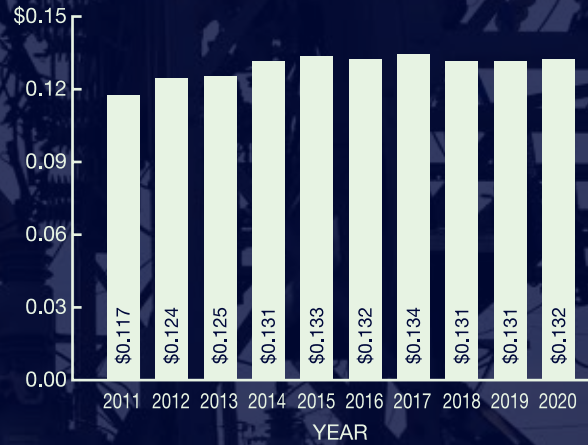
Capital Investment
in millions of dollars



Total Electricity Sold to Members
in millions of kWh



Rate per kWh to Residential Members
in dollars (includes infrastructure and operations charge)



REPORTS & FINANCIAL INFORMATION

Southwestern Electric Cooperative Financial Information

Statement of Operations	2020	2019	2018
OPERATING REVENUES			
Electric	\$62,186,853	\$63,191,680	\$60,263,464
Other	<u>251,305</u>	<u>386,988</u>	<u>393,774</u>
Total Operating Revenues	62,438,158	63,578,668	60,657,238
OPERATING EXPENSES			
Cost of Purchased Power	31,153,945	37,119,244	34,880,047
Power Production Expense - Operations	195,083	184,568	256,925
Power Production Expense - Maintenance	506,423	590,950	647,333
Transmission Expense - Maintenance	-	2,501	-
Distribution Expense - Operations	1,428,242	1,604,862	1,462,023
Distribution Expense - Maintenance	4,842,157	4,508,310	5,016,715
Consumer Account Expense	1,427,936	1,333,671	1,342,381
Consumer Service and Informational Expense	182,870	150,063	127,239
Sales Expense	572,316	514,766	493,991
Administrative and General Expense	5,477,043	5,493,311	5,148,087
Depreciation and Amortization	5,508,638	5,313,272	5,151,760
Taxes	212,771	214,476	207,222
Other Interest	71,634	15,344	19,786
Other Deductions	<u>66,445</u>	<u>50,588</u>	<u>36,472</u>
Total Operating Expenses	<u>51,645,503</u>	<u>57,095,926</u>	<u>54,789,981</u>
OPERATING MARGINS BEFORE FIXED CHARGES	10,792,655	6,482,742	5,867,257
INTEREST ON LONG-TERM DEBT	<u>3,849,876</u>	<u>3,735,459</u>	<u>3,791,277</u>
NET OPERATING MARGINS	6,942,779	2,747,283	2,075,980
NONOPERATING MARGINS			
Interest Income	57,997	81,946	83,582
Patronage Capital Credits	831,713	732,223	1,038,428
Other Nonoperating Margins	<u>91,591</u>	<u>38,673</u>	<u>101,072</u>
Total Nonoperating Margins	<u>981,301</u>	<u>852,842</u>	<u>1,223,082</u>
NET MARGINS	<u>\$7,924,080</u>	<u>\$3,600,125</u>	<u>\$3,299,062</u>

Balance Sheet (As of December 31, 2020)

ASSETS

Utility Plant

Electric Plant in Service	\$199,838,766
Construction Work in Progress	<u>806,538</u>
Total	200,645,304
Less: Accumulated Provision for Depreciation	<u>(61,278,652)</u>
Net Utility Plant	139,366,652

Other Assets and Investments

Investments in Associated Organizations	4,013,042
Notes Receivable, Net of Current Portion	584,975
Other Special Funds	<u>105,716</u>
Total Other Assets and Investments	4,703,733

Current Assets

Cash and Cash Equivalents	2,539,498
Accounts Receivable, Net	5,420,622
Materials and Supplies Inventory	1,326,931
Current Portion of Notes Receivable	87,078
Prepayments	380,046
Interest Receivable	<u>13,981</u>
Total Current Assets	9,768,156

Deferred Charges

	<u>3,484,041</u>
--	------------------

Total Assets	<u>\$157,322,582</u>
--------------	----------------------

EQUITIES & LIABILITIES

Equities

Patronage Capital	\$53,577,857
Other Equities	<u>3,453,242</u>
Total Equities	57,031,099

Long-Term Debt, Net Of Current Maturities	86,658,501
--	------------

Accumulated Provision for

Pension and Benefits	105,716
-----------------------------	---------

Current Liabilities

Current Maturities of Long-Term Debt	3,732,788
Notes Payable	300,000
Accounts Payable	2,883,133
Consumer Deposits	818,874
Other Current and Accrued Liabilities	<u>1,489,927</u>
Total Current Liabilities	9,224,722

Deferred Credits	<u>4,302,544</u>
-------------------------	------------------

Total Equities and Liabilities	<u>\$157,322,582</u>
--------------------------------	----------------------

