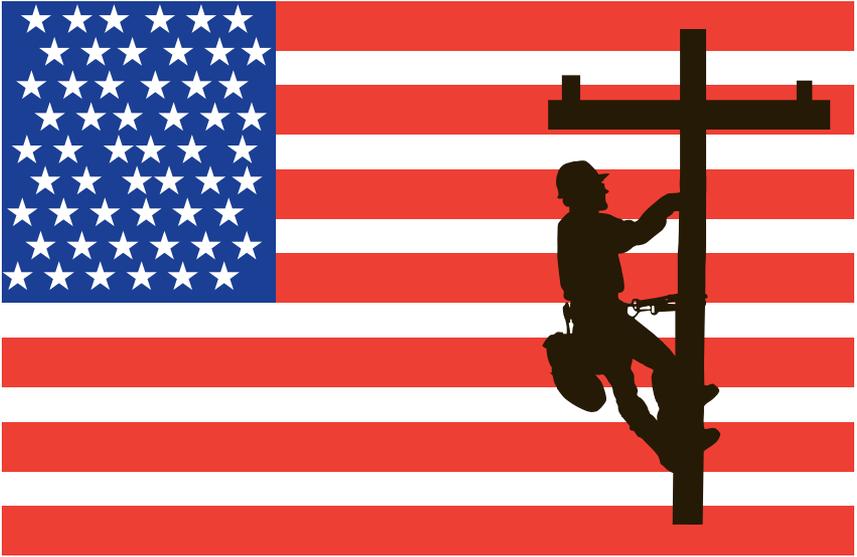

2021 ANNUAL REPORT



April 28, 2022

FROM THE BOARD PRESIDENT

On behalf of the Board of Directors, I would like to welcome you to the Annual SECPA meeting. After cancelling the last two in-person annual meetings due to COVID restrictions, it's good to be able to have everyone together again. We appreciate all of you joining us and Springfield for hosting the event.

First, I would like to introduce your Board of Directors. I am your President, Truman Wright is your Vice-President, Clint Anderson the Secretary/Treasurer, Lawrence Brase, Brad Buck, Kevin Karney and Merlin Rushton finish up your Directors.

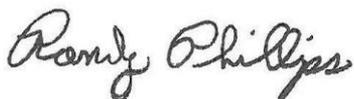
The Board of Directors would like to welcome Kevin Brandon as our new CEO. Kevin has been with us for 21 years filling multiple positions in both SECPA and SECOM during his tenure. We are excited to have a veteran employee of our company taking on this role.

Overall, we continue to be financially strong. Between both companies, we provide over 105 jobs within our service area. Both companies are strongly involved in community activities and projects throughout the area.

SECPA has finished the 6th straight year without a rate increase. This achievement is attributed to increased electricity sales in all rate classes. With this positive bottom line, we are able to stay on track with capital credit retirements by approving payouts for both 1965 and 1966. Already in 2022, we have retired the capital credits for 1967, 1968 and 1969.

SECOM finished the year with another strong growth plan. We added positive numbers to our fiber as well as the wireless customers. We now have the communities of Holly, Las Animas, Pritchett and Springfield with fiber connection availability. We continue to research more communities to add.

The entire Board would like to extend our sincerest gratitude and appreciation to all the employees who work hard and often long hours to bring us reliable services in our rural area. Each and every one of these employees is an important part of what makes both companies successful and continue to make us proud member-owners.



FROM THE CEO

2021 ended much like it began, with the COVID-19 pandemic still very active, but with a glimmer of light at the end of the tunnel. While we did deal with a few surges of positive results throughout the year, Southeast Colorado Power Association (SECPA) and SECOM remained sufficiently staffed to keep the lights and the internet on for all our members and consumers.

Aside from dealing with all the staffing challenges because of Covid-19, 2021 brought a whole new set of Covid related challenges in the way of supply chain problems caused by a range of issues including factory worker shortages, truck driver shortages, and shortages of raw materials. During the year we began to see greatly increased lead times on items critical to running our businesses such as PVC pipe, distribution transformers, and customer premise devices on the SECOM side. In the case of pad-mount distribution transformers, our lead times went from 1-2 weeks to 54 weeks. Our staff did an amazing job of reaching out to new sources and different manufacturers to find enough materials to keep us going with minimal delays to our construction of new services. Driven by the shortages mentioned above, and increased demand for products as we started to emerge from Covid shutdowns, we also saw dramatic increases in costs for materials like transformers, conductors, and PVC pipe, with increases ranging from 25-60% over the last 6 months.

With that being said, both companies achieved positive growth and continued to provide essential services to our members and consumers throughout the year with minimal delays.

SECPA

SECPA had another good year, with total accounts served up by 103 over 2020. We also saw an increase of over 2.7 million kWh sold over the previous year. On the Operations side, we continued to complete work plan improvements to our system bringing our total plant in service to over \$123 million compared to roughly \$118 million in 2020. SECPA retired Capital Credits for 1965 and 1966 for a total of \$192,055. 2021 was our 7th year without a rate increase, and we did not budget for any increases in 2022. We are very proud of this accomplishment, and with continued focus on operational efficiencies and some slight decreases in power costs, we hope to continue this trend for as long as possible.

SECOM

SECOM had a strong sales year on both the wholesale and retail sides, with revenue growing to exceed the levels reached prior to the divestiture of the wireless business in the Chaffee County areas in 2020. SECOM received confirmation of Paycheck Protection Program (PPP) loan forgiveness in 2021 which pushed Total Net Margins for the year to just over \$1M. Without PPP funds, SECOM finished the year with positive net margins of just under \$40,000 which is a \$110,000 improvement over 2020. This represents SECOM's successful climb back to profitability after embarking on an ambitious multi-year growth plan that included multiple acquisitions. SECOM continues to grow on both the wireless and fiber sides of the business with a growing number of communities served by our fiber to the premise and wireless services.

Overall, both companies continued to deal with many new challenges brought on by Covid and other factors, and in all cases, our awesome employees rose to the challenge and overcame these obstacles to fulfill our missions of providing reliable and affordable electricity and communications services to our members and consumers.

BOARD OF DIRECTORS



Truman Wright
District 1
Vice President



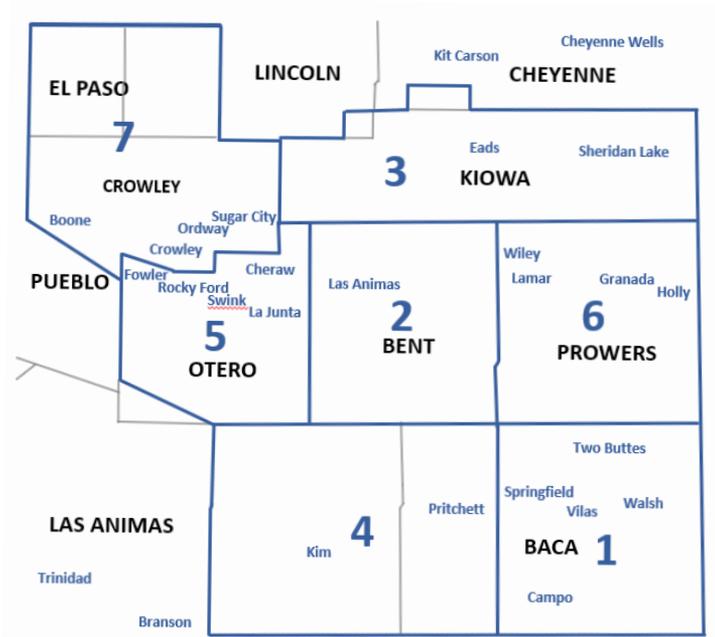
Lawrence Brase
District 2



Brad Buck
District 3



Randy Phillips
District 4
President



Kevin Karney
District 5



Merlin Rushton
District 6



Clint Anderson
District 7
Secretary/Treasurer

MANAGEMENT STAFF



Kevin Brandon
Chief Executive Officer



Craig McBrain
Chief Financial Officer



Clint Arbuthnot
Chief Safety Officer



Mark Hall
Chief Operations Officer



Angela Bamber
Chief Human Resources
Officer



Jon Saunders
Chief Business Development
Officer - SECOM



Rob Thayer
Chief Customer
Officer - SECOM



Scott Monarco
Chief Operations
Officer - SECOM



Debbie Howard
Executive Assistant

2022 SCHOLARSHIP WINNERS

SECPA \$1,000 Scholarship Winners



ANNA BECKETT
McClave High School
Parents – Shaun
& Terri Beckett



ROCHELLE CASEY
Walsh High School
Parents – Donnie
& Maegen Casey



CONNOR FRANTZ
Rocky Ford High school
Parents – Alan
& Peggy Frantz



TRENT JOHNSTON
La Junta High School
Parents – Todd
& Jennifer Johnston



KADENCE KUNSELMAN
Walsh High School
Parents – Cameron
& Kristi Kunselman



TY WILSON
Eads High School
Parents – Jay
& Sharon Wilson



ALEA WITTLER
Vilas High School
Parents – John & Trina Wittler



JUSTIN WRIGHT
Walsh High School
Parents – Truman & Angie Wright

2022 SCHOLARSHIP WINNERS

SECPA \$1,000 Scholarship Winners



JAMI QUICK
Pritchett High School
Parents – J.J. & Bobbi Quick



KYRA SHERIDAN
Eads High School
Parents – Casey & Lindsey Sheridan

TRI-STATE \$1,000 Scholarship Winners



MAGGIE CHASE
McClave High School
Parents – Del & Lori Chase



RHEALIE RITTGERS
Eads High School
Parents – Robert & Jackie Rittgers

2022 WASHINGTON D.C. YOUTH TOUR WINNERS



ALYSSA HANCOCK
Rocky Ford High School
Parents – Lee & Andrea Hancock



LINDSEY HODGES
Walsh High School
Parents – Garret Hodges & JoLynn Hodges

SECPA YEARS OF SERVICE 2021

0-5 YEARS

Camron Bailey
Larry Chavez
Jachai Eddy
Roman Horn
John Jackson
Tarryn Johnson
Heather Martinez
German Medina
Craig McBrain
Monty Moyers
Jennifer Phillips
Tommy Piner
Corlin Pratt
Jose Ramos-Martinez
Trey Redner
Luis Rivera Rodriquez
Marcus Stegman
Josh Stoker
Jerrod Summers
Alex Vasquez
Sebastian Wollert
Patrick Wyckoff

5-10 YEARS

Angela Bamber
Jacob Barnes
James Cline
Keenan Davis
Phil Hinds
Anthony Lobato
Taylor Wallace
Jennifer Yant

10-20 YEARS

Clint Arbuthnot
Bruce Barnhart
Casey Briscoe
Mark Hall
Nicole Hasty
Debbie Howard

10-20 YEARS

Pegi Koehn
Jason Lucius
Kara Varner
Garrett Wertz

20-30 YEARS

Kevin Brandon
Troy Eberhardt
Paige Horn
Debbie Romero
Connie Suto
Mike Trumble

30 YEARS & OVER

Dave Malott
Vicki Meis

SECOM YEARS OF SERVICE 2021

0-5 Years

Michael Andrews
Jennifer Blea
Bruce Butler
Bradley Carnes-Clabey
Kasey Coates
Ben Chronister
Michael Claramunt
Chantele Fanning
Cynthia Fazio
Taylor Gill
David Goldsberry
Tillie Gonzales
Jay Hardy
Justin Hardy
Charlie Hayden
Jake Mayo
Matt Messec
Kristi McArthur
Mike Nelson
Erica Olivas
Zach Parrish

0-5 Years

Zane Patterson
Katherine Pulido
Ben Schulz
Debbie Storey
Kendra Trujillo
Preston VanCampen

5-10 YEARS

Alexis Aragon
Michael Backes
Jason Baylor
Kelly Block
Michael Davis
Connie Fernandez
Ray Gonzales
Wade Hackley
Sandie Headrick
Michelle Jones
Matt Miller
Rich Modica
Scottie Monarcho

5-10 YEARS

TJ Oliver
Elijah Quinn-Ridgwell
Joseph Roybal
David Setliff
Rob Thayer
Becca Vigil
Bradley Vowles
Zach Whitehill
Pam Walters-Winston
Teri Wiseman
Cody Zimmerman

10-20 YEARS

Erin Collins
Scott Herman
Eddie Jaramillo
Scott Monarcho
Terry West

20 YEARS & OVER

Julie Geist
Jon Saunders

FACT SUMMARY

Southeast Colorado Power Association is a rural electric distribution cooperative providing electricity to approximately 10,599 meters in rural southeast Colorado. Additionally, SECOM, a wholly owned subsidiary of SECPA, provides high-speed telecommunication circuits, wireless internet and voice services.

YEAR ORGANIZED:	1937
POWER SUPPLIER:	Tri-State Generation & Transmission, Inc. Denver, Colorado.
TERRITORY:	Southeast Colorado Power's 13,000 square-mile service territory includes all or portions of Baca, Bent, Cheyenne, Crowley, Kiowa, Las Animas, Lincoln, Otero, El Paso, Prowers and Pueblo counties.
WORK FORCE:	48 full-time employees
2020 ASSETS:	Southeast Colorado Power Association's total assets as of December 31, 2021 are \$108,651,332
DISTRIBUTION:	5,482 miles of distribution line.
TRANSMISSION:	304 miles of transmission line.
FIBER OPTIC:	1,790 miles of fiber optic cable.
2021 PROPERTY TAXES:	\$615,967
2021 ELECTRIC REVENUE:	\$35,115,614
2021 TELECOM REVENUE	\$12,903,620
2021 kWh SOLD:	243,772,811 kWh
2021 NET MARGIN & PATRONAGE	\$4,322,768
TYPES OF SERVICE:	Farms, ranches, irrigation, residential, oil and gas pumping.

INCOME STATEMENT

Income Statement ----- (audited)

	2021	2020	2019	2018	2017
OPERATING REVENUES					
Residential	11,765,118	11,803,209	11,524,129	11,482,535	11,013,712
Irrigation	9,645,520	10,153,598	7,946,175	8,840,156	7,280,594
Small Commercial	6,907,983	6,465,477	6,099,803	6,192,682	5,964,764
Large Commercial	5,372,326	4,452,892	3,570,990	2,658,172	2,231,191
Street Lighting	73,899	74,018	73,786	73,659	73,405
Sale for Resale	321,412	301,872	289,640	285,712	273,846
TOTAL ELECTRIC SALES	34,086,258	33,251,066	29,504,523	29,532,916	26,837,512
Other Electric Revenue	1,029,356	1,004,510	1,187,465	995,613	490,836
TOTAL REVENUES	35,115,614	34,255,576	30,691,988	30,528,529	27,328,348
EXPENDITURES					
Purchased Power	20,289,383	20,514,846	17,720,817	18,014,208	15,650,528
Transmission Expense	143,891	198,771	159,853	221,932	197,454
Distribution-Operations	2,392,752	1,960,446	2,253,753	1,665,085	1,857,992
Distribution-Maintenance	2,873,706	2,688,705	2,807,763	2,464,097	2,614,536
Account & Collection Expenses	781,567	799,465	813,884	859,593	717,798
Other Customer Expenses	55,948	76,588	74,651	118,246	112,522
Administrative & General Expense	2,268,572	2,051,826	1,770,192	1,726,170	1,198,614
Depreciation & Amortization	3,958,505	3,701,965	3,496,885	3,325,172	3,135,794
General Taxes	59,476	-	-	-	3,706
TOTAL OPERATING EXPENSES	32,823,800	31,992,612	29,097,798	28,394,503	25,488,944
Operating Margins Before Fixed Charges	2,291,814	2,262,964	1,594,190	2,134,026	1,839,404
FIXED CHARGES					
Interest on Long Term Debt	1,286,538	1,302,038	1,562,101	1,631,167	1,605,526
MARGINS(LOSS) AFTER FIXED CHARGES	1,005,276	960,926	32,089	502,859	233,878
CAPITAL CREDITS	682,763	738,391	939,183	758,563	998,469
NET OPERATING MARGINS (LOSS)	1,688,039	1,699,317	971,272	1,261,422	1,232,347
NON OPERATING MARGINS					
Interest and Dividend Income	10,845	8,361	127,965	219,789	264,882
Other Non Operating Revenue & Expenses	1,621,097	288,832	107,696	(2,653)	340,938
Margins(Loss) Before Taxes & Equity Earnings	3,319,981	1,996,510	1,206,933	1,478,558	1,838,167
Income Tax Expense/Benefit	-	-	-	-	-
Income (Loss) from Subsidiary	1,002,787	(70,292)	(1,116,316)	(778,715)	(1,576,121)
NET MARGINS & PATRONAGE	4,322,768	1,926,218	90,617	699,843	262,046





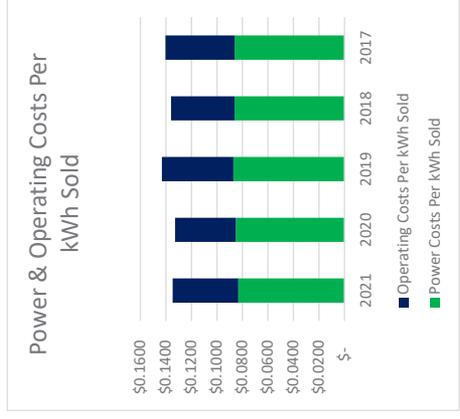
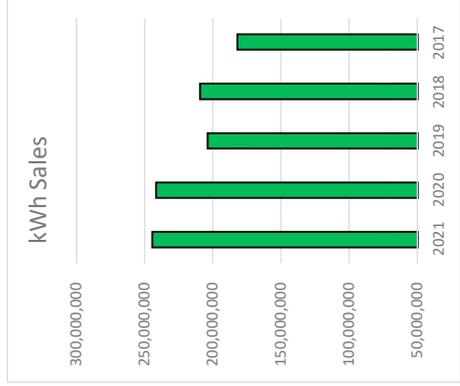
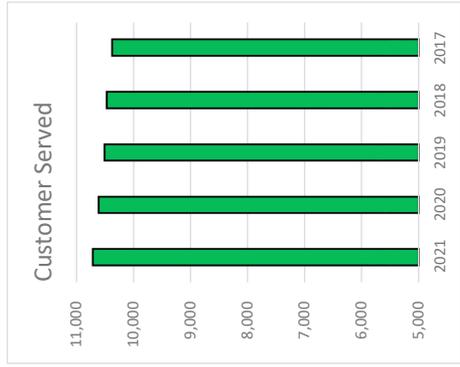
BALANCE SHEET

Balance Sheet ----- (audited)

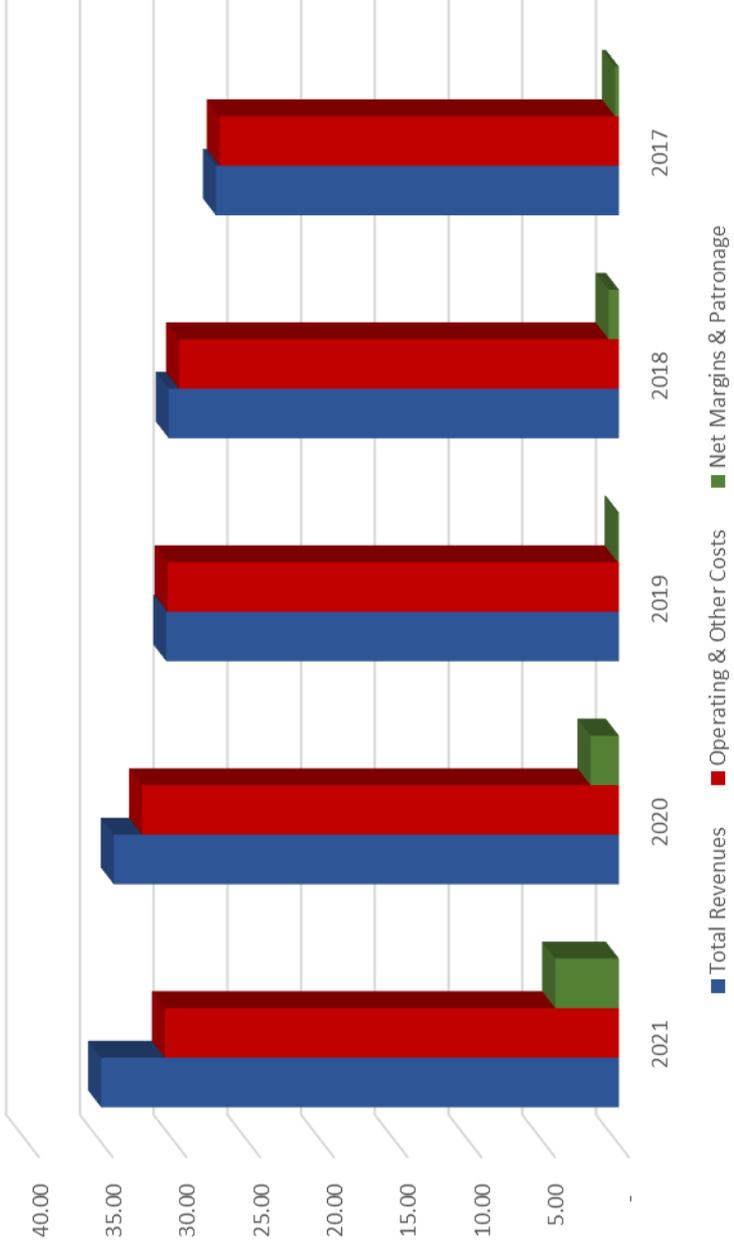
ASSETS	2021	2020	2019	2018	2017
UTILITY PLANT					
Electric Plant in Service	123,585,340	117,809,106	114,084,731	108,660,383	103,198,621
Less Depreciation	(55,846,553)	(53,731,864)	(50,942,988)	(50,747,389)	(48,333,261)
Construction Work in Progress	764,496	4,099,791	2,706,097	4,532,460	3,746,602
Net Utility Plant	68,503,283	68,177,033	65,847,840	62,445,454	58,611,962
OTHER NONCURRENT ASSETS					
Investment in Affiliates	8,668,401	7,665,605	7,735,907	8,852,224	9,630,938
Invest. in Assoc. Organizations - Pat. Capital	18,622,408	18,348,873	18,402,294	18,162,841	18,110,100
Special Funds	3,708	1,433	1,433	1,017	1,417
Notes Receivable - Net	821,081	140,000	170,000	200,000	220,582
Total Other Noncurrent Assets	28,115,598	26,155,911	26,309,634	27,216,082	27,963,037
CURRENT ASSETS					
Cash	790,361	884,346	721,181	1,979,004	1,301,489
Special Construction Account	100	100	100	100	100
Accounts Receivable - Customers (Net)	2,600,205	2,348,193	2,347,733	2,166,612	2,201,655
Accounts Receivable - Affiliates (Net)	101,254	1,003,130	665,889	107,395	92,983
Accounts Receivable - Other	290,685	52,801	38,366	37,768	24,092
Current Portion of Notes Receivable	66,000	30,000	30,000	30,000	46,008
Interest Receivable	-	-	-	1,928	668
Materials and Supplies	1,265,068	1,158,315	1,386,564	1,248,029	1,018,053
Prepayments	208,015	79,197	70,258	70,461	32,439
Total Current Assets	5,321,688	5,556,082	5,260,091	5,641,297	4,717,487
DEFERRED DEBITS	6,710,763	7,223,418	7,779,742	744,665	933,664
TOTAL ASSETS	108,651,332	107,112,444	105,197,307	96,047,498	92,226,150
LIABILITIES AND MEMBERS EQUITY					
Patronage Capital	59,731,492	57,277,739	55,627,489	54,112,511	53,465,958
Other Capital	2,661,496	889,227	746,852	4,823	4,823
Total Equity	62,392,988	58,166,966	56,374,341	54,117,334	53,470,781
LONG TERM DEBT (NET)	40,314,029	42,686,920	40,853,862	36,563,084	32,413,077
OTHER NONCURRENT LIABILITIES	-	-	-	-	-
CURRENT LIABILITIES					
Current Portion of Long Term Debt	1,745,000	1,051,000	1,543,029	1,192,700	1,203,200
Paycheck Protection Program Loan	-	1,043,454	-	-	-
Accounts Payable - General	2,339,571	2,170,109	2,148,881	2,188,933	2,388,385
Accounts Payable - Affiliates	22,783	246,850	-	-	-
Line of Credit	-	299,727	2,902,087	-	-
Customer Deposits	743,985	576,115	433,412	477,272	471,923
Other Accrued Liabilities	1,029,355	871,303	941,695	959,332	1,006,541
Total Current Liabilities	5,880,694	6,258,558	7,969,104	4,818,237	5,070,049
DEFERRED CREDITS	63,621	-	-	548,843	1,272,243
TOTAL LIABILITIES AND OTHER CREDITS	108,651,332	107,112,444	105,197,307	96,047,498	92,226,150

Comparative Statistics

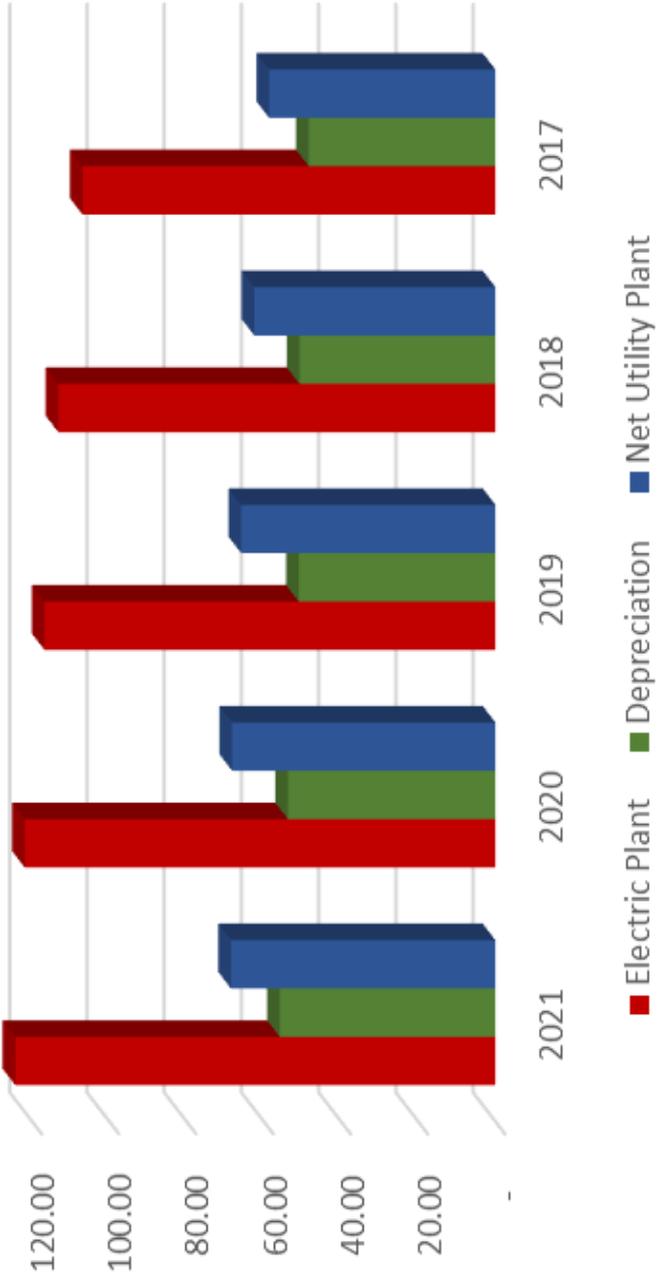
	2021	2020	Change
Active Member Accounts Served	10,702	10,599	103
Miles of Line	5,786	5,751	35
Member Accounts Per Mile of Line	1.85	1.84	0.01
Total kWh Sold	243,772,811	241,000,172	2,772,639
Electric Energy Revenue	\$ 33,251,065	\$ 33,251,065	-
Average Selling Price Per kWh Sold	\$ 0.1364	\$ 0.1380	\$ (0.0016)
Power Cost Per kWh Sold	\$ 0.0832	\$ 0.0831	\$ 0.0001
Operating Cost Per kWh Sold	\$ 0.0514	\$ 0.0476	\$ 0.0038



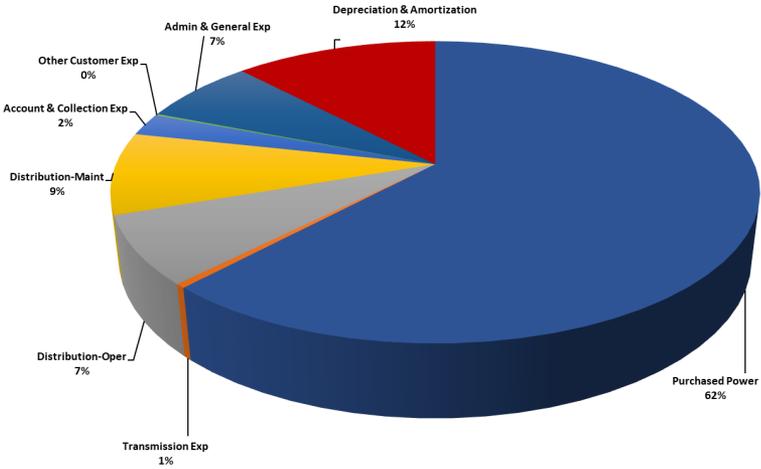
Historical Performance (Millions)



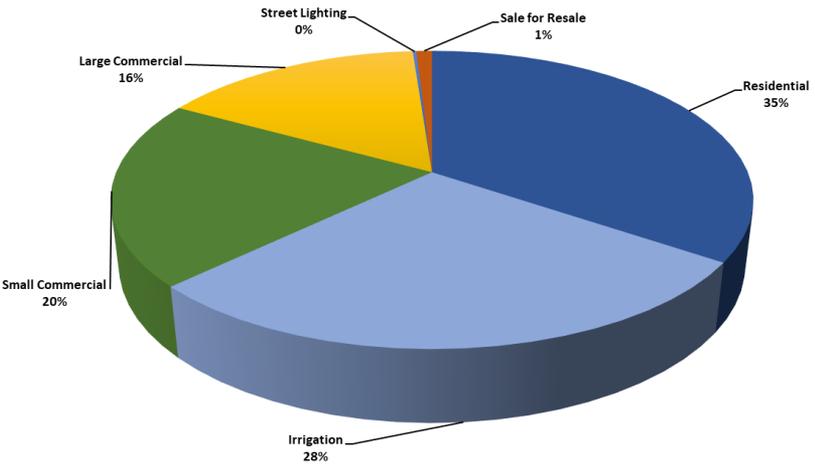
Growth in Plant (Millions)



2021 Operating Expenses by Type



2021 Revenue Sources



**MINUTES OF 2020 ANNUAL MEETING
of SOUTHEAST COLORADO POWER ASSOCIATION (SECPA) MEMBERS
April 22, 2021**

The **2020 Annual Meeting** of SECPA was held on Thursday, April 22, 2021, at SECPA headquarters, 27850 Harris Road, La Junta CO 81050. Meeting was held in an “abbreviated format” to comply with COVID-19 mandate. The meeting was available to members at www.secpa.com via video stream.

Board President Randy Phillips (District 4) called the meeting to order at 2:00 p.m. **Director Lawrence Brase** gave the invocation. Pledge of Allegiance was recited by attendees.

Phillips introduced Board Directors: Vice President – Truman Wright, District 1; Brase - District 2; Brad Buck - District 3; Kevin Karney – District 5, Merlin Rushton – District 6 and Secretary-Treasurer Clint Anderson - District 7.

He also introduced staff present in the Board Room: Jack Johnston, Chief Executive Officer (CEO); Corlin Pratt - Chief Legal Counsel (CLO); Kevin Brandon, Chief Member Services Officer (CMSO) and Debbie Howard - Executive Assistant (EA) & Recording Secretary. Craig McBrain - Chief Financial Officer (CFO) attended via video conference from separate conference room.

Phillips asked Secretary-Treasurer Anderson to read the Official Notice of SECPA Annual Meeting, Determination of Quorum and reading/approval of 2019 Annual Meeting minutes.

-**Anderson** read Official Notice and stated Notice was published in 9 newspapers throughout SECPA service territory.

-Determination of quorum - Pursuant to Article III / Section 4 of the Bylaws:

A quorum for the transaction of official business as stated in the notice of the meeting shall be declared and established by a majority vote registered by a show of hands from members actually present in person.

If a quorum is not declared and established, the meeting will be considered adjourned but can continue for informational purposes only.

Due to the unique COVID-19 circumstances and for the purposes of this annual meeting, voting on motions will be done by those members present in person. The entirety would include Michelle Gardner, Pete Aragon, Rollie Jacquart, and Jack Wolf, the Board of Directors, CEO, and CMSO – all 13 are members in good standing and voting in that capacity only. As an unfortunate consequence of these circumstances, we are unable to accept or record any votes via our live stream. Motion was made, seconded, and carried to approve a quorum present to transact business. **MOTION** carried.

Anderson then asked for a motion to dispense with the reading of the minutes and to approve the 2019 Annual Meeting minutes. Each member was given a copy of the minutes. Motion made, seconded, and carried to dispense with reading of minutes and approve the minutes. **MOTION** carried.

Brandon appointed Credentials & Tellers Committee (Committee members were appointed in advance to ensure they could be present at annual meeting): Michelle Gardner, Pete Aragon, and Rollie Jacquart. Each committee member agreed to serve openly, fairly and impartially in resolving all validity of the election and voting process.

Phillips excused the Credentials Committee, who joined SECPA support staff in a separate conference room for processing ballots.

CEO Johnston presented the Year-In-Review via a Power Point. He began by stating what a privilege it is for him to serve as manager and also be a member of SECPA.

SECPA annual meeting held virtual in response to COVID-19. Johnston noted he was proud of the resilience of company employees during the pandemic.

Johnston related that normally, a copy of the 2020 Annual Report would be available at the annual meeting. Due to two areas identified by auditors (patronage capital allocations and depreciation of non-utility assets) further due diligence is necessary to ensure accurate audited financials. As soon as available the report will be posted on the SECPA website and copies sent to any member who requests a copy.

SECPA HIGHLIGHTS:

- 5th consecutive year – no rate increase!
- Smarthub (approximately 50% of members participate.)
- Operations and financial graphs were reviewed.
- SECPA has the largest certificated territory in Colorado.
- No longer financed by Rural Utility Service has allowed SECPA to operate more efficiently.
- Photos of three select SECPA employees and Springfield Warehouseman retiree were shown.
- A group photo of current SECPA employees was also displayed.

SECOM HIGHLIGHTS:

- SECOM was established to provide broadband and internet.
- Graphs depicting number of customers, financials and operations were shown.
- Group photo of current SECOM Team and several featured employees were shown.
- Quote from Director Buck about SECPA & SECOM – “Two wings on the same bird.”
- Goal of SECOM is to add value to SECPA members.

Johnston addressed questions which were submitted via www.secpa.com or info@secpa.com.

Announced the 2021 SCHOLARSHIP recipients and displayed photos as follows:

***SECPA \$1,000 Scholarships:** Jolie Bond (Rocky Ford), Weston Buhr (La Junta), D’Neil Doyle (Walsh), TeAnna Sharpe (Walsh), and Kieley Stegman (Pritchett).

***Tri-State \$1,000 Scholarship:** Hatch Nelson (Eads)

***Basin \$1,000 Scholarships:** Shelby Eck (Las Animas)

PRIZE DRAWING was held: two Black & Decker lawn mowers, 5 - \$100 and a \$500 cash prize. If a member returned a ballot, their name was entered in the drawing.

Meeting paused at 3:05 p.m. awaiting Credentials & Teller Committee Report; resumed at 3:30 p.m.

Phillips called upon the Chair of the Credentials & Tellers Committee, Michelle Gardner, to announce the Director election results: **District 2** Lawrence Brase (incumbent) and **District 6**, Merlin Rushton (incumbent) were re-elected.

Credentials & Tellers Committee report: 13 members present; 919 mail-in ballots; and 0 in-person ballots for a grand total of 919 ballots cast. Total membership as of April 22, 2021, was 5,294. Motion was made and seconded to approve the Certificate of Credentials Committee. **MOTION** carried.

Phillips called for any old or new business. He announced the plan is to conduct next year’s annual meeting in Springfield.

Motion made, seconded, and carried, to adjourn the meeting at 3:35 p.m.

President

Secretary