
2022 ANNUAL REPORT



APRIL 27, 2023 - EADS, COLORADO

FROM THE BOARD PRESIDENT

It is with great pleasure the Board of Directors and I welcome you to the SECPA Annual Meeting. We would also like to take a moment to thank Eads for hosting the event. After holding virtual meetings during Covid 19, it is great to be able to welcome you to an in-person meeting for the second straight year.

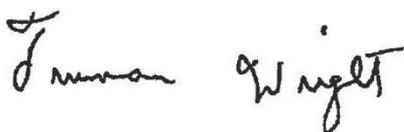
I am Truman Wright, your President for SECPA. Your Board of Directors includes Clint Anderson, Vice President; Merlin Rushton, Secretary/Treasurer and Directors Lawrence Brase, Brad Buck, Randy Phillips, and Kevin Karney. We Thank You, Kevin for the years you have dedicated to SECPA. This will be his last meeting as one of your Board of Directors. We wish you the best in your future endeavors.

Between SECPA and SECOM there are over 105 job opportunities for our communities. These two companies are also very involved in the communities in our service area. There are annual scholarships awarded as well as sponsorships of various community projects including county fairs and parades.

In 2022 both SECPA and SECOM showed positive margins. Due to the positive bottom line, SECPA is able to again pay capital credits. In 2022, SECPA retired over \$400,000 in Capital Credits, and for 2023 the Board approved the payment of our largest retirement ever, at \$1.3 million with those checks arriving in the mail this month.

In addition to being financially strong and involved, we have worked hard to keep costs down. For the 7th year in a row, SECPA has finished without a rate increase. In this current economic uncertainty, this is a great achievement. None of this would be possible with out a good team. We thank all of our employees for their dedication and hard work. They keep the power and internet connections going in our rural areas.

Again, we express our thanks to our co-op members and all the employees for another great year. Here is wishing and planning for to continued our success in 2023.

A handwritten signature in black ink that reads "Truman Wright". The signature is written in a cursive style with a large initial 'T' and a distinct dot over the 'i' in 'Wright'.

FROM THE CEO

2022 brought continued challenges to SECPA and SECOM in the form of supply chain issues that we began seeing in 2021, as well as record high inflation affecting prices on most supplies, materials, equipment, and fuel that we use in the day-to-day operation of the companies. Lead times for materials continue to be extended with current lead times on just a few examples being poles at 32 weeks, pad-mount transformers ranging from 50-100 weeks, and substation transformers ranging from 60-200 weeks. 2022 also brought price increases on all electric material ranging from 5% to 30% with comparable price increases on all our fiber and communications materials and equipment.

Through all the material shortages and price increases we experienced this year, our staff did an awesome job of being resourceful and creative to come up with everything needed to keep the lights on, and the internet working, as well as being able to continue with new construction and upgrades with minimal delays, all while achieving growth in both SECPA and SECOM.

SECPA

Despite all the supply chain issues and rising costs, 2022 was another good year for SECPA. Total accounts served saw an increase of ninety accounts over 2021, bringing our total accounts to 10,789 at year-end. Kilowatt hour sales remained strong, with total kWh sold reaching 271,556,915, which represents just over a 10% increase compared to 2021 sales. The Board of Directors approved retirement of Capital Credits from the years of 1967-1969 for a total of \$418,454 retired and returned to members in 2022. The statistic that I am most proud of is 2022 was SECPA's 7th year without a rate increase. To be able to maintain rates with the increase in expenses we have seen is a big accomplishment, and a testament to the dedication and resourcefulness of our employees, always looking for ways to do more with less and fulfill our mission of providing reliable and affordable electricity to our members.

SECOM

SECOM also had a good year and was able to maintain profitability despite all the same supply chain issues and major increases in expenses. SECOM performed an analysis of our rate plans in 2022 and found we had some inconsistencies in rates between service areas, duplication of rates, and a few very old plans that no longer provided a quality experience to the customer, nor were they feasible to continue providing. As a result of this analysis, we did a major consolidation of rates and plans, making our rates consistent across our service areas. This restructuring resulted in some customers moving to higher bandwidth plans at an increase in cost, and small rate increases in most of our wireless plans. Rate increases were kept as low as possible, with a focus on keeping SECOM's rates affordable and competitive. We continued to expand our fiber services to homes and businesses as well as expanding and upgrading our wireless services for increased bandwidth and reliability. 2022 also saw the completion of a major upgrade to our fiber backbone network equipment. This upgrade greatly increased our backbone speeds with expansion capabilities that will allow for years of continued growth.

I cannot thank the SECPA and SECOM employees enough for their hard work, dedication, and resilience that they have exhibited in dealing with the challenges that have come our way in 2022. Rest assured, our teams are committed to our shared missions of providing safe, reliable, and affordable electricity, and state of the art communications services to you, our members and customers!



BOARD OF DIRECTORS



Truman Wright
District 1
President



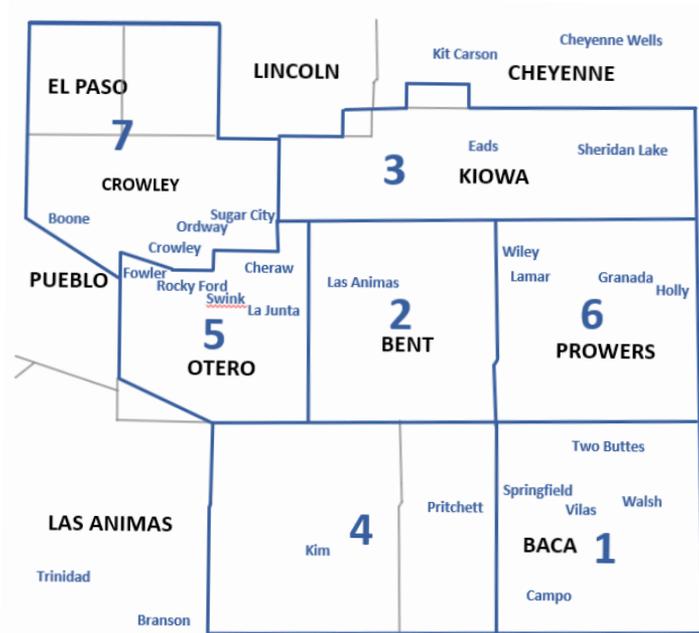
Lawrence Brase
District 2



Brad Buck
District 3



Randy Phillips
District 4



Kevin Karney
District 5



Merlin Rushton
District 6
Secretary/Treasurer



Clint Anderson
District 7
Vice President

MANAGEMENT STAFF



Kevin Brandon
Chief Executive Officer



Craig McBrain
Chief Financial Officer



Mark Hall
Chief Operations
Officer - SECPA



Angela Bamber
Chief Human Resources
Officer



Jon Saunders
Chief Business Development
Officer - SECOM



Elijah Ridgwell
Chief Network &
Information Security
Officer - SECOM



Scott Monarco
Chief Operations
Officer - SECOM



Debbie Howard
Executive Assistant

2023 SCHOLARSHIP WINNERS

SECPA \$1,000 Scholarship Winners



CARLI CARTER
Crowley County
High School
Parents – Matthew
& Melinda Carter



JAY GRIMSLEY
La Junta
High School
Parents – Sam
& Kim Grimsley



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



LINDSEY HODGES
Walsh
High School
Parent –
Garrett Hodges



CHLOE JOHNSON
Campo
High School
Parents – Lennie
& Coantha Johnson



EMILY NOLL
La Junta
High School
Parents - Gregory
& Carol Noll

2023 SCHOLARSHIP WINNERS

SECPA \$1,000 Scholarship Winners



TELL PINER
Wiley
High School
Parents – Tom
& Nicole Piner



AUBREY SUMMERS
Pritchett
High School
Parents – Jerrod
& Sandra Summers



ELLA SWANSON
Springfield
High School
Parents – Miles Swanson
& Jennifer Esch



TORIN MENDOZA-WERNER
Rocky Ford High School
Parents – Todd & Kali Mae Werner

TRI-STATE \$1,000 Scholarship Winner



WAYTYYN WOLLERT
Wiley High School
Parents – Waco & Danielle Wollert

FACT SUMMARY

Southeast Colorado Power Association is a rural electric distribution cooperative providing electricity to approximately 10,789 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
2022 ASSETS:	Southeast Colorado Power Association's total assets as of December 31, 2022 were \$110,977,117
DISTRIBUTION:	5,485 miles of distribution line.
TRANSMISSION:	304 miles of transmission line.
FIBER OPTIC:	1,816 miles of fiber optic cable.
2022 PROPERTY TAXES:	\$615,967
2022 ELECTRIC REVENUE:	\$37,507,502
2022 TELECOM REVENUE	\$13,098,171
2021 kWh SOLD:	271,556,915 kWh
2022 NET MARGIN & PATRONAGE	\$3,184,525
TYPES OF SERVICE:	Farms, ranches, irrigation, residential, oil and gas pumping.

INCOME STATEMENT

Income Statement (audited)

OPERATING REVENUES	2022 Draft	2021	2020	2019	2018
Residential	12,028,820	11,765,118	11,803,209	11,524,129	11,482,535
Irrigation	10,328,707	9,645,520	10,153,598	7,946,175	8,840,156
Small Commercial	6,903,240	6,907,983	6,465,477	6,099,803	6,192,682
Large Commercial	6,761,767	5,372,326	4,452,892	3,570,990	2,658,172
Street Lighting	73,900	73,899	73,018	73,786	73,659
Sale for Resale	322,451	321,412	301,872	289,640	285,712
TOTAL ELECTRIC SALES	36,418,885	34,086,258	33,251,066	29,504,523	29,532,916
Other Electric Revenue	1,088,617	1,029,356	1,004,510	1,187,465	995,613
TOTAL REVENUES	37,507,502	35,115,614	34,255,576	30,691,988	30,528,529
 EXPENDITURES					
Purchased Power	21,920,918	20,289,383	20,514,846	17,720,817	18,014,208
Transmission Expense	116,994	143,891	198,771	159,853	221,932
Distribution-Operations	2,303,894	2,392,752	1,960,446	2,253,753	1,665,085
Distribution-Maintenance	2,597,108	2,873,706	2,688,705	2,807,763	2,464,097
Account & Collection Expenses	734,836	781,567	799,465	813,884	859,593
Other Customer Expenses	84,987	55,948	76,588	74,651	118,246
Administrative & General Expense	2,106,660	2,268,572	2,051,826	1,770,192	1,726,170
Depreciation & Amortization	4,099,663	3,958,505	3,701,965	3,496,885	3,325,172
General Taxes	2,202	59,476	-	-	-
TOTAL OPERATING EXPENSES	33,967,262	32,823,800	31,992,612	29,097,798	28,394,503
 Operating Margins Before Fixed Charges	 3,540,240	 2,291,814	 2,262,964	 1,594,190	 2,134,026
 FIXED CHARGES					
Interest on Long Term Debt	1,220,059	1,286,538	1,302,038	1,562,101	1,631,167
MARGINS(LOSS) AFTER FIXED CHARGES	2,320,181	1,005,276	960,926	32,089	502,859
 CAPITAL CREDITS					
	370,849	682,763	738,391	939,183	758,563
NET OPERATING MARGINS (LOSS)	2,691,030	1,688,039	1,699,317	971,272	1,261,422
 NON OPERATING MARGINS					
Interest and Dividend Income	35,106	10,845	8,361	127,965	219,789
Other Non Operating Revenue & Expenses	432,168	1,621,097	288,832	107,696	(2,653)
Margins(Loss) Before Taxes & Equity Earnings	3,158,304	3,319,981	1,996,510	1,206,933	1,478,558
Income Tax Expense/Benefit	-	-	-	-	-
Income (Loss) from Subsidiary	26,221	1,002,787	(70,292)	(1,116,316)	(778,715)
NET MARGINS & PATRONAGE	3,184,525	4,322,768	1,926,218	90,617	699,843

BALANCE SHEET

Balance Sheet ----- (audited)

ASSETS	2022 (Draft)	2021	2020	2019	2018
UTILITY PLANT					
Electric Plant in Service	127,723,423	123,585,340	117,809,106	114,084,731	108,660,383
Less Depreciation	(58,792,657)	(55,846,553)	(53,731,864)	(50,942,988)	(50,747,389)
Construction Work in Progress	1,438,589	764,496	4,099,791	2,706,097	4,532,460
Net Utility Plant	<u>70,369,355</u>	<u>68,503,283</u>	<u>68,177,033</u>	<u>65,847,840</u>	<u>62,445,454</u>
OTHER NONCURRENT ASSETS					
Investment in Affiliates	8,694,622	8,668,401	7,665,605	7,735,907	8,852,224
Invest. in Assoc. Organizations - Pat. Capital	18,619,765	18,622,408	18,348,873	18,402,294	18,162,841
Special Funds	2,307	3,708	1,433	1,433	1,017
Notes Receivable - Net	754,418	821,081	140,000	170,000	200,000
Total Other Noncurrent Assets	<u>28,071,112</u>	<u>28,115,598</u>	<u>26,155,911</u>	<u>26,309,634</u>	<u>27,216,082</u>
CURRENT ASSETS					
Cash	1,451,778	790,361	884,346	721,181	1,979,004
Special Construction Account	100	100	100	100	100
Accounts Receivable - Customers (Net)	2,729,268	2,600,205	2,348,193	2,347,733	2,166,612
Accounts Receivable - Affiliates (Net)	58,404	101,254	1,003,130	665,889	107,395
Accounts Receivable - Other	41,375	290,685	52,801	38,366	37,768
Current Portion of Notes Receivable	67,000	66,000	30,000	30,000	30,000
Interest Receivable	-	-	-	-	1,928
Materials and Supplies	1,771,533	1,265,068	1,158,315	1,386,564	1,248,029
Prepayments	223,098	208,015	79,197	70,258	70,461
Total Current Assets	<u>6,342,556</u>	<u>5,321,688</u>	<u>5,556,082</u>	<u>5,260,091</u>	<u>5,641,297</u>
DEFERRED DEBITS	6,194,094	6,710,763	7,223,418	7,779,742	744,665
TOTAL ASSETS	<u>110,977,117</u>	<u>108,651,332</u>	<u>107,112,444</u>	<u>105,197,307</u>	<u>96,047,498</u>
LIABILITIES AND MEMBERS EQUITY					
Patronage Capital	59,857,021	59,731,492	57,277,739	55,627,489	54,112,511
Other Capital	5,537,519	2,661,496	889,227	746,852	4,823
Total Equity	<u>65,394,540</u>	<u>62,392,988</u>	<u>58,166,966</u>	<u>56,374,341</u>	<u>54,117,334</u>
LONG TERM DEBT (NET)	38,502,044	40,314,029	42,686,920	40,853,862	36,563,084
OTHER NONCURRENT LIABILITIES	-	-	-	-	-
CURRENT LIABILITIES					
Current Portion of Long Term Debt	1,812,300	1,745,000	1,051,000	1,543,029	1,192,700
Paycheck Protection Program Loan	-	-	1,043,454	-	-
Accounts Payable - General	2,047,533	2,339,571	2,170,109	2,148,881	2,188,933
Accounts Payable - Affiliates	1,488	22,783	246,850	-	-
Line of Credit	1,557,922	-	299,727	2,902,087	-
Customer Deposits	633,823	743,985	576,115	433,412	477,272
Other Accrued Liabilities	963,846	1,029,355	871,303	941,695	959,332
Total Current Liabilities	<u>7,016,912</u>	<u>5,880,694</u>	<u>6,258,558</u>	<u>7,969,104</u>	<u>4,818,237</u>
DEFERRED CREDITS	63,621	63,621	-	-	548,843
TOTAL LIABILITIES AND OTHER CREDITS	<u>110,977,117</u>	<u>108,651,332</u>	<u>107,112,444</u>	<u>105,197,307</u>	<u>96,047,498</u>



5 Years
 Tom Piner
 Marcus Stegman
 Jennifer Phillips
 John Jackson

15 Years
 Nicole Hasty

20 Years
 Casey Briscoe



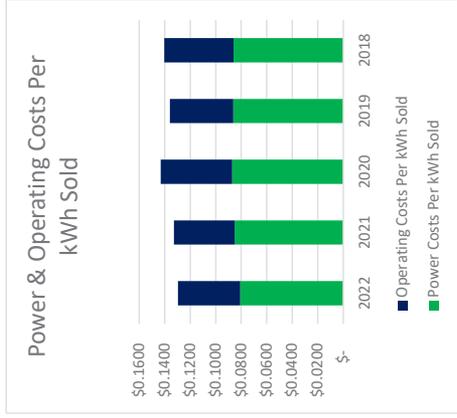
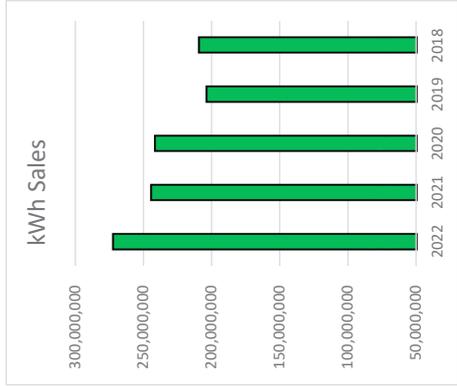
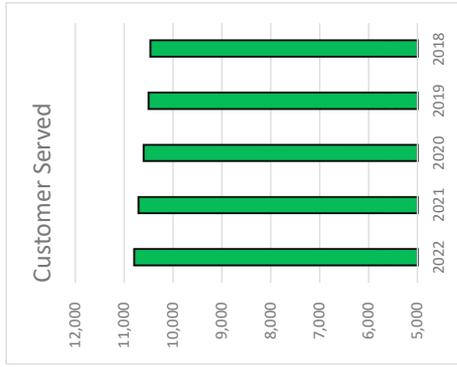
5 Years
 Michael Claramunt
 Michael Andrews
 Preston VanCampen
 David Goldsberry
 Matt Messec
 Ben Schulz
 Zach Parrish
 Debbie Storey
 Charlie Hayden

10 Years
 Wade Hackley

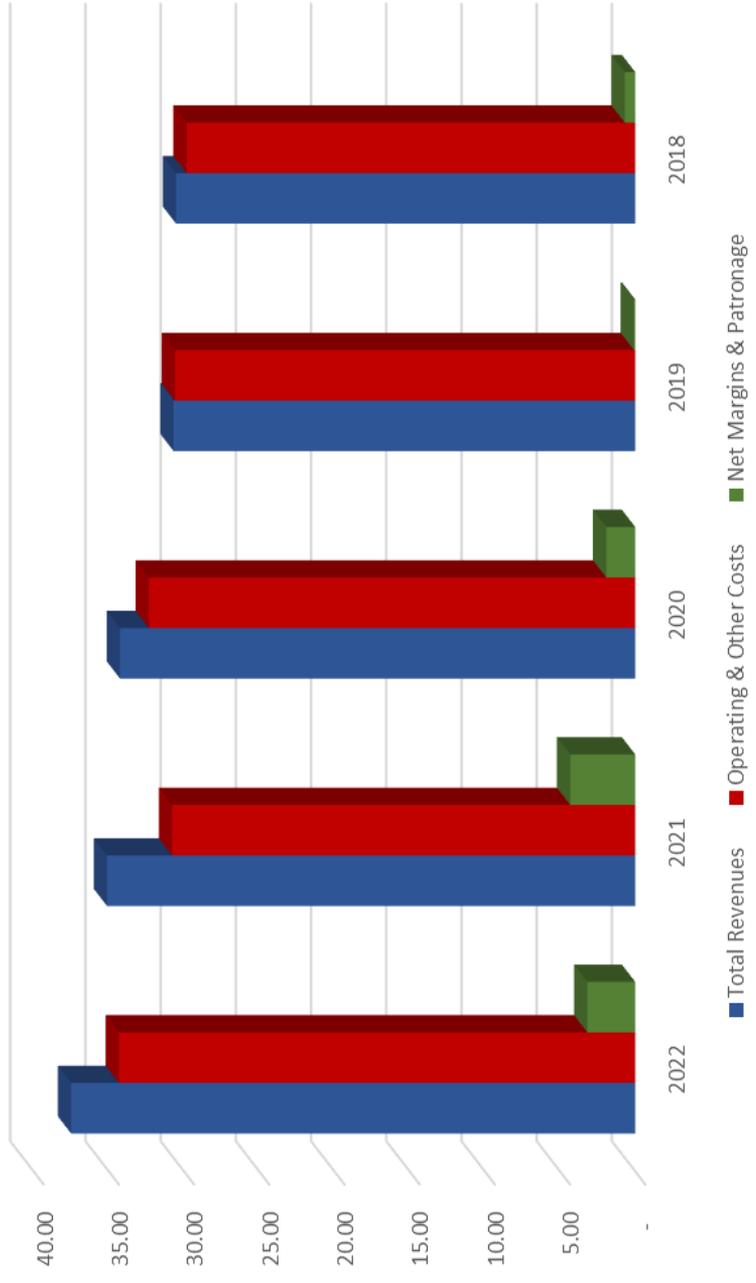


Comparative Statistics

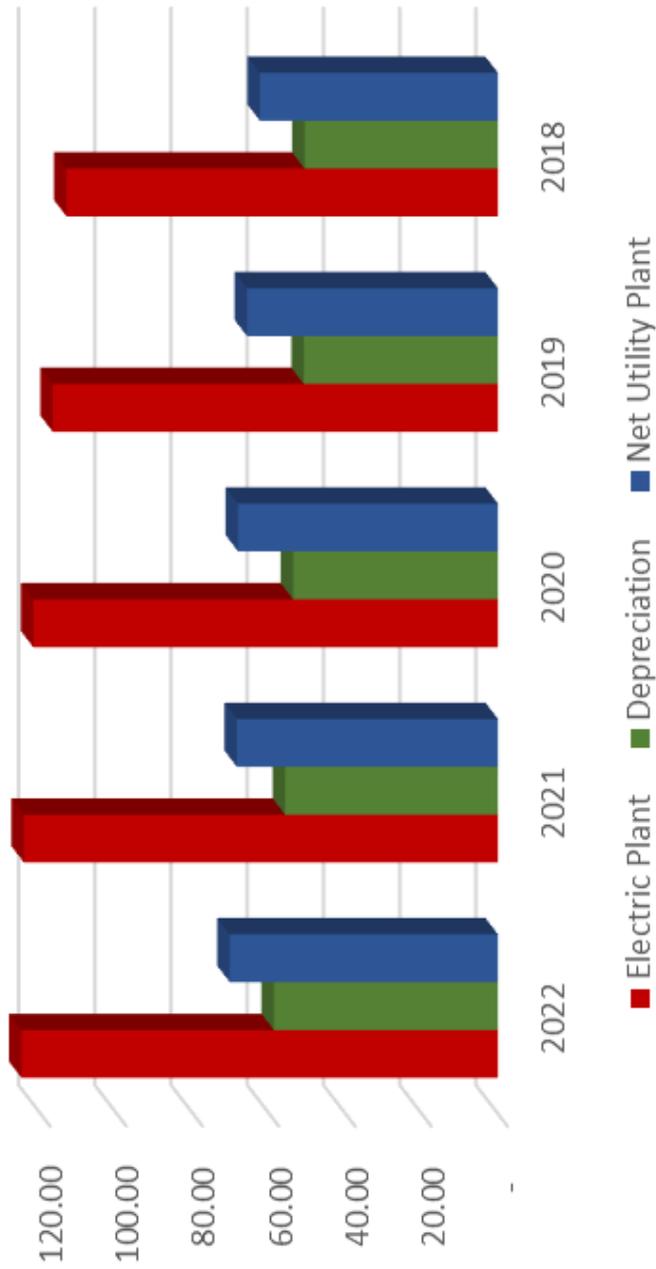
	2022	2021	Change
Active Member Accounts Served	10,789	10,702	87
Miles of Line	5,789	5,786	3
Member Accounts Per Mile of Line	1.86	1.85	0.01
Total kWh Sold	271,556,915	243,772,811	27,784,104
Electric Energy Revenue	\$ 36,418,885	\$ 33,251,065	\$ 3,167,820
Average Selling Price Per kWh Sold	\$ 0.1341	\$ 0.1364	\$ (0.0023)
Power Cost Per kWh Sold	\$ 0.0807	\$ 0.0832	\$ (0.0025)
Operating Cost Per kWh Sold	\$ 0.0489	\$ 0.0514	\$ (0.0026)



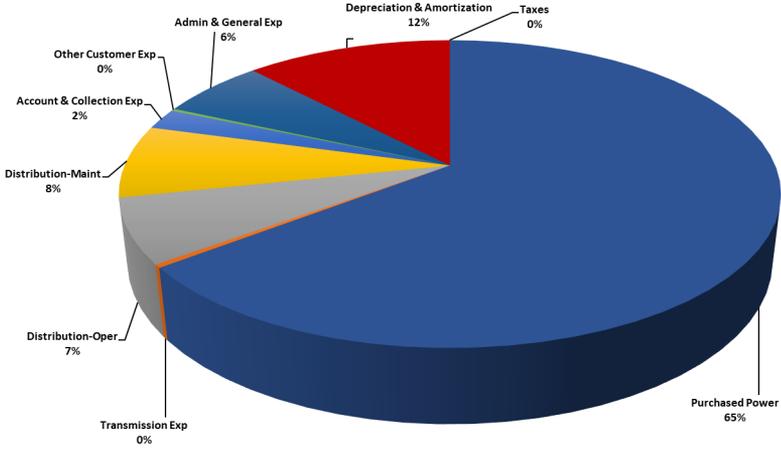
Historical Performance (Millions)



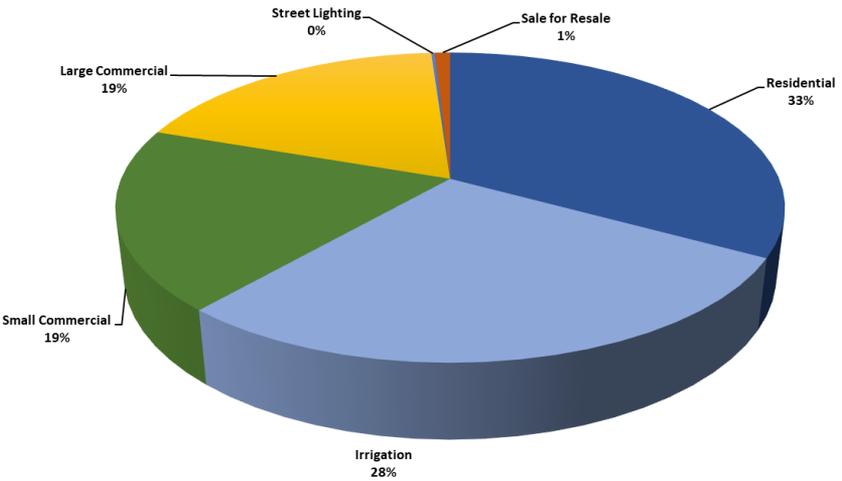
Growth in Plant (Millions)



2022 Operating Expenses by Type



2022 Electric Revenue Sources



MINUTES OF 2021 ANNUAL MEETING
of SOUTHEAST COLORADO POWER ASSOCIATION (SECPA) SHAREHOLDERS
April 28, 2022

The 2021 Annual Meeting of SECPA was held on Thursday, April 28, 2022, at The Minnick Building, Baca County Fairgrounds, Springfield, Colorado, with registration beginning at 5:00 p.m.

Board President Randy Phillips called the meeting to order at 6:00 p.m. Following the invocation, the Pledge of Allegiance was recited by attendees.

Glen “Spike” Ausmus, Baca County Commissioner, on behalf of the Commissioners welcomed everyone to Springfield and Baca County. He thanked SECPA for all they do for the whole region. He extended a special thank you to the local crew for their help in installing poles and lights for the new arena.

Phillips introduced Board Directors: Merlin Rushton, Clint Anderson, Brad Buck and his wife Dreama, Phillips’ wife Reva, Truman Wright and his wife Angie, and Kevin Karney. Lawrence Brase was unable to attend.

Phillips appointed Credentials & Tellers Committee: Spike Ausmus, Elwin Brisendine and Ryan Britten. **He** called for the collection of ballots. Following ballot collection, he excused the Credentials Committee

Chief Executive Officer (CEO) Kevin Brandon introduced the SECPA & SECOM leadership team.

Brandon introduced Nashville recording artist, Clare Dunn, who hails from Two Buttes in Baca County.

Clare Dunn thanked SECPA employees for “keeping the lights on.” She entertained guests with several songs. Some of the 4-H members accompanied her when she sang “**Tuxedo**.” She mentioned her music was inspired by this part of the world.

Brandon invited everyone to enjoy the meal prepared & served by Baca County 4-H Council.

Secretary-Treasurer Anderson read the Official Notice of SECPA Annual Meeting.

Anderson made a determination of quorum. (Quorum was certified according to Article III, Section 4 of the SECPA bylaws.) **Motion** was made and seconded to declare 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 2020 Annual Meeting Minutes. He explained to members a copy of the minutes accompanied ballot mailings and are also included in the Annual Meeting booklets distributed to members at tonight’s meeting.

Motion was made and seconded to dispense with the reading of the minutes and approve the minutes.

MOTION carried.

CEO Brandon presented the 2021 Year-In-Review via PowerPoint. He welcomed members back to an in-person meeting. SECPA highlights included 6th year with no rate increase; thirty new consumer solar installations; retired 1965 and 1966 capital credits totaling \$192K; total wages paid \$4,671,405.

SECPA has submitted an application for \$25M grant (100% no match.)

SECOM has increased miles of fiber, wireless circuits, wireless towers, fiber circuits, phone lines and FTTH; wages paid \$3.6M. SECOM had entered into a growth plan and expected to lose money, but ended the year with a profit. Brandon mentioned he is thankful for a lot of hard work by a lot of folks.

Currently, SECOM is in the middle of a multi-year network upgrade project to replace backbone equipment which will increase capacity 10x what it is today.

CFO Craig McBrain reviewed 2021 Financial Summary via PowerPoint: Net Margins & Patronage \$4.3M, including non-operating revenues of \$1M related to forgiveness of Paycheck Protection Program (PPP) loans. Income/loss from SECOM (subsidiary) also flows through to non-operating section and includes non-recurring income of \$963k related to forgiveness of a PPP Loan for SECOM.

Brandon announced “time to give away some money.” Five names were drawn for \$100 each.

Duane Highley, Tri-State CEO, explained Tri-State is a non-profit, member owned, co-op power supply company that serves rural areas like SECPA. He spoke briefly providing several statistics: reduced power rates 2% in 2021 and will reduce 2% this year; provide power for 200k square miles; by 2024 about ½ of energy will be coming from renewables without reducing reliability or increasing costs. Highley concluded, “We work for you.”

Kent Singer, Executive Director of Colorado Rural Electric Association (CREA) a statewide trade association for 22 rural electric distribution co-ops; electric co-ops serve about 70% of the landmass in Colorado (serve 70k square miles); SECPA has the distinction of having the most sparsely populated service territory (less than 2 meters/mile.) Singer concluded, “It’s a testament to your co-op to be able to provide great service at an affordable rate.”

Brandon announced the 2022 Scholarship recipients and Phillips presented scholarship certificates to the following:

*Tri-State \$1,000 Scholarships: **Maggie Chase** (McClave High School,) **Rhealie Rittgers** (Eads High School.)

*SECPA \$1,000 Scholarships: **Anna Beckett** (McClave High School,) **Rochelle Casey** (Walsh High School,) **Connor Frantz** (Rocky Ford High School,) **Trent Johnston** (La Junta High School,) **Kadence Kunselman** (Walsh High School,) **Jami Quick** (Pritchett High School,) **Kyra Sheridan** (Eads High School,) **Ty Wilson** (Eads High School,) **Alea Wittler** (Vilas High School,) and **Justin Wright** (Walsh High School.)

Credentials & Tellers Committee report: 61 members present; 686 mail-in ballots; and 12 in-person ballots for a grand total of 698 ballots cast. Total membership as of April 28, 2022, was 5,344. Motion was made and seconded to approve the Certificate of Credentials Committee. **MOTION** carried.

Committee Chair, Spike Ausmus, announced ballot results: District 1: Kent Homsher 275 votes; Truman Wright, 421. Incumbent & unopposed District 3 Brad Buck 554 votes, and write-in Doug Uhland, 2 votes. **Phillips** thanked Homsher for wanting to serve on the SECPA Board of Directors.

Phillips asked if there was any old or new business anyone wanted to bring forth.

Names were drawn for the following prizes: a lawn mower, an electric chain saw, and \$500 cash.

Motion was made and seconded to adjourn the meeting at 8:40 p.m. **MOTION** carried.

Phillips announced next year’s annual meeting will be held in Eads, Colorado.

President

Secretary