



• ANNUAL MEETING CANCELLED DUE TO COVID-19 •

AUGUST 2020

West Central Electric Cooperative

A Touchstone Energy® Cooperative 

ElectricNews

Annual meeting business in new format

Look in this newsletter for member information traditionally received at annual meeting

PAGES 2-3

In lieu of annual meeting presentations, President Densil Allen Jr. and General Manager Mike Gray address members here on state of the cooperative

PAGE 4

Sample ballot, instructions sheet on how to vote for directors which members should have received with their July statement

PAGES 5-6

Cooperative financial information normally received by members at annual meeting is printed in this issue

2020

President's Report

The year 2020 has definitely not shaped up to be what any of us expected. When the pandemic started toward the beginning of the new year, we couldn't have predicted how much it would change our everyday lives. We saw schools close, businesses shut down, events like graduations and school spring sports seasons cancelled, and the Olympics postponed. Even our cooperative was directly affected with the closing of our lobbies to the public and the cancellation of Annual Meeting.

So many things have changed, not just what we do, but how we do them. Right now this is all fresh in our minds as we adjust to what has been called our "new normal." As time goes by, some of those memories will fade a bit, but you will still tell your children and grandchildren about living through the history they will be studying at school.

Although many things have changed, even with your cooperative, one thing that will never change, no matter how we have to alter our day-to-day operations, is our commitment to our members and providing you with safe, reliable and affordable electricity. As you relay the stories to your children, grandchildren and great-grandchildren about how lives changed in 2020, we hope you will also tell them about your local, rural electric cooperative – how the lights were kept on and our members taken care of. We may have been physically removed from each other, but we were still there the whole time, Providing Stability in an Unstable Time.

A recurring statement every year when we get together for annual meeting is the mention of our commitment to providing our members with safe, reliable and affordable electricity. Those aren't just words to us, they are the foundation on which our cooperative is built. They are the words found in our official Mission Statement, "West Central Electric Cooperative focuses on enhancing the quality of life for our members by providing safe, reliable and affordable electricity in a professional manner." It is printed in our member handbook and it is emblazoned on the walls of our offices as a constant reminder of why we are here.

We have survived weather disasters. We have worked to defeat legislation that would have negatively affected our members and their ability to pay their electric bills. And we WILL overcome this pandemic, and come out on the other side as strong as ever – just like cooperatives always do.

We thank you for sticking by us and being patient with the changes we have had to make. We wish all of our members good fortune for the rest of 2020 and beyond.



By
Densil Allen, Jr.
WCE Board President

West Central Electric Cooperative, Inc.

Headquarters:

7867 S. Highway 13, P.O. Box 452, Higginsville, MO 64037
816-565-4942 or 1-800-491-3803 • PAY BY PHONE: 1-855-874-5349

To report outages 24/7:

Call 816-565-4942 or 1-800-491-3803 • or report outages at
www.westcentralelectric.coop under "View & Report Outages"

District office:

506 N. Broadway, Oak Grove, MO 64075

Website:

www.westcentralelectric.coop

General Manager:

Mike Gray

Board of Directors:

Densil Allen, Jr. *President*; Clark Bredehoeft, *Vice-Pres.*; Dale Jarman, *Treasurer*; Robert Simmons, *Secretary*; Stan Rhodes, *Asst. Sect.*; Max Swisegood, *Director*; Richard Strobel, *Director*; Sandra Streit, *Director*; Jeremy Ahmann, *Director*

This institution is an equal opportunity provider and employer.

**Deadline to return
director election
ballots
is August 22, 2020**

**Results from election
will be announced
in the October issue
of Electric News,
as well as the slate of officers
for the coming year.**

Traditional annual meeting information is inside this issue

In keeping with the consensus of many other cooperatives whose boards of directors have opted to either cancel or alter their annual membership meetings this year, WCE directors voted on the same during their May 28 meeting. Members received a special mail-in ballot inside their July billing statement, which allows the formal directors election to still take place for all members wanting to vote. A copy of this page is printed on page 4 of this issue. The deadline for members to return their ballots to the cooperative is Aug. 22. Ballots may be mailed either separately or with your bill payment to WCE at P.O. Box 452, Higginsville, MO 64037, or delivered to one of our offices in Higginsville

or Oak Grove.

Inside this issue, you will also find the traditional President's Report from Board President Densil Allen, Jr. and the Manager's report from General Manager Mike Gray, along with cooperative financial reports typically printed in the program handed out at the annual meeting.

"This decision was made by your board because we felt it was in the best interest of our members to avoid such a large, close-contact event during this time," Allen said. "We are confident this was the right decision for our members, and we look forward to next year when we can all be together again at the annual meeting."

2020

Manager's Report

Greetings everyone even though we are not meeting in person this year, as your general manager I would like to update you on the status of your cooperative for 2019 and what we have accomplished so far in 2020.

In operations, we added 166 new services in 2019, which was about the average for the last five years. So far this year, we have built about 50. As I said last year, our growth remains steady. At the end of 2019, WCE had 16,344 services in place with an average of 14,192 of them connected each month.

As I report to you every year, we continue to work on maintenance and system improvements. WCE and contract crews stayed busy throughout 2019 and have been so far in 2020. WCE crews have been working primarily on service upgrades, pole changes and new services. Projects that contractors are currently working on include a couple of three-phase line conversions just south of Oak Grove along F highway. Both of these projects are part of our construction work plan and are being done due to increased load in those areas over the years. When these are complete, we will be switching some of our members' feeds from the Chapel Hill substation to the Oak Grove substation.

We set a peak demand of 80,460 kW in January, which is almost exactly the same as last year's peak, so our demand cost for 2021, as it stands right now will not change significantly.

Financially, 2019 was solid. With the temperatures being around normal throughout 2019, kWh sales reflected that. We ended the year with sales of 273,385,528 kWh, which is about the previous five years' average. Revenue for 2019 was \$29,469,891 a decrease from 2018 of \$318,085.

At our May 2020 board meeting, your board approved paying back 55.7% of capital credit allocations from 2019 for a total of \$1,715,000. This credit should be reflected on members' most current bill.

After compiling the budget for 2020 and having a cost-of-service study done, there was much discussion at our January board meeting about the possible need to increase rates. However, your board decided we could wait and see how things go through 2020. Looking ahead into 2021, it looks like our wholesale power cost will be stable. My hope is we will be able to maintain current rates for a while longer. Revenues and expenses are about the same as last year's so we will have to see how we finish 2020.

With low natural gas prices, the outlook for the cost to generate electricity in the near future looks stable. Our state and national organizations will continue to lobby our elected officials to keep electric rates as affordable as we can while also being good stewards of the environment. Associated Electric, our wholesale power supplier, continues to use a diverse mix of generating resources: coal, natural gas, wind and hydro. They all play a part in the electricity you receive. In 2019, the mix was 50 percent coal, 29 percent natural gas, 12 percent wind and 9 percent hydro.

We continue right-of-way maintenance programs, using contractors for most of our tree trimming and brush spraying. This is a never-ending process, and we try to cover the whole system on a five-year rotation. If you live on the west side of West Central's system, you probably noticed increased activity from our brush contractors these past couple of years. We can't spray as much on this part of the system due to the more dense population so it requires more trimming and mowing.

The weather was not too hard on us this past winter. Our outage numbers are running about normal. Although we would like to never have an outage, there are things Mother Nature does to our system sometimes that can't be prevented.

Again, I would like to remind you of the many ways you can conduct business with West Central. You can pay bills by mail, online using our SmartHub app, in person at one of the offices or at First Central Bank in Holden, and Quarry City Savings and Loan in Warrensburg. You can also sign up for auto draft to have your payment automatically withdrawn from your checking account or applied to your credit card each month. To report outages, you can call us 24/7 or you can use your smart phone or tablet with the SmartHub app. If you use social media, check out our Facebook page to keep up with current news and events at West Central and in our industry. During heavy outages, we will post updates on this page.

In summary, I am happy to report that West Central is in good shape physically and financially.



By
Mike Gray
WCE General Manager

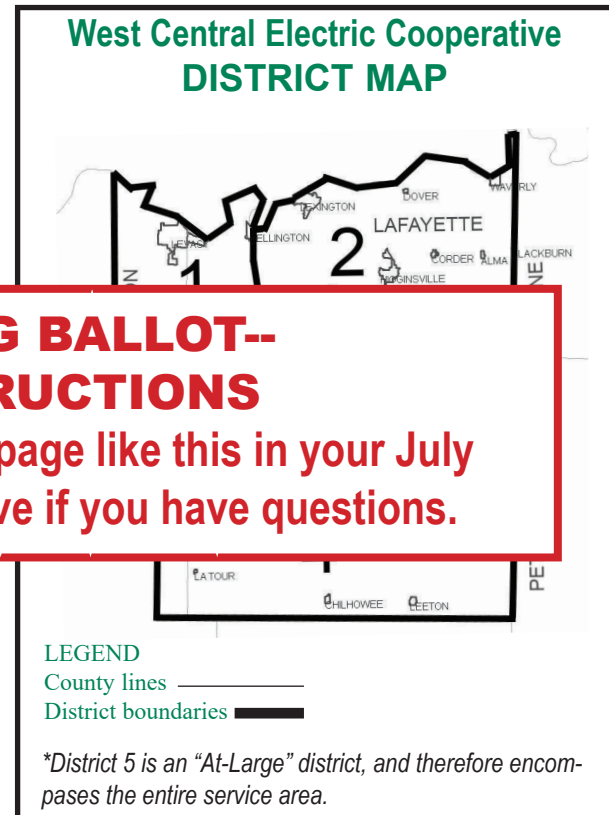
2020 annual meeting is cancelled

In an effort to keep our members safe and adhere to social distancing guidelines, West Central Electric Cooperative's board of directors made the decision during their May 28 meeting to cancel the 2020 annual meeting. We felt that it was in the best interest of our members and employees not to try and bring such a large group together when there was no business to be conducted other than the election of directors. Instead, we will conduct the election through mail-in voting with procedures outlined below.

--General Manager Mike Gray

Please use the tear-off ballot below to cast your vote.

**Members are asked to elect
TWO directors from District 3 and
ONE director from District 5**



--ANNUAL MEETING BALLOT-- and VOTING INSTRUCTIONS

All members should have received a page like this in your July billing. Please contact the cooperative if you have questions.

- Mail ballot with your payment or separately to:

*West Central Electric
PO Box 452
Higginsville, MO 64037*

- Deliver to Higginsville or Oak Grove office



West Central Electric Cooperative, Inc.

A Touchstone Energy Cooperative

OFFICIAL BALLOT West Central Electric Cooperative, Higginsville, Missouri

Place an (X) by the name of the candidates of your choice to serve as director until 2023 or her successor is duly elected and qualified. (Candidates appearing on the ballot were nominated by the WCE Nominating Committee. There were no petitions received from individuals seeking to run for office.)

District 3
Vote for TWO (2)

☒ **Robert Simmons**
Warrensburg

Johnson County

☒ **Richard Strobel**
Concordia

Johnson County

District 5, At-large District
Vote for ONE (1)

☒ **Densil Allen, Jr.**
Knob Noster

Johnson County

SAMPLE BALLOT

WCE Statement of Operations as of 12-31-2019

REVENUE

Residential	\$27,490,831
Small Commercial	762,483
Large Commercial	529,560
Industrial	0
Public Street & Highway Lighting	45,007
Other Electric Revenue	<u>642,010</u>
TOTAL REVENUE	\$29,469,891

EXPENSE

Purchased Power	\$17,303,873
Operations Expense	1,263,046
Maintenance Expense	2,675,137
Customer Accounts Expense	743,623
Customer Service Expense	354,937
Sales Expense	86,630
Administrative & General Expense	2,064,265
Depreciation Expense	2,222,386
Interest Expense	1,422,972
Miscellaneous	<u>(621)</u>
TOTAL EXPENSE	\$28,136,248

Margins for the Year	\$1,333,643
Interest Earned	173,129
Income (Loss) from Subsidiaries	6,799
Miscellaneous	8,459
Capital Credits Assigned from Assoc. Org	<u>1,279,836</u>
TOTAL PATRONAGE CAPITAL (PROFIT)	\$2,801,866

REVENUE

WCE Balance Sheet as of 12-31-2019

WHAT WE OWN:

Lines, Office Building, Warehouse & Equip.	\$77,445,887
Construction -- Work in Progress	736,416
Less: Reserve for Depreciation	<u>(18,528,982)</u>
TOTAL UTILITY PLANT	\$59,653,321

Cash & Temporary Cash Investments	\$3,746,864
Investments in AECl Organizations	16,780,775
Receivables --Sales of Energy & Other	1,682,503
Material & Supplies	243,762
Prepayment & Other Current Assets	<u>688,615</u>
TOTAL OTHER ASSETS	\$23,142,519
TOTAL OF WHAT WE HAVE	\$82,795,840

WHAT WE OWE:

RUS -- Rural Utilities Service	\$29,056,443
CFC -- Nat. Rural Utilities Coop Finance Corp.	15,354,030
CoBank	<u>457,162</u>
TOTAL LONG-TERM DEBT	\$44,867,635
Deposits (from members)	159,314
Accounts Payable (to vendors)	1,756,894
Other Current & Accrued Liabilities	2,001,863
Deferred Credits (Deferred Revenue)	<u>54,440</u>
TOTAL OTHER LIABILITIES	\$3,972,511

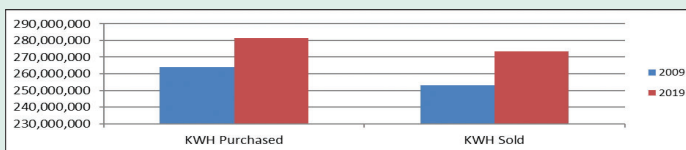
OUR NET WORTH: *Our Equity in Above Assets*

Membership Fees	\$0
Donated Capital	713,600
Patronage Capital & Other Equities	<u>33,242,094</u>
TOTAL NET WORTH	\$33,955,694
TOTAL WHAT WE OWE & NET WORTH	\$82,795,840

ASSETS & LIABILITIES

WCE Data Bank

	2009	2019
Total Services in Place	16,085	16,344
Connected Services	13,889	14,242
Idle Services	2,196	2,102
Avg. Mo. kWh per Residential Mbr	1,519	1,605
Avg. Mo. Bill per Residential Mbr	\$140.08	\$173.04
Avg. Cost per kWh	\$0.0922	\$0.1078
Total kWh Purchased	264,105,228	281,336,773
Total kWh Sold	253,119,195	273,385,528
kWh Lost in Distribution	10,986,033	7,951,245
Percent of Loss	4.07%	2.74%
Total Cost of Power Purchased	\$15,288,227	\$17,303,873
Cost per kWh Purchased	\$0.0579	\$0.0615
Expense per kWh Purchased	\$0.0866	\$0.1000
Expense per kWh Sold	\$0.0904	\$0.1029
Miles of Line	2,594	2,576
Operating Revenue per Mile of Line	\$8,997	\$11,438
Expense per Mile of Line	\$8,817	\$10,921
Investment in Plant per Service	\$2,469	\$3,650
Density (Members per Mile)	5.35	5.53

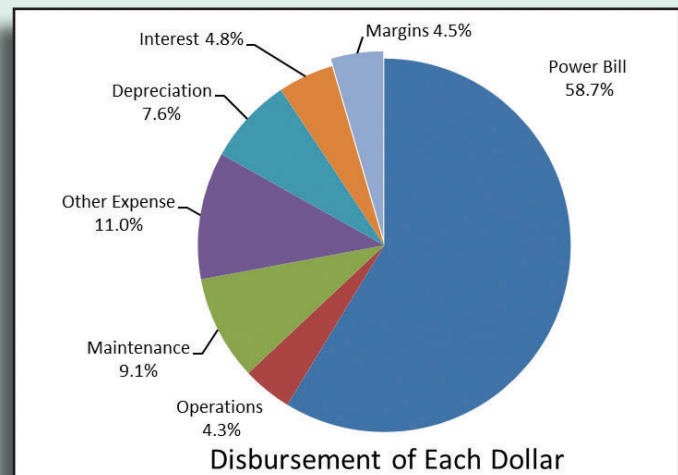


Sources of Each Dollar

Residential	\$27,490,831	93.3%
Small Commercial	762,483	2.6%
Large Commercial	529,560	1.8%
Industrial	0	0.0%
Public Street and Highway Lighting	45,007	0.2%
Other Revenues	<u>642,010</u>	<u>2.1%</u>
TOTAL	\$29,469,891	100%

Disbursement of Each Dollar

Power	\$17,303,873	58.7%
Operations	1,263,046	4.3%
Maintenance	2,675,137	9.1%
Other General Expenses	3,248,834	11.0%
Depreciation	2,222,386	7.6%
Interest	1,422,972	4.8%
Margins	<u>1,333,643</u>	<u>4.5%</u>
TOTAL	\$29,469,891	100%





THAT'S ONE HUGE VINE!

In rural areas, there are many causes of outages from the usual wind and ice to animal, insect and snake outages to foliage. Foliage?? Vines like this one can grow into the lines and transformer and cause an outage if not taken care of. Our linemen have removed many vines lately from guy wires that are creeping towards the power lines and transformers. If you have a situation like this at your location, please let West Central know so we can take care of it and avoid a potential outage.

Changes in rebate program announced by AECI

New rebate forms are up on the West Central Electric website for a variety of equipment and appliances, according to Member Services Manager Brent Schlotzhauer. All are effective June 1, 2020.

"The biggest change is that the cooperative is now paying rebates on air source heat pumps with an electric back-up," he said. "Previously only the air source heat pumps with fossil fuel back-up systems qualified."

The list of appliances and equipment qualifying for rebates includes:

AVAILABLE REBATES

Ground Source Heat Pumps

New system \$750 per ton
Replacement systems \$150 per ton
***Minimum EER 19.1**

Air Source Heat Pumps ***NEW***

\$150 per ton
***Minimum 17.0 SEER**

Dual Fuel Heat Pumps

\$150 per ton
***Minimum 17.0 SEER**

Mini-Split Heat Pumps

\$150 per ton
***Minimum 17.0 SEER**

Electric Water Heaters

\$50
Minimum 40 gallons
***Efficiency rating .90 or greater**

Heat Pump Water Heaters

\$500
Minimum 40 gallons
***Energy rating .90 or greater**

Energy Window Air Conditioner

\$50

Energy Star Advanced Programmable Thermostat

\$50

Programmable Timer-Engine Block Heater

\$15

C&I High Efficiency Motors

Contact WCE for rebate chart

Variable Frequency Drives for HVAC Pumps/Fans

\$50 per brake HP

50/50 COST SHARE PROGRAMS

Basement/Crawl Space/Slab Insulation

Incentive up to \$500

Home Energy Audit

Incentive up to \$175

Home Energy Weatherization

Incentive up to \$500 per home, \$25,000 for multi-unit complexes

Small Commercial & Industrial, School Energy Audits

Incentive based on cost of audit

Energy Audits--Industrial, Commercial & School

Incentive based on annual peak demand consumption

*Energy audit amounts have been increased. Please contact Brent Schlotzhauer at 800-491-3803 for additional information.

HIGH EFFICIENCY LIGHTING REBATES

Business Lighting

Contact WCE for incentive information

Rebate forms can be filled out online. All rebates are limited to services using 6,000 kWh or more per year. Additional qualifications are listed on each rebate form. Questions may be directed to Brent Schlotzhauer at 900-491-3803 or 816-565-4942.

FROM THE WCE BOARDROOM...

Regular meeting of the Board of Directors held May 28, 2020

A meeting of the board of directors of West Central Electric Cooperative was held at the offices of the Cooperative, in Higginsville, Missouri, at 10 a.m. on Thursday, May 28, 2020, pursuant to the bylaws of the cooperative and previous resolution of the board of directors. The meeting was called to order by President Densil Allen, Jr. Robert Simmons, secretary of the cooperative, caused the minutes of the meeting to be kept. The following directors were present: Densil Allen Jr., Max Swisegood, Clark Bredehoeft, Richard Strobel, Stan Rhodes, Sandra Streit, Dale Jarman, Robert Simmons and Jeremy Ahmann. Also present were General Manager Mike Gray, CFO Michael Newland and general counsel Sheri Smiley.

APPROVAL OF AGENDA

One addition was made to the Agenda to report on the AMEC District 1 meeting. After discussion, the amended agenda was approved.

APPROVAL OF CONSENT AGENDA

The board approved its consent agenda consisting of the minutes of the regular meeting of April 23, 2020; expenditures for the month of April 2020; new membership applications and membership terminations.

APPROVAL OF REPORTS

The following february reports were approved:

Financing and Treasurer's Report: CFO Michael Newland presented the April 2020 Operating Report (RUS Form 7) and Comparative Operating Statement. He reviewed the Financial and Statistical Report and Treasurer's Report with monthly and annual budget comparisons. He also gave the investment report. He presented and reviewed statistical data pertaining to operating revenue, expenses, margins, assets, liabilities, cash flow management, and KWH sales and ratios. He reported on April 2020 financials from West Central Services.

Approval of Audit: The Audit done by Kevin Kelso was reviewed and had been provided to the board members in their board packets prior to the meeting for their review. No issues were found. A discussion was held on how often to have the auditor come to the board meeting, and the consensus was to have the auditor come every other year to present to the board. The audit was approved as presented.

Capital Credit Retirement Discussion: Newland reported there was \$29,524.26 in bad debt write off and that capital credits would be applied to the bad debt. A motion to write off the bad debt and apply capital credits to the bad debt was passed. A discussion was then held regarding retirement of capital credits. Staff presented several retirement options. A motion passed to retire \$1,715,000.00 against 2019 capital credit retirement.

Operations and Safety Report: Randy Burkeybile provided a written Operations and Safety Report. His report included the following: outages and the storm on May 4th where they assisted Osage Valley Cooperative, the outage N.W. had on May 6th at the Knob Noster sub that was caused by a bird, construction; pole changeouts; inspections; Safety Committee Report; crew visits; and no lost time accidents.

Engineering Report: Dan Disberger provided a written Engineering Report. He reported on the following: staking projects and gave a Right-of-Way report.

Member Services Report: Brent Schlotzhauer presented a written Member Services Report. He reported on Operation Round Up and community engagement with COVID-19. He gave an update on the net metering systems and discussed plans to bring back the customer service reps into the office. Gray gave an update on the lineman's schedules.

NW REPORT

Swisegood presented the NW Report. Items of interest included: outages; margins, and reliability. He gave an update on the helicopter insurance and gave a wind and solar update. He also reported on how NW and AECL are handling staffing due to COVID-19. He reported that AECL will be holding their annual meeting virtually this year.

NOMINATING COMMITTEE REPORT

Smiley gave the Nominating Committee Report. She reported that the committee met on May 13, 2020, via teleconference due to COVID-19. She reported that a motion



was made and seconded to nominate Robert Simmons for District 3, Richard Strobel for District 3 and Densil Allen, Jr. for District 5. No other names were presented to the committee and no other candidate had shown any interest in being on the ballot.

ANNUAL MEETING DISCUSSION

The board discussed the options for holding the annual meeting this year and the impact of COVID-19 on those options. Smiley advised the board that the governor of the state of Missouri had suspended the statutory requirement of electric cooperatives holding annual meetings this year due to COVID-19. A lengthy discussion was then held regarding how many would be needed to have a quorum and the safety of the members based on what the board knew at the time concerning COVID-19. The deadline for anyone to run for one of the three director spots expires on June 1. The reports of officers could be done by video and placed on the Facebook and web page for the cooperative. The possibility of having a mail-in ballot attached to the bottom of the June bill was also discussed so that members could return the ballot with their bill. A motion was made to not hold an annual meeting this year, to post videos of the officers reports on social media, and to have a mail-in ballot attached to the billing for any candidates selected by the nominating committee or that had filed by petition on or before June 1. Ballots must be returned by August 22 Simmons, Strobel and Allen abstained from voting as they are up for election. Motion passed.

LEGAL REPORT

Attorney Sheri Smiley presented a report on legal matters

MANAGER'S REPORT

Gray presented his monthly Manager's Report. Items of interest included: A request made from a local school board and action was taken to respond to the request being made. The lineman's scholarship got three applications and interviews have been scheduled. He also gave a report on how many late accounts there currently are. On July 1, 2020, those late accounts will start being handled as collections. He also discussed a potential savings with the Iowa State Co-op Health Insurance that is being reviewed. He reported that the NRECA fall meetings will all be held virtually due to COVID-19. He gave an update on the Oak Grove and Higginsville buildings and how he is bringing employees back into the office safely.

AMEC DISTRICT 1 MEETING

Bredehoeft gave an update on the AMEC District 1 meeting held by teleconference on May 20. He announced who was elected to the committees and who received service award nominations.

UNFINISHED BUSINESS

None.

NEW BUSINESS

Strobel discussed some COVID-19 concerns.

EXECUTIVE SESSION

None

ADJOURNMENT

Meeting adjourned.

FINANCIAL REPORT • Statement of Operations • April 2020

	This month	YTD 2020	YTD 2019
Revenue	\$2,138,848	\$11,086,205	\$10,914,141
Power Bill Expense	1,283,195	5,904,745	6,280,078
Operation & Maint. Expense	564,583	2,258,712	2,545,933
Depreciation Expense	192,467	766,573	724,858
Interest Expense	117,995	470,115	471,952
Total cost of Srvc. (Total Expense)	2,158,240	9,400,145	10,022,821
Operating Margins (Revenue less Expenses)	(19,392)	1,686,060	891,320
Other Margins	9,890	62,732	119,508
TOTAL MARGINS	\$(9,502)	\$1,748,792	\$1,010,828

