



2014 ANNUAL REPORT



Guthrie County REC

A Touchstone Energy® Cooperative 

Do you remember the old ad slogan for American Express that went, “Membership Has Its Privileges?” I think of that slogan a lot when I think about our work here at Guthrie County Rural Electric Cooperative, particularly when it comes to our most important asset: you, our members.

Because Guthrie County REC is owned by you, you have a voice in how your cooperative is run. One of our board members, Steve Bireline, commented to me recently that cooperative members have a bond with each other and with their cooperative like no other business model. It’s your neighbors, from your neighborhood, in your community, who are making decisions on your behalf and in your best interest.

On this side of the door, your Guthrie County REC employees are investing our time, money and expertise to build our local economy. We don’t shy away from leadership roles in community or economic development projects. We’re at the head of the class when it comes to educating students about safety, protecting the environment and energy efficiency. Donating our time, energy and resources to charities, schools and community events are the best ways we know how to show our appreciation and support to those who have given so much to us.

Guthrie County REC stands today as it did 77 years ago, with a purpose to provide safe, affordable and reliable electricity to our members. You’ve heard those words over and over again – safe, affordable, reliable – because it’s not just a mission statement we’re reciting. It’s a philosophy we truly believe and strive to fulfill hour by hour, day by day, week by week and so on. As the years tick by, a lot of things will change, but you can rest assured those three principles never will.

We’re proud to be a Touchstone Energy® Cooperative, a resource we use to promote energy efficiency, safety and the latest technology to make it convenient and easy for busy people and families to connect with us.

As general manager of Guthrie County REC, I am proud to serve our community, and serve alongside our community, as we work together to make this year and every year a great one for our members.



MANAGER’S REPORT

COZY NELSEN





BOARD OF DIRECTORS



Guthrie County REC Board of Directors, from left: Steve Bireline, Marcel Fett, Ray Johnsen, Joni Rees, Raynold Johnson, John Masmar, Keith Peterson, Don Schwartz and Paul Hess.

SERVICE

At the heart of Guthrie County Rural Electric Cooperative is our commitment to service and we take this responsibility very seriously. We demonstrate this commitment in the ways we improve our system of getting power to our members in a manner that is safe, affordable and reliable. In 2014, we made the following improvements:

- Installed a dual wound 5,000 kVA transformer in the Guthrie substation. This allows for operation at 34 and 69 kVA in the future at nine of the 14 substations owned by Guthrie County REC.
- Linemen reconductored 32 miles of line to complete the mitigation of FEMA projects that identified and replaced lines with the greatest potential to be damaged by storms. "Reconductoring" means to increase the wire size and poles used on electric line spans.
- Built 5.87 miles of 3-phase under build along White Pole Road on ITC Midwest poles from Flint Hills Resources to West Central Valley High School. In the future, this will allow Guthrie County REC to utilize an additional circuit route to the southeast side of our system.
- Prepared, along with Stanley Consultants, Inc., our primary engineering firm, a new four-year plan spanning 2015-2019.

COOPERATIVE PRINCIPLES

GROWTH

As a cooperative, Guthrie County REC continues to seek growth opportunities where it makes the most sense. These days, that means renewable energy. With an eye on doing our part to help the environment, the cooperative strives to balance efficient new technology with current practices.

As of December 31, 2014, Guthrie County REC has seven operating renewable facilities that could potentially contribute 343.52 kW onto the system. The Board of Directors have set a system limit on net metering at 350 kW. This leaves 6.48 kW eligible for net metering which is determined by a first-come, first-served basis.

Over the last decade, Guthrie County REC has seen a nearly 40 percent increase in the average monthly kWh residential usage. That increase has helped keep rates unchanged since 2001.





In 1938, Guthrie County REC was founded on a sense of community. Seventy-seven years later we continue to uphold these values not just in the way we do business, but also in the way we support our members, friends and neighbors on matters important to them. That's the cooperative difference.

In 2014, Guthrie County REC awarded \$2,000 in college scholarships to four deserving students in the Adair-Casey, Audubon, Guthrie Center, and West Central Valley school districts whose parents are cooperative members.

COOPERATIVE PRINCIPLES

Guthrie County REC hosted a Rural Power Forum with political candidates invited. The event was attended by the REC employees, directors, and individuals from surrounding communities. The educational, bi-partisan forum offered those in attendance a chance to express opinions on political matters related to rural power and hear directly from leaders their thoughts on hot button issues.

Being a responsible cooperative means towing the line when it comes to members' money. It's not easy, and when you answer to thousands of people, you know there will be unpopular decisions. Strong leadership from the general manager and the Board of Directors help keep our cooperative financials healthy, with a system in place that ensures what's right for the cooperative is right for our members.

In 2014, the Guthrie County REC Board of Directors allocated \$556,874 in patronage from 2013 margins. Currently from 2000-2013, members have \$4,586,201 in outstanding patronage from Guthrie County REC that will be received sometime in the future.

The Board of Directors also elected to merge three deferred plans that continued to lower members' monthly electric bills and saved members \$653,370. Their 2014 resolution exhausted Guthrie County REC's deferred revenue plans.



WORKING



FOR YOU



Front row, from left:

Marlene Chalfant, Lori Hix, Cozy Nelsen, Rebecca Van Cura and Dea Kress.

Second row, from left:

Jeremy Gruber, Josh Oltmann, Elden Wolfe, Jalen Spack and Larry Newbrough.

Third row, from left:

Jim Terwilliger, Doug Downing, Todd Tinken, Darwin Marean, Curt Knapp, Keith Hise and Brian Marso.

Operating Statement

Audited Financials as of December 31, 2013

	2013	2012
Operating Revenue & Patronage Capital	\$15,982,528	\$12,983,933
Cost of Purchase Power	10,124,869	10,125,092
Distribution Expense - Operation	1,399,145	1,065,216
Distribution Expense - Maintenance	171,482	26,854
Customer Accounts Expense	219,449	121,807
Customer Service & Informational Expense	117,916	73,407
Administrative & General Expense	710,922	667,525
Total Operation & Maintenance Expense	\$12,743,783	\$12,079,901

FINANCIALS

Operating Statement

Audited Financials as of December 31, 2013

	2013	2012
Depreciation & Amortization Expense	\$ 830,180	\$ 801,681
Tax Expense - Other	13,340	13,210
Interest in Long-Term Debt	538,998	538,997
Other Deductions	260	275
Total Cost of Electric Service	14,126,561	13,434,065
Patronage Capital & Operating Margins	1,855,967	(450,132)
Non-Operating Margins - Interest	54,438	59,900
Non-Operating Margins - Other	22,228	188,760
Generation & Transmission Capital Credits	548,821	557,361
Other Capital Credits & Patronage Dividends	75,420	17,906
Extraordinary Items	0	0
Patronage Capital or Margins	\$2,556,874	\$ 373,796
kWh sales	170,310,020	165,298,436
kWh purchase	177,003,491	170,899,946
Line Loss	.063234	.055183
Miles of Energized Lines	1,391	1,392
Avg. monthly kWh residential usage	1,695	1,447
Number of meters	4,823	4,797

Assets	2013	2012
Total Utility Plant in Service	\$27,119,986	\$26,364,057
Construction Work in Progress	5,319,323	2,168,737
Total Utility Plant	32,439,309	28,532,794
Accumulated Provision for Depreciation & Amortization	11,407,082	10,669,707
Net Utility Plant	21,032,227	17,863,087
Total Other Property & Investments	3,993,999	5,876,879
Cash	71,338	351,305
Temporary Investments	4,033,630	(891,000)
Notes Receivable	1,569,657	1,630,617
Materials & Supplies - Electric & Other	472,053	432,512
Prepayments	88,828	124,494
Other Current & Accrued Assets	12,012	14,370
Total Current & Accrued Assets	6,247,519	1,662,298
Other Deferred Debt	(7,662)	159,601
Total Assets and Other Debt	\$31,266,082	\$25,561,865

Balance Sheet

Audited Financials as of December 31, 2013

Liabilities	2013	2012
Memberships	\$ 2,670	\$ 2,670
Patronage Capital	4,033,172	3,675,728
Operating & Non Operating Margins	2,556,874	373,796
Other Margins & Equities	4,954,141	4,910,242
Total Margins & Equities	11,546,857	8,962,436
Long-Term Debt - RUS	5,709,887	5,086,853
Long-Term Debt - CFC & CoBank	10,463,848	5,880,434
Long-Term Debt - RUS Econ. Dev. (Net)	580,000	580,000
Total Long-Term Debt	16,753,735	11,547,287
Accounts Payable	949,546	960,881
Consumer Deposits	50,109	46,339
Current Maturities Long-Term Debt	655,063	563,272
Other Current & Accrued Liabilities	469,020	555,071
Total Current & Accrued Liabilities	2,123,738	1,562,291
Other Deferred Credits	841,752	2,926,578
Total Liabilities and Other Credits	\$31,266,082	\$25,561,865



Guthrie County REC

A Touchstone Energy® Cooperative



Guthrie Country Rural Electric Cooperative

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