

77th ANNUAL MEETING

Wednesday, May 11

Lunch at Noon | Meeting at 1 p.m.

Western Office in WaKeeney
635 S. 13th Street
WaKeeney, Kansas 67672

WCE WESTERN
COOPERATIVE
ELECTRIC

A Touchstone Energy® Cooperative 

MOVING FORWARD



MANAGER'S MESSAGE

On behalf of the board of trustees, I would like to invite you to join us for Western Cooperative Electric's 77th Annual Meeting at the Western Office on May 11 in WaKeeney, Kansas. You will have the opportunity to hear a business update, as well as engage with our employees and other Western members.

While the electric industry has changed since Western's inception in 1945, our core mission and values remain steadfast as we continue moving forward together.

We're Local

Being locally owned and governed by members like you makes us part of the community, and we share many of the same goals and challenges. Our locally elected board and our staff — also members of Western — make each decision based on the best interest of our membership. We strive to maintain an effective workforce focused on our mission to provide reliable, affordable power to improve the lives of those we serve.

We share excess revenue with our members, not a remotely located board of investors. Capital credits represent your economic participation in the cooperative, and in January 2022, Western retired \$1,436,729 in capital credits to our members. Since its inception, Western has refunded \$28,381,525 in capital credits to our members.

We're Member-Focused

Concern for the communities we serve is a cooperative principle and will continue to be part of our core values. Giving back to those we serve is a large part of the cooperative difference. Sharing Success grants, Western Cares, Youth Leadership scholarships, and our revolving loan funds are programs aimed at improving the lives of our members.

We're Purposeful

Successful long-term planning requires analyzing issues and balancing the level

of service with cost, while managing risk. In 2021, the board of trustees engaged in strategic planning to identify and prioritize challenges and opportunities. The board outlined strategic goals for equity, capitalization, depreciation, recovering the cost of service, electric vehicle adoption, renewable energy, and distributed generation.

While it is Western's desire to avoid rate changes, continued evaluation of Western's financial status is necessary to safeguard the cooperative's long-term financial and operational health. Western's trustees must ensure electric rates are adequate to maintain a stable financial condition, provide the necessary revenue for delivery of reliable electric service, and minimize the subsidization between member rate classes. Due to the increasing economic challenges of higher inflation, higher prices, supply chain delays, and increases in natural gas and fuel costs, Western will perform a cost-of-service study in 2022. Western's residential rate is currently fifth lowest among the state's 27 electric cooperatives, but we must ensure that cost recovery keeps pace with the current economic climate.

We're Innovative

We see the value of a diverse energy mix that includes traditionally consistent energy sources like natural gas and coal. Still, cooperatives are committed to a balanced energy mix that contains renewables, and we will continue to explore ways to make renewable energy more predictable and reliable. Across the country, cooperatives are working together to develop new energy technologies.

By thoughtfully investing in new technology, Western has improved workplace efficiency, cybersecurity, reliability, and members' access to better data — all of which increase Western's effectiveness. Converting to a new financial and consumer-friendly software system in 2021 is one example of leveraging a new technology that

has benefitted our members. SmartHub is a user-friendly app for your phone, computer, or tablet that gives you access to historical usage and billing data, paperless billing, a real-time outage map, and account management tools. SmartHub has also saved Western in billing costs, helping keep energy costs as low as possible.

Another progressive approach to serving our members is by continuing to improve our online presence. Our webpage, Facebook page, and now our streamed annual meeting are all ways that you can stay informed and connected as a member of Western. Although we prefer that you attend the annual meeting in person, we realize that you have many obligations limiting your time. If you cannot attend in person, please join us via YouTube Live on May 11 at 1 p.m. to hear the manager's report and learn more about the advantages of being a member of Western. The link to the stream will be found at Western Cooperative Electric's YouTube page or at westerncoop.com.

We're Looking Forward to May 11

As a Western member, you have a valuable perspective, and your input helps guide us as we move forward. Just as important will be the time we spend together. While rural Americans do a great job of staying connected, we should never take it for granted. The simple act of smiling and saying hello to our neighbors is as important now as ever before.

Our country and communities are facing many challenges. Overcoming these challenges will only happen if we are moving forward together. Western is connected to you by more than just power lines. We belong to the people we serve, we are your neighbors, and we hope to see you at the 2022 annual meeting.



Tom Ruth



OPERATING REPORT

FOR THE YEAR ENDING DEC. 31, 2021

REVENUE

We sold electric service amounting to	\$36,217,527.78
Miscellaneous revenue	\$552,294.03
TOTAL REVENUE	\$36,769,821.81

EXPENSES

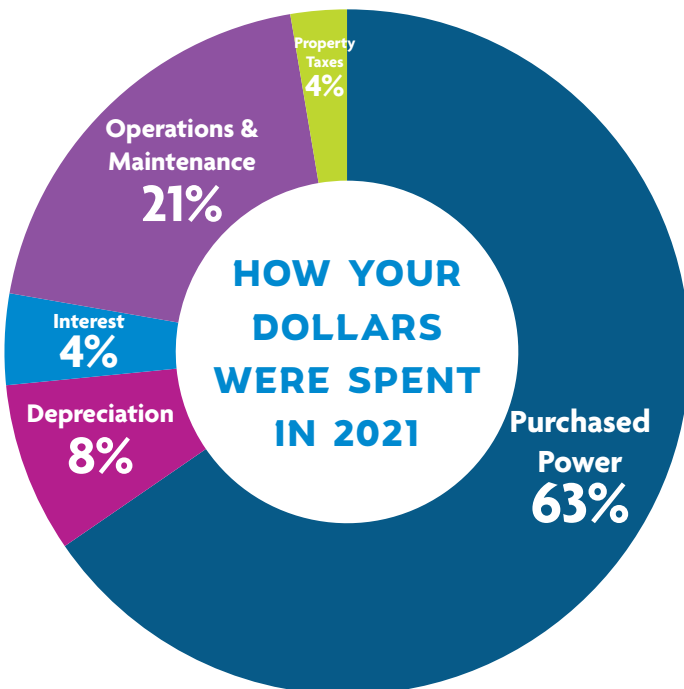
Electric power cost us	\$23,121,356.72
Expenses operating and maintaining plant	\$7,867,986.44
Estimated depreciation on our system	\$2,841,596.12
Interest charged to operations	\$1,517,922.77
TOTAL EXPENSES	\$35,348,862.05
Operating margin & patronage capital	\$1,420,959.76

NON-OPERATING ACTIVITY

Income/loss from investments	\$25,102.12
Merchandising, electrician wiring services and other	\$925,828.19
Power supplier equity and patronage capital (non-cash)	\$966,106.96
NON-OPERATING MARGIN & PATRONAGE CAPITAL	\$1,917,037.27

TOTAL MARGINS & PATRONAGE CAPITAL

\$3,337,997.03



BALANCE SHEET

AS OF DEC. 31, 2021

ASSETS (What We Own)

Original cost of our plant	\$105,851,106.23
Estimated depreciation	(\$31,800,055.17)
NET COST OF OUR PLANT	\$74,051,051.06
Cash in the bank	\$0.00
Temporary cash investments	\$2,188,591.44
Net value of accounts receivable	\$4,941,212.98
The value of our materials and supplies	\$1,456,614.30
Advance payments of insurance, etc	\$78,733.84
Current and accrued assets	\$0.00
Miscellaneous debits	\$5,794,803.44
Investments in associated organizations	\$23,896,816.83
Investments in EcoDevo projects	\$899,993.50
Interest and dividends receivable	\$5,817.96
TOTAL ASSETS	\$113,313,635.35

LIABILITIES (What We Owe)

We have borrowed from the RUS/CFC/CoBank	\$101,653,615.64
We have paid back	(\$41,895,970.64)
We still owe RUS/CFC/CoBank	\$59,757,645.00
Capital leases payable	\$0.00
Accumulated retirement obligations	\$448,301.03
Taxes and insurance	\$1,073,835.79
Deferred credits	\$128,165.57
Consumer deposits	\$550,719.84
Accounts payable	\$1,643,422.79
TOTAL LIABILITIES	\$63,602,090.02

EQUITY (Net Worth)

Patronage capital assigned	\$74,290,933.96
Special refunds	(\$3,183,650.00)
Patronage capital refunds 1952-2005	(\$25,197,875.00)
NET PATRONAGE CAPITAL ASSIGNED	\$45,909,408.96
Operating margin this year	\$1,420,959.76
Non-Operating margin this year	\$1,889,563.10
Other capital	\$1,625.93
Other margins and equities	\$489,987.58
TOTAL EQUITY	\$49,711,545.33
TOTAL LIABILITIES & EQUITY	\$113,313,635.35

CO-OP STATISTICS	2020	2021
Meters	12,216	12,125
Idle Services	536	561
Miles of Line	4,009	4,010
Consumers per mile	3.05	3.02
Average kWh used – Residential	827	871
Average Bill – Residential [†]	\$103.12	\$125.32

CO-OP STATISTICS	2020	2021
Average Bill – Commercial, Small*	\$139.94	\$158.18
Average Bill – Commercial, Medium*	\$1,166.58	\$1,656.76
Average Bill – Commercial, Large*	\$27,043.96	\$35,396.67
Gross Revenue per mile	\$8,083.11	\$9,169.53
RUS, CFC and CoBank Principal Payments	\$2,058,213.57	\$2,159,479.00
RUS, CFC and CoBank Interest Payments	\$1,399,502.04	\$1,669,017.00

*BILL INCREASES IN 2021 WERE DUE PRIMARILY TO HIGH GAS PRICES ASSOCIATED WITH WINTER STORM URI.



SAFETY IS A CORE VALUE

At Western Cooperative, safety is a core value. Linework is consistently listed as one of the most hazardous jobs in the U.S., but Western's commitment to safety doesn't stop with the line crews.

Our Commitment

Western Cooperative is committed to a safe work environment for all employees and educating the public about the inherent dangers of high voltage.

Western strives to create a sustainable safety culture through education, employee ownership, and community engagement.

Keeping Our Communities Safe

Western Cooperative Electric makes it a priority to educate the public about electrical safety. Western personnel provides free table-top safety demonstrations for local schools, organizations, and businesses throughout the year.

In addition, Western has several safety resources found on our website and social media accounts. In September, Western runs a 'Safety Month' campaign on Facebook where we go over electrical safety and how our linemen stay safe.

Employee Safety

"Over the past year, Western employees have done a great job taking ownership of the safety program," said Jay Scott, safety manager, "Due



Western provides free safety demonstrations for schools, organizations and businesses.

to hard work and employee dedication, Western improved to a lower quartile for OSHA recordable ratings."

When our crews are doing line work, it is not uncommon for them to be miles away from first responders. This year, the safety committee was instrumental in reviewing the injured employee assistance process and mayday procedures to create a more robust plan that incorporates all employees and more scenarios that were not previously part of our safety protocols.

"Safety must be maintained as a core value. We are responsible for providing employees with a safe work environment," said General Manager Tom Ruth. "Ultimately, our actions and commitment as a company and at the individual level will determine if we go home to our families without an injury."



Chuck Tiemann (right), safety and risk management instructor, with Dalton Hensley (left), lineman apprentice.




Member Service Representative Shelli Nowlin receives a mayday call for help during Western's annual pole-top rescue training.

Ultimately, our actions and commitment as a company and at the individual level will determine if we go home to our families without an injury.

TOM RUTH, GENERAL MANAGER





MOVING FORWARD

How western uses technology to save members time and money.

When you hear about a software conversion, you might think of popping a CD or thumb drive into your PC to load a new program.

Unfortunately, performing a software conversion at your cooperative was not that simple. The software conversion Western performed in 2021 was a massive undertaking that changed nearly every internal process at our cooperative. The new software changed everything from how our linemen receive work orders to how our members are greeted on the phones.

Maybe you noticed the new bill design last July or already signed up for SmartHub, but the changes to Western operations go deeper. Western staff converted 77 years and millions of data points into a new system. This year-long process started in 2020 and was implemented in 2021. Our new software now saves our members time and money by using technology to create operational work efficiencies and empowers members with more accessibility and data than ever before.

Two of the most noticeable ways members can see the benefits of our

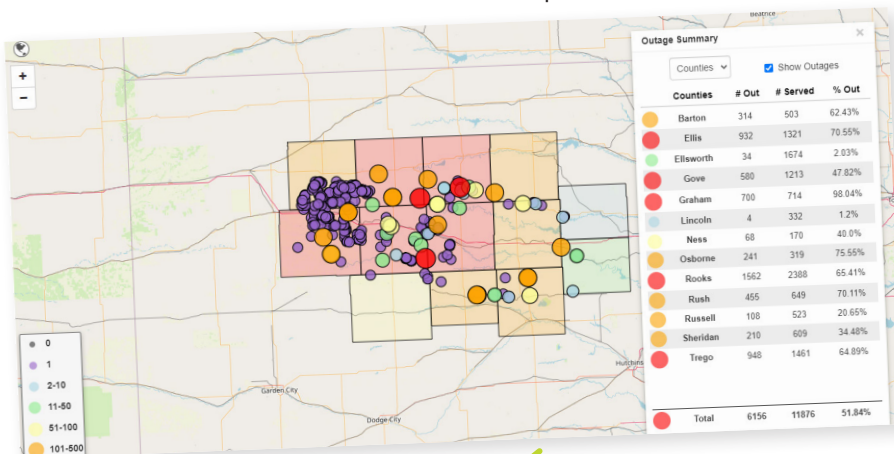
new software system are through our Outage Management System and SmartHub.

Outage Management System (OMS)

- ▶ Members have access to a real-time outage map on our website tied directly to our system.
- ▶ Line supervisors can easily send linemen information to their iPads to help with restoration times.
- ▶ OMS ties into our mapping system to pinpoint where faults occurred and the potential reasons for the fault.
- ▶ OMS produces outage and restoration notifications sent to our members via SmartHub.

SmartHub

- ▶ Make payments and view bills 24/7.
- ▶ Review usage history down to the hour to understand trends and save money.
- ▶ Sign up for notifications (billing, usage, outages, and much more).
- ▶ Manage your account anytime and anywhere on your phone, tablet, or computer.



TOP: Receptionist Colleen Klien participated in software training to be ready for the 2021 July go-live date.

MIDDLE: OMS allows operations to track and restore outages quicker.

BOTTOM: Member service representative and Western Cares program coordinator Vivian Russ.

LEFT: A new feature of our Outage Management System is the real-time outage map our members can view at westerncoop.com.



COMMUNITY INVOL



VEMENT



KANSAS ELECTRIC YOUTH LEADERSHIP CONFERENCE & SCHOLARSHIP WINNERS



Maggie Brull



Brooke Herrman



Lauren Patmon

For more than 60 years, electric co-operatives across Kansas have recognized outstanding high schoolers by providing a valuable leadership experience for exceptional teens.



Tyra Schultz



Yousoph Mostafa

Usually that means selecting students for a trip to our nation's capital or a leadership camp in Colorado. In 2021, due to uncertainty surrounding COVID-19, the decision was made to offer a virtual youth leadership conference.

An interactive experience, the Kansas Electric Youth Leadership Conference focused on different aspects of leadership and included engaging speakers, dynamic activities, and unique challenges. Networking is always a big part of the electric cooperative youth programs as delegates connect with like-minded, high-achieving teens. Through the 2021 virtual leadership experience, students had the opportunity to get to know their peers across the state.

The top four Western delegates were also awarded \$1000 scholarships. In addition, one student was selected as the Darrell Brown memorial scholarship winner.

If you know of a student leader who is ready for new experiences, geared up to network with fellow youth leaders, and willing to learn more about themselves and their community, encourage them to apply for the Kansas Electric Youth Leadership Conference. For more information, visit westerncoop.com/youth-tour.



2021 ANNUAL REPORT



SHARING SUCCESS WITH OUR COMMUNITIES

Thank you to these recipients who improved our communities.

Since 2013 Western Cooperative Electric and CoBank have partnered to create the Sharing Success fund for community grants. Together, Western and CoBank have distributed over \$80,000 since the program's inception.

"The Sharing Success Program exists to make a positive difference in the communities Western serves," said Nolan Numrich, Western Cooperative member service manager. "Charitable, educational, and nonprofit organizations are selected for Sharing Success funds based on community need and impact."

In 2021-2022, Western Cooperative awarded twelve \$1,000 grants. Those recipients were:

- ▶ **TREGO COUNTY SADDLE CLUB:** Concession stand and restrooms

- ▶ **CITY OF DORRANCE:** Establishment of a new city park
 - ▶ **BOY SCOUT TROOP NO. 101:** Cedar Bluff picnic bench project
 - ▶ **CITY OF COLLYER:** Playground equipment
 - ▶ **DSNWK:** Fleet improvements
 - ▶ **ELLSWORTH COUNTY EMS:** Training classroom
 - ▶ **ST. ANTHONY'S:** Schoenchen Park and Playground
 - ▶ **DISASTER RELIEF FUNDS FOR TREGO, ELLIS, ROOKS, AND RUSSELL COUNTIES.**
 - ▶ **CITY OF PALCO:** Playground improvements
- To apply for the 2022 grant cycle, visit westerncoop.com/sharing-success-community-grants. Western began accepting applications April 1.



MOVING FORWARD WITH OUR PARTNERS

Western Cooperative Electric belongs to the people we serve. We work with local, state and national partners to provide our members with the cooperative difference. Western doesn't just serve communities; we are a part of your communities and strive to make Kansas a better place to work and live for our members.



Sunflower Electric Power Corporation

Sunflower was formed in 1957 by six distribution cooperatives, including Western Cooperative. Sunflower is responsible for generating and transmitting electricity to 58 Kansas counties. Western works closely with Sunflower to ensure our members receive safe, affordable and reliable power.

Kansas Electric Cooperatives, Inc

KEC is the Kansas statewide service organization for 26 electric distribution cooperatives and three generation and transmission cooperatives. Formed on August 18, 1941, and headquartered in Topeka, KEC represents the interests of and provides needed services and programs to the electric co-ops that serve Kansans.

National Rural Electric Cooperative Assn.

Farmers and ranchers formed America's electric cooperatives more than 75 years ago to secure electricity in order to better their lives. Today co-ops bring that same spirit of purpose and cooperation to the changing needs of a new generation of cooperative owners through education and advocating. Today cooperatives power 56% of the United States landmass.

Touchstone Energy Cooperative (TSE)

Touchstone Energy is a membership organization representing a network of locally owned cooperatives across 45 states. Touchstone Energy provides resources and leverages partnerships to help member cooperatives and their employees better engage and serve their members. Being a member of a Touchstone Energy cooperative means you are served by a not-for-profit cooperative committed to the core values of integrity, commitment to community, accountability, and innovation and puts members first setting it apart from other utilities.



CURRENT WESTERN EMPLOYEES

JERRY CASEY
38 years

KELLY IRVIN
37 years

KELLY OWENS
37 years

KENNY FLAX
31 years

MARK KLEIN
30 years

DAVE CONNESS
28 years

BRADY BITTEL
27 years

TONYA KELLER
25 years

CHAD SCHOENTHALER
25 years

KURT BROCK
24 years

ALFRED KATT
23 years

JAY SCOTT
23 years

CHRISTINA LOWRY
21 years

TOM BAYUK
21 years

RON ASCHENBRENNER
20 years

JEFF MATTHEYER
20 years

TYLER RENARD
19 years

NATHAN BUDIG
16 years

ASHLEY GARRETT
16 years

TERRY KUHN
15 years

SHELLI NOWLIN
14 years

JOHNNY HOWARD
14 years

BOBBY ZEMAN
14 years

DUSTIN WACKER
14 years

STACEY MALSAM
14 years

ANDREW SCHULTZ
14 years

BOB MCCOY
13 years

VIVIAN RUSS
13 years

BRAD BARTA
12 years

KALEB STEFEK
12 years

DALTON NUTTLE
11 years

COLLEEN KLEIN
10 years

CRAIG CRAMER
10 years

AARON FRIEB
9 years

MATTHEW NEFF
8 years

SETH BITTEL
8 years

ALAN AUSTIN
8 years

JAKE ARNOLD
7 years

CHASE NEWELL
6 years

NEIL MALSAM
5 years

CHANCE DEMEL
4 years

LEVI SCHNEIDER
3 years

JOSH TESSENDORF
3 years

TOM RUTH
3 years

TYLER LANG
3 years

DALTON HENSLEY
3 years

NICHOLAS GEIST
3 years

VALERIE SCHNEIDER
3 years

BYRON SCHONTHALER
2 years

HUNTER FOLSOM
1 year

NOLAN NUMRICH
1 year

GINA DEAVER
1 year

THOMAS (TAP) PENKA
1 year

CHASE WERNER
1 year

LINDSAY FLAX
Less than 1 year

WESTERN COOPERATIVE ELECTRIC'S BOARD OF TRUSTEES



Craig Crossland
President
District 2



Terry Hobbs
Vice President
District 1



Richard Schaus
Secretary-Treasurer
District 2



Landon Heier
Trustee
District 3



Frank Joy
Trustee
District 2



Marvin Keller
Trustee
District 1



Charles Luetters
Trustee
District 3



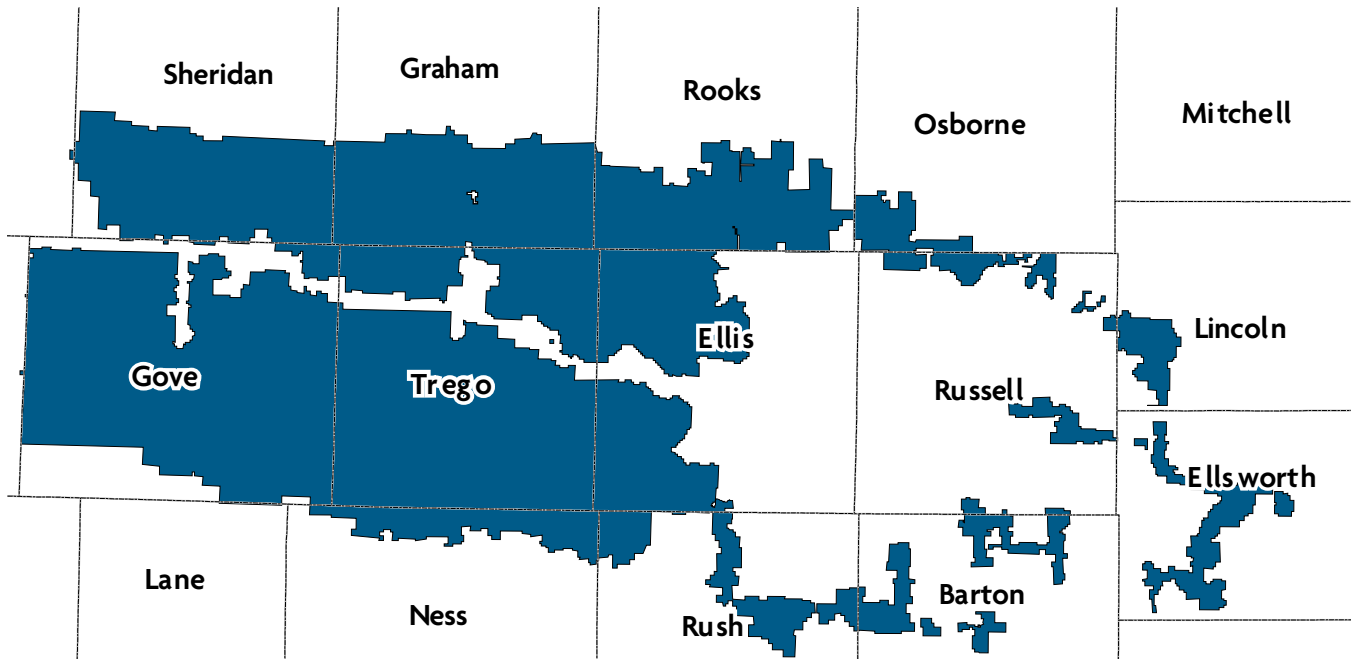
Susan Rohleder
Trustee
District 1



Dale Weinhold
Trustee
District 3



WESTERN'S SERVICE TERRITORY MAP



FACTS & FIGURES

12,125
METERS

3.02
CONSUMER-MEMBERS PER MILE

4,010
MILES OF LINE

55
EMPLOYEES

5TH
LOWEST RESIDENTIAL RATES AMONG
28 KANSAS COOPERATIVES

\$125.12
RESIDENTIAL AVERAGE MONTHLY BILL



**WESTERN
COOPERATIVE
ELECTRIC**

A Touchstone Energy® Cooperative 

**MOVING
FORWARD**