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785-456-2212

[www.bluestemelectric.com](http://www.bluestemelectric.com)



# Bluestem NEWS

## Bluestem Electric Cooperative

### Board of Trustees

**Richard Ridder**  
*President*

**Dan Pollock**  
*Vice President*

**Bruce Meyer**  
*Secretary*

**Donald Classen**  
*Treasurer*

**Dean Blanka**  
*Trustee*

**Patricia Bloomdahl**  
*Trustee*

**Gary Buss**  
*Trustee*

**Mark Diederich**  
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**Ervin Gnadt**  
*Trustee*

**Harold McCarter**  
*Trustee*

**Steven Ohlde**  
*Trustee*

### Contact Us

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Wamego, KS 66547  
785-456-2212

**Clay Center**  
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## FROM THE GENERAL MANAGER

# An Update on Your Cooperative



**Michael Morton**

On behalf of Bluestem Electric Cooperative, I would like to extend an invitation to you to attend this year's annual meeting. The annual meeting affords you, our

consumer-members, the opportunity to become more informed on the programs and activities of your cooperative.

### Construction Work Plan

In 2018, we began work on system projects established and approved in our new 2018 four-year construction work plan (CWP). A CWP is developed every four to six years to identify and outline the projects and construction work that needs to be completed over the next few years. The projects and construction work included in the CWP are designed to meet the members' needs going forward, as well as improve the system's reliability.

Included in the four-year work plan are the projections of the number of new services expected, as well as plans to rebuild and reconductor various lines throughout the entire Bluestem system. The CWP also incorporates

the replacement throughout the entire service territory of a significant number of poles nearing the end of their useful service life. Planning for the future power needs of our members, combined with the goal of maintaining and improving system reliability, will always be matters we take seriously.

### New Office and Warehouse

In April 2019, our Wamego employees moved into the new Bluestem office and warehouse facility. We are pleased to report the design-build project led by Schultz Construction and B.G. Consultants, of Manhattan, progressed smoothly and produced a great facility.

### Government Affairs

Bluestem, along with many other electric cooperatives from all over the country, continues to monitor federal and state regulations affecting the operation of rural electric systems. On the federal level, implementation of new regulations has slowed under the Trump Administration.

On the state level, new studies are being monitored closely by our Kansas Electric Cooperatives, Inc. (KEC) governmental relations staff. Our concern is how new regulation and/or laws will affect our members and their cost of electricity. Be assured that as

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**FROM THE GENERAL MANAGER** *Continued from page 16A* ▶

regulation and laws are discussed at the statehouse, our team is participating in the discussions for the benefit of our cooperative members and those across the state.

**Cooperative Model Advantage — Power Supplier MSA**

Kansas Electric Power Cooperative, Inc. (KEPCo), a generation and transmission cooperative that provides wholesale power services to 18 electric cooperatives in the eastern two-thirds of Kansas, is our supplier of wholesale power. Bluestem purchases wholesale power from KEPCo to meet the electric energy needs of our members, and the cost of wholesale power is approximately two-thirds (before the margin stabilization adjustment, MSA) of the total cost of providing electric service to each Bluestem member.

Fortunately, as one of the members of KEPCo, Bluestem has a voice in the planning and development of the future power supply arrangements and the financial goals of the organization. One financial decision made at KEPCo through member input was the establishment of an MSA tariff implemented in December 2011. Essentially, the MSA tariff allows KEPCo to reduce its margins prior to year-end while maintaining certain required financial ratios. Since 2011, KEPCo has provided Bluestem a cumulative reduction in power costs of \$5.55 million through the MSA. In 2019, the KEPCo MSA to Bluestem totaled \$1,015,381.

Bluestem staff continues to monitor the MSA and its use in stabilizing rates and lowering power cost to the members of Bluestem. This return of dollars to Bluestem, and ultimately to each member, is possible because of our cooperative ownership model.

**Power Supply Diversification**

Future power supply is critical to our future success, and KEPCo has been successful in securing reliable, economic power supply options for its member systems. These options have included

baseload generation with an ownership participation in the Wolf Creek Nuclear Generating Station, hydropower from the area federal power marketing agencies in the west and southwest, peaking generation facilities with the ownership of a 20 MW diesel generating station in southeast Kansas, and the securing of ongoing wholesale power supply contracts with several electric utilities in the region. Wind is included in the generation resources used by Evergy to meet some of KEPCo’s electric power requirements under the terms of the wholesale power supply contract between the two organizations.

In 2010, KEPCo partnered with four other utilities in the late 2 coal-fired generating plant, which produces 850 MW. This plant is one of the newest, cleanest, most efficient coal plants in the world. In early 2017, construction of a one-megawatt solar array was completed and added to KEPCo’s power supply mix. KEPCo estimated that the non-greenhouse-gas-emitting resources (nuclear, hydro, wind and solar) comprised 63.4% of KEPCo’s energy in 2019.

KEPCo’s current diverse mix of generating resources and plans for future supply provide a hedge against commodity price fluctuations and regulatory changes. KEPCo will continue to work to secure and meet our future power supply needs so the lights will be bright when the next generation of

*Continued on page 16D* ▶

**Balance Sheet** as of Dec. 31, 2019

**ASSETS – WHAT WE OWN**

<b>Utility Plant</b>	
Electric Plant	\$52,934,881
Less: Depreciation	<u>\$12,338,469</u>
Net Utility Plant	\$40,596,412
<b>Investments</b>	\$9,494,157
<b>Current Assets</b>	
Cash & Short-Term Investments	\$1,768,102
Accounts Receivable	\$1,460,720
Materials	\$193,771
Prepayments	<u>\$136,270</u>
Total Current Assets	\$3,558,863
<b>Deferred Debits</b>	\$1,081,728
<b>Total Assets</b>	<u><u>\$54,731,160</u></u>

**LIABILITIES – WHAT WE OWE**

<b>Long-Term Liabilities</b>	
Liabilities to RUS and FFB	\$22,852,942
Other Liabilities	<u>\$9,059,377</u>
Total Long-Term Liabilities	\$31,912,319
<b>Current Liabilities</b>	
Accounts Payable	\$2,302,561
Accrued Expenses	\$516,418
Consumer Deposits	<u>\$163,763</u>
Total Current Liabilities	\$2,982,742
<b>Deferred Credits</b>	
Retainer-Building Construction	\$14,432
<b>Total Liabilities</b>	\$34,909,493

**NET WORTH – MEMBERS’ EQUITY**

<b>Patronage Capital &amp; Equities</b>	
Memberships	\$117,550
Patronage Capital	\$18,803,319
Other Equities	<u>\$900,798</u>
Total Patronage Capital & Equities	\$19,821,667

**TOTAL LIABILITIES AND EQUITY**

\$54,731,160

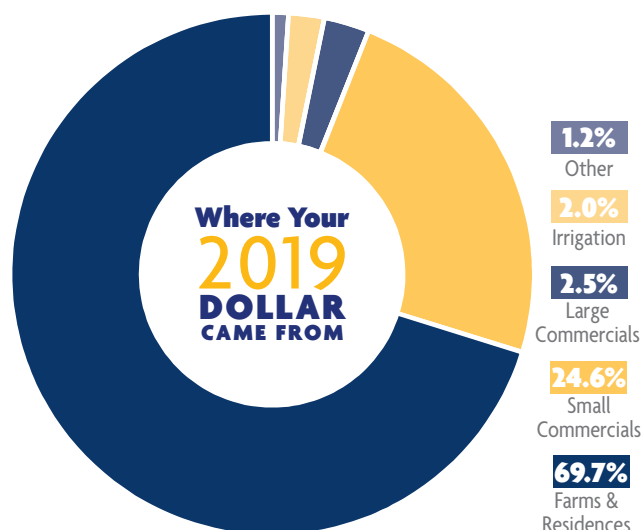
**Property Taxes Paid by Your Cooperative**

County	2019	2018	County	2019	2018
Clay County	\$156,509	\$175,958	Ottawa County	\$1,326	\$1,420
Cloud County	\$3,034	\$3,311	Pottawatomie County	\$186,774	\$135,071
Dickinson County	\$554	\$575	Riley County	\$59,427	\$61,120
Geary County	\$7,361	\$7,697	Wabaunsee County	\$55,371	\$58,526
Jackson County	\$8,886	\$9,527	Washington County	\$78,907	\$86,790
Marshall County	\$8,787	\$9,580			
			<b>TOTAL</b>	<b>\$566,936</b>	<b>\$549,575</b>

## Statement of Operations

for the year ending Dec. 31, 2019

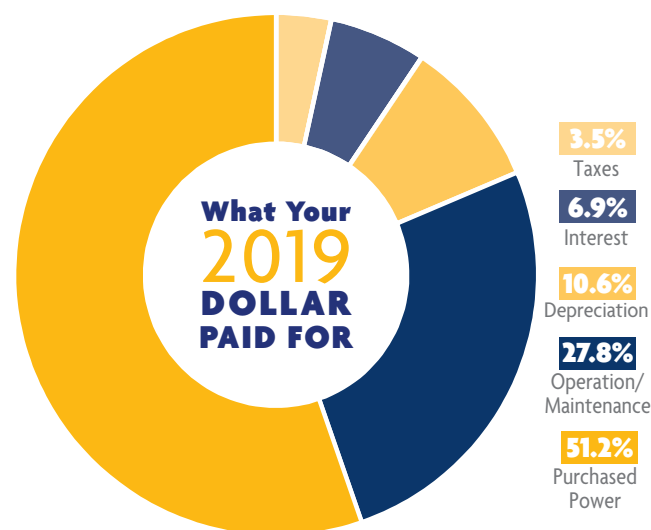
	2019	2018	Increase (Decrease)
<b>OPERATING REVENUE</b>			
Electric Energy Revenue	\$16,993,477	\$17,055,027	(\$61,550)
Miscellaneous Electric Revenue	\$116,763	\$128,703	(\$11,940)
Total Operating Revenue	\$17,110,240	\$17,183,730	(\$73,490)
<b>OPERATING EXPENSES</b>			
Cost of Power Purchased & Generated	\$8,302,291	\$9,003,161	(\$700,870)
Transmission Expense	\$3,157	\$3,448	(\$291)
Distribution Expense	\$2,679,029	\$2,571,212	\$107,817
Consumer Accounts Expense	\$386,999	\$411,075	(\$24,076)
Other Consumer Expenses	\$163,768	\$131,947	\$31,821
Administrative and General Expense	\$1,271,160	\$1,136,397	\$134,763
Property Taxes	\$566,936	\$549,575	\$17,361
Depreciation	\$1,721,262	\$1,480,676	\$240,586
Total Operating Expenses	\$15,094,602	\$15,287,491	(\$192,889)
Electric Operating Margin	\$2,015,638	\$1,896,239	\$119,399
Less: Interest on Long-Term & Other Debt	\$1,111,541	\$981,349	\$130,192
Operating Margin before Capital Credits G&T and Other Capital Credits	\$904,097	\$914,890	(\$10,793)
	\$227,553	\$252,781	(\$25,228)
Operating Margin	\$1,131,650	\$1,167,671	(\$36,021)
<b>NON-OPERATING MARGINS</b>			
Interest Revenue	\$166,596	\$131,109	\$35,487
Other Revenue	\$113,765	\$48,106	\$65,659
Total Non-Operating Margins	\$280,361	\$179,215	\$101,146
Net Margin	\$1,412,011	\$1,346,886	\$65,125



## Statement of Cash Flows

for the year ending Dec. 31, 2019

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Margin	\$1,412,011
Adjustments to reconcile net margin to net cash provided by Operating Activities:	
Depreciation & Amortization Less Salvage	\$889,952
Changes in Equity	(\$1,439,928)
Decrease (Increase) in:	
Accounts Receivable (net)	\$55,762
Inventory	(\$40,171)
Prepayments & Deferred Debits	(\$333,740)
Other Current & Accrued Assets	(\$434)
Increase (Decrease) in:	
Accounts Payable & Consumer Deposits	(\$1,391,684)
Notes Payable	\$0
Other Current & Accrued Liabilities & Deferred Debits	\$34,910
Total Adjustments	(\$2,225,333)
Net Cash from Operating Activities	(\$813,322)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investments in Assoc. Organizations & Other	(\$161,811)
Distribution Construction	(\$1,590,878)
Plant & Equipment Purchases (net)	\$121,715
Net Cash from Investing Activities	(\$1,630,974)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal Payments	(\$1,035,996)
Changes in Cushion of Credit (RUS Prepayments)	(\$104,980)
Capital Leases	\$257,946
Borrowings of Long-Term Debt	\$3,700,000
Net Cash from Financing Activities	\$2,816,970
Net Increase (Decrease) in Cash & Cash Equivalents	\$372,674
Beginning Balance, Cash	\$1,395,428
Ending Balance, Cash	\$1,768,102



MINUTES FROM MARCH 4, 2019

# 21st Annual Meeting of Members

In the absence of President Richard Ridder, Vice-President Dan Pollock called the 21st Annual Meeting of the Members of Bluestem Electric Cooperative, Inc., to order at 7 p.m. on Monday, March 4, 2019, at the St. Bernard Catholic Church Parish Hall in Wamego, Kansas. Father Mike Peterson gave the invocation.

Vice-President Pollock then called upon General Manager Michael Morton for introductions of special guests and announcements. General Manager Morton then requested the members of Bluestem Electric Cooperative remember, in a moment of silence, the cooperative leaders and members of the armed forces who passed away during the past year. General Manager Morton then introduced special guests in attendance including former trustees Glenn Czirr and Alice Kimble; former employees Ron Dickey, Dale Hammond, and Ken Maginley; Kansas Electric Cooperatives (KEC) Director of Education and Training Shana Read; and from Kansas Electric Power Cooperative (KEPCo) Executive Vice President and CEO Suzanne Lane and Sr. Vice President and CFO Coleen Wells.

Secretary Bruce Meyer read the notice of the meeting and the secretary's report of mailing, which was mailed on February 22, 2019, being 10 days prior to the meeting. Mr. Meyer then reported the total membership of Bluestem Electric Cooperative, Inc. was 5,300,

and 109 members were present at the beginning of the meeting. Mr. Meyer noted this represented 2.06 percent of the total membership, which constituted a quorum for the transaction of business (the actual listing of members in attendance is maintained at the cooperative office).

The minutes of the 20th Annual Meeting of Bluestem Electric Cooperative, Inc. held on March 5, 2018, were printed in the annual meeting notice booklet. Vice-President Pollock asked if the members wanted the minutes read or approved as printed and mailed. It was then moved and seconded that the minutes of the Bluestem Electric Cooperative, Inc. 20th Annual Meeting held on March 5, 2018, be approved as printed and mailed in the annual meeting notice booklet.

Motion carried.

Vice-President Pollock gave the president's report and noted the treasurer's report printed in the annual meeting booklet (on pages 8, 9 and 10), was mailed to each member prior to the annual meeting.

Vice-President Pollock then called upon General Manager Morton to present the general manager's report. Following the general manager's report, General Manager Morton recognized this year's Bluestem scholarship recipients and introduced the trustees and attorneys, their spouses, and recog-

nized employees celebrating work anniversaries. Suzanne Lane of KEPCo reviewed current power supply issues within the electric utility business and Brandi Miller of Kansas Cooperative Council discussed the role of KCC in providing support to rural cooperatives of Kansas.

General Manager Morton then asked for any questions from the membership.

Following the questions from the membership, Vice-President Pollock asked if there was any old business. There was no old business. There was no new business to be acted upon in accordance with the bylaws; he further asked if there was any new business to be discussed. There was no new business to be discussed.

Vice-President Pollock then declared the 21st Annual Meeting of Bluestem Electric Cooperative, Inc. adjourned.

Prizes were awarded by winning at Bluestem Bingo and it was noted that all members in attendance would receive a \$10 energy credit. Members and guests were invited to enjoy ice cream, cobbler, coffee and water to conclude the activities of the 2019 Annual Meeting.

*Bruce Meyer*  
SECRETARY

March 2020						
S	M	T	W	U	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

## FROM THE GENERAL MANAGER *Continued from page 16A*

Bluestem members turns on the switch.

Our staff would like to express our thanks and appreciation to the membership for their support. We are proud to represent the cooperative and we enjoy serving its members. Stay safe and we'll see you at our annual meeting on Monday, March 23 at 7 p.m. in Clay Center.

*Michael Morton*  
GENERAL MANAGER