



Annual Report 2021

NOTICE OF

Annual Meeting of Members

The Annual Meeting of the Members of the Bluestem Electric Cooperative, Inc. Wamego, Kansas, will be held Monday, March 28, 2022, at 7 p.m. at the United Methodist Church Family Life Center at 921 Fifth Street in Clay Center to take action on the following matters:

- ▶ Determine the existence of a quorum.
- ▶ Proof of the timely publication or mailing of the notice of meeting.
- ▶ Review and approval of the minutes of the previous meeting of the members.

- ▶ Reports of officers, trustees, management and committees.
 - ▶ All other business that may properly come before the meeting, or any adjournment thereof.
- Registration begins at 6 p.m. with refreshments served from 6:15-7 p.m.
Your board of trustees urges each member of the cooperative to attend.

Bruce Meyer SECRETARY

Proposed Bylaw Revisions

You are hereby notified, pursuant to K.S.A. 17-4608 and Article XIII of the bylaws, that the following proposed amendments to the bylaws are being submitted to a vote of the membership at the Annual Meeting, as provided by Article III of the bylaws. The sections of the bylaws in which changes are proposed follow this notice. Deleted language is indicated by **STRIKE-THROUGH** and **ADDITIONS TO THE BYLAWS ARE BLUE**.

The Bluestem Electric Board of Trustees recommends the adoption of the amendments to the Bylaws of Bluestem Electric Cooperative, Inc. A “yes” vote is a vote in favor of the proposed changes. A “no” vote is a vote against the proposed changes. A complete version of the bylaws can be found at www.bluestemelectric.com.

ARTICLE I MEMBERSHIP

SECTION 1.1I. ALTERNATIVE DISPUTE RESOLUTION.

Any and all disputes, claims or controversies arising from or related to the electric system's provision of services in any way shall, at the request of either party, be resolved by binding arbitration pursuant to the written procedures established by the Board of Trustees. Each member agrees to arbitrate all such disputes, claims or controversies according to this bylaw and in accordance with the written procedures and rules of arbitration. Arbitration proceedings shall be held at a neutral location within any County that the Cooperative is providing a Cooperative service. This arbitration agreement remains in effect even in the event of membership withdrawal or termination.

SECTION 3.01. ANNUAL MEETING. The Annual Meeting of the Members shall be held ~~during the months of March or April~~ each year on a date and at a time designated by the Board, for the purpose of passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. Annual Meetings will alternate between **District #1 and #2 and District #3 and #4, at a location determined by the Bluestem Board of Trustees. Wamego and Clay Center.** Or, in the alternative, the Board may, by a 2/3 majority, designate the annual meeting to be in any County where the Cooperative is providing a Cooperative **electrical** service. To the extent authorized by the Board, however, and subject to guidelines and procedures adopted by the Board, an Annual Meeting may be held without a geographic location if the Meeting is held through the Internet or other Electronic communications technology in a manner; (1) permitting the Cooperative to verify that each Person participating in the Meeting is a Member; and (2) permitting Members the opportunity to read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to the

Members, ask questions, and make comments.

Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 3.02. SPECIAL MEETINGS.

Special meetings of the members may be called by resolution of the Board or by petition signed by at least ten percent of all members of the cooperative or of a district. It shall be the duty of the Secretary to cause notice of the meeting to be given as specified in Section 3.04. The Board may designate the special meeting to be in any County where the Cooperative is providing a Cooperative **electrical** service.

SECTION 3.03 SPECIAL DISTRICT MEETINGS.

Special meetings of districts one and/or two, and three and/or four may be called by resolution of the Board of Trustees or by a petition signed by at least 10% of all members of the district or districts for the purpose of receiving and acting on information relative to the removal of a Trustee as set out in Section 4.06. It shall be the duty of the Secretary to cause notice of the meeting to be given as specified in Section 3.04. If the special meeting is of members of district one and/or two, it shall be in **any County within District #1 and/or District #2 where the Cooperative is providing a Cooperative service Clay Center,** and if the special meeting is of members of district three and/or four, it shall be in **any County within District #3 and/or District #4 where the Cooperative is providing a Cooperative service Wamego.**

SECTION 3.05 QUORUM. Business may not be transacted at any meeting of the members unless there are present, in person or by proxy **or through the Internet or other Electronic communications technology as described in Section 3.01,** at least **fifty seventy-five** members, except that, if less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting to another time and date. At all meetings of the members, whether a quorum is present or not,

the Secretary shall affix to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person or by proxy. A quorum for a special meeting of members of one or more districts shall be twenty five members from each district in person or by proxy.

SECTION 3.07 MAIL BALLOT and/or Electronic Ballot.

Issues may be presented to the members by means of a written ballot forwarded to the members and returned to the Cooperative by **electronic format,** mail, or hand delivered. Except as provided hereinafter, the Board shall determine which issues are decided by a mail **and/or electronic** ballot and the terms, conditions and procedures to regulate its use. Issues will be decided by a majority of the mail **and/or electronic** ballots received and shall have the same force and effect as a vote taken at a meeting of the members.

SECTION 3.08 PROXY VOTING. Members may vote by proxy at a meeting of members. The member voting proxies must be a voting member of the meeting. A member may be a proxy for no more than three members. All proxies must be in writing and signed by the member on a form provided by the cooperative or deemed satisfactory by the Secretary. Proxies may not be used for mail **and/or electronic** ballot voting.

SECTION 3.10 Any requested items of new business must be presented to the Board, in writing, not less than ninety (90) days before the annual meeting. The Board shall take action on any items of new business presented by a Petition signed by not less than five percent (5%) of the members, by submitting the question(s) to the members by a mail **and/or electronic** ballot or by inclusion on the agenda of a Special Meeting or Annual Meeting. Notice of new business for consideration at the annual meeting shall be included in the written notice of the Annual Meeting as provided in Section 3.04.

Continued on page C3 ▶



Bluestem NEWS

A Touchstone Energy® Cooperative 

Bluestem Electric Cooperative, Inc.
1000 South Wind Dr., P.O. Box 5
Wamego, KS 66547
785-456-2212

www.bluestemelectric.com

Bluestem Electric Cooperative

Board of Trustees

Richard Ridder

President

Donald Classen

Vice President

Bruce Meyer

Secretary

Mark Diederich

Treasurer

Patricia Bloomdahl

Trustee

Gary Buss

Trustee

Amanda Gnad

Trustee

Michael Leitch

Trustee

Steven Ohlde

Trustee

Stephen O'Shea

Trustee

Dan Pollock

Trustee

Management Staff

Michael M. Morton

General Manager

Jason Moore

Assistant General Manager

John Bettencourt

Manager of AMI & IT

Trisha Bradley

Manager of Accounting & Finance

Tim Diederich

Manager of Line Operations

Kevin Heptig

Manager of Member Services

Contact Us

Bluestem Electric Cooperative, Inc.

P.O. Box 5

Wamego, KS 66547

785-456-2212 or 800-558-1580

PRESIDENT'S REPORT

2021 Year in Review



Richard Ridder

On behalf of the board of trustees for Bluestem Electric Cooperative, I would like to thank you for your support and understanding throughout 2021.

The COVID-19 pandemic caused many challenges for people, organizations and industries, Bluestem included. Your board of trustees is looking forward to the 2022 Annual Meeting, however we understand you may not feel comfortable with large gatherings. If you don't feel attending in person is in your best interest, we encourage you to fill out your proxy card and give it to another member within your district who is attending. That way your voice can still be heard. All members are allowed to be the proxy for up to three other members within their respective district. Also, all proxy votes will be eligible for a \$10 bill credit, the same as all members who attend in person.

Business Plan

Helping management staff plan for the future is an important part of the board's responsibilities. The Bluestem Board of Trustees, along with manage-

ment staff, established the following five strategic goals:

1 Enhance the cooperative's culture of safety, maintaining it as Bluestem's No. 1 priority.

2 Develop and implement an equity management plan focused on balancing capital credit retirements, plant investments, rates and equity.

3 Draft and deploy a technology plan that improves efficiency of operations and provides opportunities to better serve the members.

4 Create and execute an internal and external communication plan.

5 Review, recommend and implement retail rate structures that are fair to all members and provide a stable return for the cooperative.

Cooperative Model Advantage — Capital Credits

In the cooperative business model, any year-end margins obtained in excess of the costs incurred to provide the service are allocated back to the cooperative member as “capital credits.” The amount of the capital credit (allocated margin) varies for each member and is dependent upon the amount of participation a member has with the cooperative. In the case of an electric cooperative, a member's annual electric usage compared to

Continued on page 12B ▶

2021 Year in Review Continued from page 12A

the total electric usage by all the members determines the level of the capital credit.

Generally, with electric cooperatives, capital credits are held until such time the cooperative can refund a portion or all to the members without negatively impacting the cooperative. Bluestem has routinely, under board policy, made “special capital credit retirements” to estates as well as one-time opportunities to members with medical disabilities and/or dissolution of membership. “General capital credit retirements,” in which members receive a portion of their capital credits is also provided for under board policy with different criteria established before refund of these capital credits are to be made.

In 2022, the board will be considering authorization of a general capital credit retirement. As the 2022 budget developed, the board reviewed the policy criteria and has budgeted a general capital credit retirement to occur in 2022.

Financials

Bluestem ended the year with a margin of \$1,135,888. Of that margin, \$957,619 reflects the operating margin with the balance of \$178,269 being comprised of interest income, capital credit allocations from our power supplier and other cooperative organizations conducting business with Bluestem. As a result of the 2021 margin, all required financial ratios and obligations were achieved. The treasurer’s report can be found on Pages 12B-12C of this annual meeting notice.

The Bluestem board continues to closely monitor the financial condition of the cooperative. Management staff will conduct a cost-of-service study with the assistance of National Rural Utilities Cooperative Finance Corporation (CFC) and the results will be presented to the board later this year in 2022. Currently, there are no plans for a rate adjustment in 2022.

Bluestem’s Mission

On behalf of the Bluestem Board, I would like to thank the members for your support of Bluestem. I would also like to say thank you to the employees who work for Bluestem. They are on the job every day focused on supporting our co-op’s mission:

“... to provide safe and reliable electric energy and other services to our consumers as efficiently and economically as possible.”

2022 Annual Meeting

We know the Annual Meeting is a great opportunity for all Bluestem Electric Cooperative members to learn more about the cooperative and visit with Bluestem employees, trustees and fellow members. But more importantly, your health and safety as well as the health and safety of our employees comes first. We hope to see you at the 2022 Annual Meeting; however, we do understand if you decide to not attend and instead send your proxy card with a friend.

Richard Ridder
BOARD PRESIDENT

FINANCIAL REPORTS

Balance Sheet as of Dec. 31, 2021

ASSETS – WHAT WE OWN

Utility Plant	
Electric Plant	\$54,750,056
Less: Depreciation	\$13,759,376
Net Utility Plant	\$40,990,680
Investments	\$9,232,372
Current Assets	
Cash & Short-Term Investments	\$6,984,758
Accounts Receivable (Net)	\$1,241,962
Materials	\$230,822
Prepayments	\$138,869
Total Current Assets	\$8,596,410
Deferred Debits	\$1,200,513
Total Assets	<u>\$60,019,975</u>

LIABILITIES – WHAT WE OWE

Long-Term Liabilities	
Liabilities to RUS and FBB	\$26,046,719
Other Liabilities	\$7,405,409
Total Long-Term Liabilities	\$33,452,128
Current Liabilities	
Accounts Payable	\$2,967,426
Accrued Expenses	\$759,486
Consumer Deposits	\$191,513
Total Current Liabilities	\$3,918,425

NET WORTH – MEMBERS’ EQUITY

Patronage Capital & Equities	
Memberships	\$121,370
Patronage Capital	\$21,352,622
Other Equities	\$1,175,431
Total Patronage Capital & Equities	\$22,649,422

TOTAL LIABILITIES AND EQUITY	<u>\$60,019,975</u>
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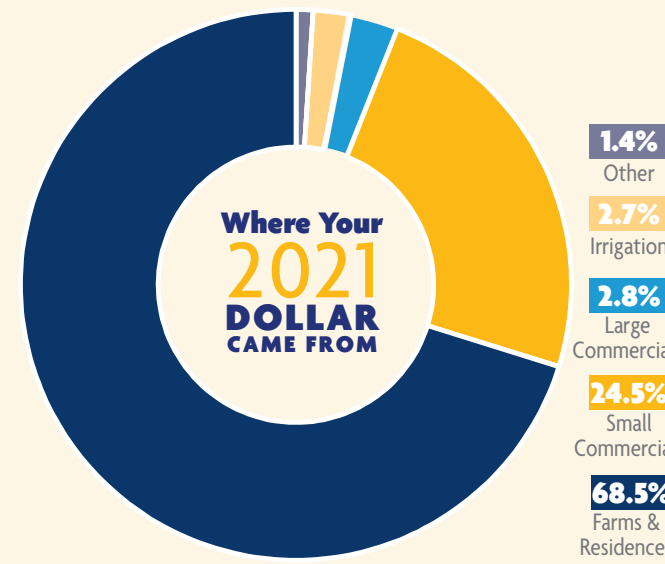
Property Taxes Paid

County	2021	2020
Clay County	\$164,140	\$183,632
Cloud County	\$3,404	\$3,346
Dickinson County	\$661	\$630
Geary County	\$8,589	\$8,361
Jackson County	\$10,231	\$9,900
Marshall County	\$10,274	\$10,078
Ottawa County	\$1,486	\$1,466
Pottawatomie County	\$206,643	\$206,657
Riley County	\$74,994	\$72,460
Wabaunsee County	\$62,273	\$61,648
Washington County	\$82,990	\$87,014
TOTAL	\$625,685	\$645,192

Statement of Operations

for the year ending Dec. 31, 2021

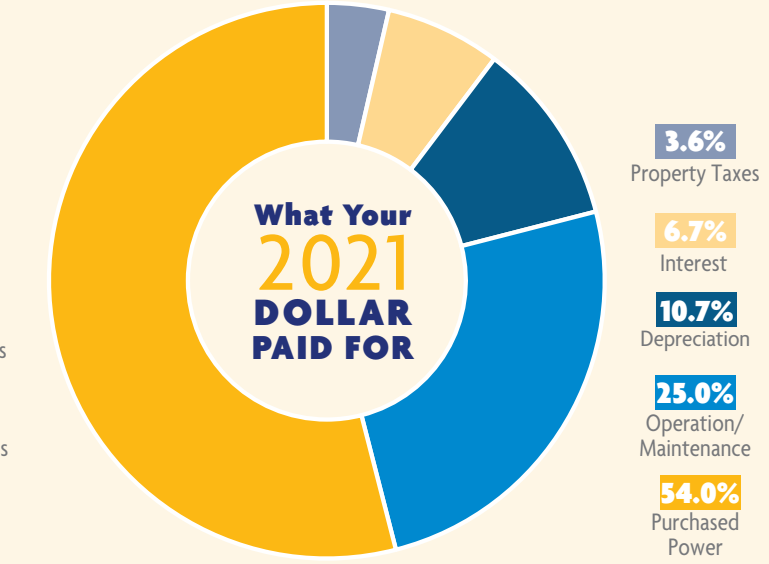
	2021	2020	Increase (Decrease)
OPERATING REVENUE			
Electric Energy Revenue	\$17,900,365	\$16,763,346	\$1,137,019
Miscellaneous Electric Revenue	\$142,998	\$118,477	\$24,521
Total Operating Revenue	<u>\$18,043,363</u>	<u>\$16,881,823</u>	<u>\$1,161,540</u>
OPERATING EXPENSES			
Cost of Power Purchased & Generated	\$9,310,706	\$8,201,276	\$1,109,430
Transmission Expense	\$3,244	\$3,421	(\$177)
Distribution Expense	\$2,557,593	\$2,557,550	\$43
Consumer Accounts Expense	\$349,929	\$366,147	(\$16,218)
Other Consumer Expenses	\$147,622	\$121,619	\$26,003
Administrative and General Expense	\$1,231,056	\$1,225,386	\$5,670
Property Taxes	\$625,685	\$645,192	(\$19,507)
Depreciation	\$1,844,565	\$1,813,834	\$30,731
Total Operating Expenses	<u>\$16,070,402</u>	<u>\$14,934,425</u>	<u>\$1,135,977</u>
Electric Operating Margin	\$1,972,961	\$1,947,398	\$25,563
Less: Interest on Long-Term & Other Debt	\$1,163,040	\$1,158,681	\$4,359
Operating Margin	<u>\$957,619</u>	<u>\$869,414</u>	<u>\$88,205</u>
NON-OPERATING MARGINS			
Interest Revenue	\$115,599	\$155,885	(\$40,286)
Gain on Disposition of Headquarters	\$0	\$671,619	(\$671,619)
Other Revenue	\$62,670	\$53,916	\$8,754
Total Non-Operating Margins	<u>\$178,269</u>	<u>\$881,420</u>	<u>(\$703,151)</u>
NET MARGIN	<u>\$1,135,888</u>	<u>\$1,750,834</u>	<u>(\$614,946)</u>



Statement of Cash Flows

for the year ending Dec. 31, 2021

NET MARGIN	\$1,135,888
Adjustments to reconcile net margin to net cash provided by Operating Activities:	
Depreciation & Amortization Less Salvage	\$1,094,437
Changes in Equity	(\$96,360)
Decrease (Increase) in:	
Accounts Receivable (net)	\$240,994
Inventory	(\$60,433)
Prepayments & Deferred Debits	(\$354,500)
Other Current & Accrued Assets	(\$2)
Increase (Decrease) in:	
Accounts Payable & Consumer Deposits	\$63,604
Other Current & Accrued Liabilities & Deferred Credits	\$154,790
Total Adjustments	<u>\$1,042,530</u>
Net Cash from Operating Activities	<u>\$2,178,418</u>
Investments in Assoc. Organizations & Other	
Distribution Construction	(\$1,807,950)
Plant & Equipment Purchases (Net)	(\$325,180)
Net Cash from Investing Activities	<u>(\$2,220,737)</u>
Principal Payments	
Changes in Cushion of Credit (RUS Prepayments)	\$263,950
Capital Leases	(\$85,609)
Borrowings of Long-Term Debt	\$2,500,000
Net Cash from Financing Activities	<u>\$1,554,028</u>
Net Increase (Decrease) in Cash & Cash Equivalents	<u>\$1,511,709</u>
Beginning Balance: Cash & Cash Equivalents	<u>\$5,473,049</u>
ENDING BALANCE: CASH & CASH EQUIVALENTS	<u>\$6,984,758</u>



FROM THE GENERAL MANAGER

An Update on Your Cooperative



Michael Morton

The 2022 Bluestem Annual Meeting will be held in person on March 28 in Clay Center and we hope you can join us. We continue to monitor COVID-19 conditions and understand your health is of the utmost importance. If you are not able to attend the annual meeting, you may appoint a proxy to vote for you by completing the proxy notice on the back cover of this *Kansas Country Living* magazine. Your proxy must be a member from your district and may not be the proxy for more than three other members from your district. All proxy votes will be eligible for the \$10 bill credit following the annual meeting.

The Bluestem staff would like to express our sincere thanks and appreciation to the membership for their support.

COVID-19 Pandemic

As the COVID-19 pandemic unfolded in March 2020, Bluestem took action to make sure our electric operations and employees were protected. Our linemen staggered their work shifts and some of our administrative staff worked from home to allow appropriate social distancing and continue to provide exceptional customer service to our members. The actions taken were successful with only a few employee cases of COVID-19 recorded.

Construction Work Plan

Our 2018-2021, four-year Construction Work Plan (CWP) has been completed. As we begin 2022, work on the 2022-2025 CWP is being finalized. 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.

Solar Energy Farms

Bluestem has partnered with Today's Power, LLC to install two utility-sized solar farms on our distribution system. A 1 MW solar farm has been installed on our St. George substation and a 750 kW solar farm has been installed on the Leonardville substation. All kilowatt-hours produced from these solar farms will be used by Bluestem members only. It is anticipated these two solar farms will produce a total of 4,129,000 kWh per year, saving the Bluestem membership in excess of \$100,000 annually in reduced power costs.

Consolidation of Offices

On Feb. 1, 2021, we consolidated our Clay Center office with the Wamego office for cost savings and operational efficiency. The Clay Center office facility is under contract to be sold with a closing date of March 1, 2022. The warehouse for the line personnel, trucks and equipment remains in Clay Center.

Land Purchase for New Warehouse Facility

With larger trucks and equipment, our current warehouse facility in Clay Center is in need of replacement. In December 2021, the board decided to purchase approximately 14 acres located on the southeast side of Clay Center, on 17th Street

across from the Clay County East Highway Shop. The cooperative plans to construct a warehouse facility with an adjoining pole yard all in one location, which will allow Bluestem to continue to provide reliable and safe electric service to our members in Districts 1 and 2.

Rate Structure Change

Bluestem is studying the possibility of moving from our current two-part rate structure (customer charge + energy charge) to a three-part rate structure (customer charge + demand charge + energy charge) in the near future. Moving to a three-part rate should produce a more fair and equitable energy bill for all members of Bluestem by factoring in an individual demand charge for each member. Also, the three-part rate matches up with how we are billed from our power supplier, Kansas Electric Power Cooperative (KEPCo). Included in this annual report on Page 12H is information pertaining to demand and what you can do to manage it each month.

Government Affairs

Bluestem, along with many other electric cooperatives from all over the country, continues to monitor federal and state regulations that affect the operation of rural electric systems. On the federal level, we continue to monitor the status of new regulations placed on the utility industry and their anticipated impact. On the state level, new studies are being monitored closely by our Kansas Electric Cooperatives (KEC) Government Relations staff. Our concern is how new regulation and/or laws will affect our members and their cost of electricity. Be assured as regulation and laws are discussed at the state house, our team is participating in the discussions for the protection of all cooperative members across the state.

Cooperative Model Advantage — Power Supplier MSA

KEPCo, a generation and transmission cooperative that provides wholesale power services to 16 electric cooperatives in the eastern two-thirds of Kansas, is our supplier of wholesale power. Bluestem

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Your Bluestem Payment Options

Bluestem Electric has six convenient payment options for our members. All members receive a standard monthly bill for their electrical use. Bills are due and payable upon receipt. We realize one method of payment does not fit every Bluestem member's needs, so we have several payment options available for your convenience. All our payment options are free.

Auto Payment/Bank Draft



Members have the option to have payments automatically withdrawn from their bank accounts or credit/debit cards. Sign up through our online bill pay system or visit the office. Auto payments are drawn automatically each month on the due date of the bill.



Prepaid

Bluestem Electric has a prepaid option where you pay for electricity as you go, in advance. When your account becomes low, an email or text is sent to advise you to add more money to your account, much like putting fuel in your car. The meter is your "electricity tank gauge" and you will no longer receive a paper bill.

SmartHub/Online Bill Pay



Online bill pay is also available 24 hours a day, 365 days a year. Click the "Pay Online" button on Bluestem Electric's website or follow bluestemelectric.smarthub.coop/login.html. Members can also download the "SmartHub" app from the Apple or Android marketplaces on any mobile device.



Mail*

Bluestem Electric's monthly bill comes with a return envelope you can use to mail your check back to us at P.O. Box 33, Wamego, KS 66547. *Please allow additional time if using the Postal Service. Payments must be received in our office on or before the due date. We DO NOT use the mailing post date for the payment date.

Bluestem Electric Office



You may pay by check, cash or credit/debit card at our office in Wamego. Our office is open from 8 a.m. to 4:30 p.m., Monday-Friday, except for select holidays.



Night Deposit Box

A night deposit box is located at our office in Wamego. Payments dropped off after 4:30 p.m. Monday-Friday will be posted the next business day. Please pay inside to avoid broken payment arrangements or disconnection.

Bluestem Electric also has budget billing for members who prefer to pay the same amount each month. Payments are set at your monthly average, making it easy to budget. An accurate 12-month history of your use at your current residence is helpful in determining payments. If you are interested, please call 800-558-1580 to see if you qualify.



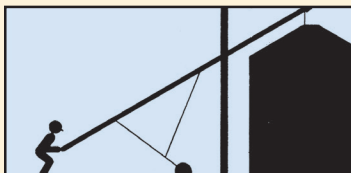
Bluestem Electric board of trustees, staff and legal counsel hold a groundbreaking ceremony at the St. George Sun Power Solar project.

Heads Up for Electrical Safety

What should you do if you see electrical lines down? Call Bluestem Electric Cooperative immediately at 785-456-2212. Warn others to prevent them from coming in contact with the line. **HAVE A HEALTHY RESPECT FOR ELECTRICAL ENERGY!**

HEADS UP

Don't Maneuver Augers in Raised Position



HEADS UP

Plan Before You Plant



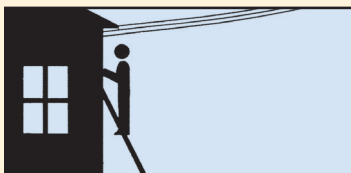
HEADS UP

When Raising Equipment



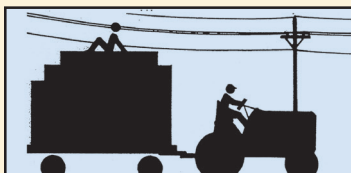
HEADS UP

When Working Around Electric Wires



HEADS UP

When Moving Tall Objects



An Update on Your Cooperative

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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) credits) of the total cost of providing electric service to each Bluestem member. Fortunately, as one of the 16 member-owners 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 Rider implemented in December 2011 and modified in 2015. Essentially, the MSA Rider allows KEPCo to reduce its margins by year-end by providing credits to its member-owners while maintaining certain required financial ratios. Since 2011, KEPCo has provided Bluestem a cumulative reduction in power costs of \$7.007 million through the MSA. In 2021, the KEPCo MSA credits to Bluestem totaled \$755,055.

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. Over the years, KEPCo has been successful in securing reliable, economic power supply options for its members. These options have included base load 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, and most efficient coal plants in the world.

In early 2017, construction of a 1 MW 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 65.52% of KEPCo's energy in 2021.

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 diligently to secure and meet our future power supply needs so the lights will be bright when the next generation of Bluestem members turns on the switch.

Join Us March 28

The Bluestem staff would like to express our sincere thanks and appreciation to the membership for their support. We are proud to represent the cooperative and we enjoy serving its members. Stay safe, stay healthy and know that we are looking forward to seeing you in person at the Bluestem Electric Cooperative Annual Meeting on March 28 in Clay Center.

Michael Morton
GENERAL MANAGER

BLUESTEM STAFF

MICHAEL M. MORTON
General Manager

JASON MOORE
Assistant General Manager

JOHN BETTENCOURT
Manager of AMI & IT

TRISHA BRADLEY
Manager of Accounting and Finance

TIM DIEDERICH
Manager of Line Operations

KEVIN HEPTIG
Manager of Member Services

MARY HOBBS
MSR/Accounting Specialist/AP

GLENDALARKINS
MSR/Accounting Specialist/Work Orders

JENNIFER SOEKEN
MSR/Billing Specialist

MICHELE ZIMMER
Member Services Representative

JEROD CHAFFEE
Assistant Manager of Line Operations

THAD DONNELLY
Assistant Manager of Line Operations

COURTNEY GRATER
Line Operations Foreman

AARON MASSIE
Line Operations Foreman

BEN MATTHEWS, III
Line Operations Foreman

JOSH WIEDMER
Line Operations Foreman

SHELTON ALLEN
Journeyman Lineman

TRAVIS BLACKWOOD
Journeyman Lineman

LUKE BRAZZLE
Journeyman Lineman

DAVID BURTON
Journeyman Lineman

TRENTON CANFIELD
Journeyman Lineman

BAYLEE EASTERBERG
Journeyman Lineman

BEN EASTERBERG
Journeyman Lineman

DEREK FRANCIS
Journeyman Lineman

DYLAN HAVENSTEIN
Journeyman Lineman

KYLE HOOTEN
Journeyman Lineman

JOSH LAFLIN
Journeyman Lineman

TYLER STARK
Journeyman Lineman

KEVIN SWENSON
Journeyman Lineman

TIM WOLF
Journeyman Lineman

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 recognized 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 also enjoyed ice cream, cobbler, coffee and tea at the 2019 Annual Meeting.

Bruce Meyer
SECRETARY

Explanation of Demand (kW) and Energy (kWh)

Electricity Usage is Measured in Two Ways:

- ▶ **DEMAND (kW = KILOWATTS):** the rate at which energy is used.
- ▶ **ENERGY (kWh = KILOWATT-HOURS):** the amount of energy used.

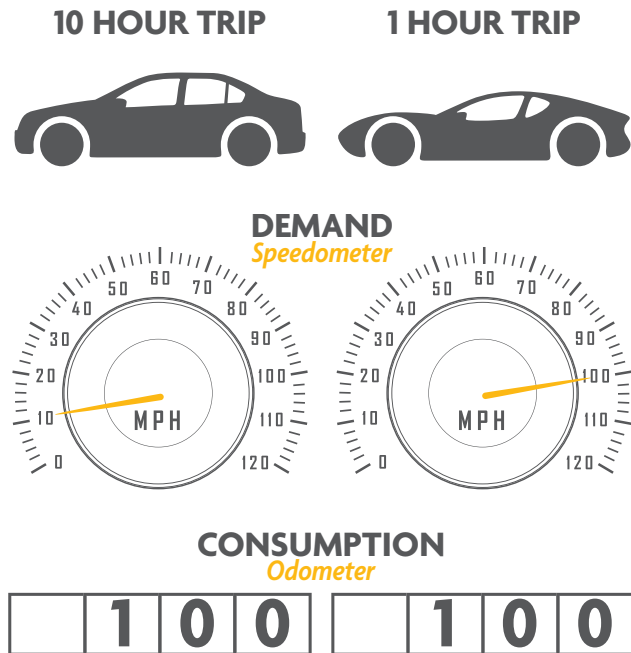
Demand Charge (expressed as kW or kilowatts)

Demand is defined to be the rate at which a member uses electricity during a specified time period. Kilowatt demand is measured by the highest rate at which a member uses electricity during a 60-minute time period during the billing period, and billed accordingly.

Energy Charge (expressed as kWh or kilowatt-hours)

Energy charges are based on the amount of electricity a member uses during the billing period, which is expressed as kWh. Think of it in terms of your car's speedometer:

- ▶ If your car travels at a rate of speed of 100 mph for 1 hour, the miles driven is only 100 miles.
- ▶ If your car travels at a rate of speed of 10 mph for 10 hours, the miles driven is 100 miles, but it takes a much more capable and expensive engine to power the car at 100 mph than it does to power the car going only 10 mph.



In Terms of Electricity

If a member's rate of consumption is 100 kW for 1 hour, the kWh consumed is 100 kWh. Large power accounts are billed for both the rate of energy consumed (kW) and the energy consumed (kWh).

Demand can be thought of as the speedometer reading in your car. It is the rate at which energy is being consumed. Energy use is like the miles driven on your odometer.

Standby Me: Installing a Backup Generator

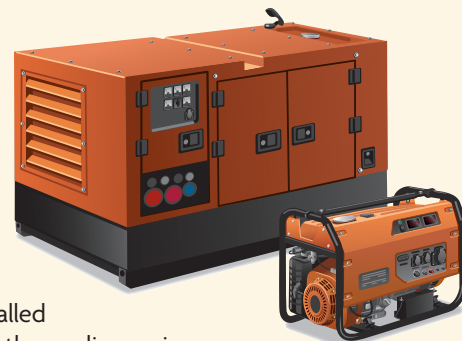
Many businesses rely on standby power when the power goes out — for the safety of their employees and customers and to power essential items. More and more home generators are being installed so families can have backup power when they need it, whether to power appliances and essential medical equipment or simply for convenience.

There is more than one type of permanent generator. One has a transfer switch that must be manually “thrown” before turning on the alternate source of power, which is wired into a house. This type of generator is permanent but not considered “standby” because of the manual switch, and it should not be located near a home. (Always consult a professional electrician when installing or maintaining a permanent generator.) Not throwing the switch can result in backfeeding, which sends electricity back into power lines, and can seriously injure or kill electric lineworkers or others working to restore power.

Another type of fixed generator is permanently housed in a metal box and is usually located close to the house. It is the

most expensive permanent generator — a standby version that is permanently and professionally installed to power most of the appliances in your home. When needed, a standby generator automatically transfers the power source from the electric grid to the generator. The cost of this type of permanent generator varies depending on how much backup power you want.

Besides the cost of the system, there are also installation costs to consider, since it will need to be installed by licensed and bonded contractors. This is definitely not a DIY project! To inquire about how permanent generators should be safely used and installed, contact Bluestem Electric at 785-456-2212 or 800-558-1580.



During the meeting, registered members are entered in three drawings for a chance to win \$150, \$100 or \$50

Proposed Bylaw Revisions

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ARTICLE IV BOARD OF TRUSTEES.

SECTION 4.02 QUALIFICATIONS TO BE NOMINATED, ELECTED AND REMAIN A TRUSTEE. Any natural person shall be eligible to be nominated, elected and remain a Trustee of the Cooperative who:

(1) Is a member of the cooperative and is a bona fide resident, in the Trustee district which the member is to represent.

(2) Is not an employee of the Cooperative or has not been an employee of the cooperative within the last three (3) years or in any way financially interested in a competing enterprise or a business engaged in selling energy, energy services or energy supplies or maintaining energy producing or selling facilities.

However, the Board may grant exceptions for “deminimus” competing enterprises; A Trustee, current and/or past, seeking to gain employment with the Cooperative shall not be serving and/or have served on the Board of Trustees for one (1) complete year prior to date of employment;

(3) Is not related to an incumbent Trustee or an employee of the Cooperative. The term “related” means the relationship of spouse (including common law spouse), child (step/in-law/grand), brother (step/in-law), sister (step/in-law), parent (step/in-law), grandparent, aunt, uncle, nephew, niece, or co-habitant. Upon establishment of the fact that a Trustee is holding the office in violation of any of the foregoing provisions, the Trustees shall remove the Trustee from office.

Nothing contained in this section shall affect the validity of any action taken at any meeting of the Trustees.

SECTION 4.03 DISTRICTS. The territory of the Cooperative shall be divided into four Trustee districts for the purpose of constituting the Cooperative's Board of Trustees. The Trustee districts shall include all of the area

contained within the exterior boundaries of the Cooperative service territory, as amended from time to time, together with all of the area within any exterior square mile section which contains any Cooperative service territory (herein a “service section”). The boundaries of Trustee districts shall be depicted on an official territory and Trustee district map adopted and approved by the Board of Trustees of the Cooperative. An official territory and Trustee district map shall be maintained, for membership review and inspection, at both the Wamego and Clay Center offices. Except for service sections bisected by the Kansas River, no service section shall be within more than one Trustee district. The Board may amend the boundaries of the districts, from time to time, as deemed necessary or appropriate.

SECTION 4.04 TRUSTEE POSITIONS AND TERM OF OFFICE. Trustees shall be elected from each district, only by the members from such district (eligible members), as described hereinafter, for a term of three calendar years as terms of office expire or until their successors shall have been elected and qualified. The number of Trustees for each district and the three-year election cycle for each position within each district shall be as described below.

- ▶ District One shall have two Trustees. Position One begins January 1, 2020~~14~~; and Position Two begins January 1, 2021~~15~~.
- ▶ District Two shall have two Trustees. Position One begins January 1, 2021~~15~~; and Position Two begins January 1, 2020~~14~~.
- ▶ Districts One and Two shall have one Trustee “At Large”. “At Large” begins January 1, 2022~~16~~.
- ▶ District Three shall have three Trustees. Position One begins January 1, 2021~~15~~; Position Two begins January 1, 2022~~16~~; and Position Three begins January 1, 2020~~14~~.

- ▶ District Four shall have two Trustees. Position One begins January 1, 2021~~15~~; and Position Two begins January 1, 2020~~14~~.
- ▶ Districts Three and Four shall have one Trustee “At Large”. “At Large” begins January 1, 2022~~16~~.

SECTION 4.05 NOMINATION OF TRUSTEES. The Board shall appoint a nominating committee, on or before the first day of October of each year, consisting of not less than one, nor more than five members from each district for whom a Trustee is to be elected. Board members may not serve on the nominating committee. Only committee members from each district will nominate their own candidate. Committee members from districts one and two will meet together in any County within District #1 and/or District #2 where the Cooperative is providing a Cooperative Service at Clay Center and committee members from districts three and four will meet together in any County within District #3 and/or District #4 where the Cooperative is providing a Cooperative Service at Wamego. Nominating committees shall meet during the month of October. On or before the first day of November, the nominating committee shall prepare and post a list of nominations for Trustee at the Wamego office and on the Cooperative Website and/or other Cooperative Social Media sites. ~~if a Trustee is to be elected from districts three and four and at the Clay Center office if a Trustee is to be elected from districts one or two.~~ The committee shall nominate one or more candidates for each position.

Nominations may be made by petition, filed on or before the close of business, November 30, at the Wamego office ~~for Trustees to be elected from districts three and four, and at the Clay Center office for Trustees to be elected from districts one or two.~~ The petition

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BINGO
 Play Bluestem Bingo to win one of **four \$25 bill credits and multiple other prizes** from Bluestem and our sponsors.

Proxy Notice

If you are not able to attend the annual meeting, you may appoint a proxy to vote for you. Your proxy must be a member of your district. A member may not be the proxy for more than three other members.

If you want to appoint a proxy, please fill out the form below and give it to the member you appoint as your proxy. Your proxy must sign the certification at the bottom of the form.

Your proxy will sign you in at the registration table at the annual meeting. Staff personnel will collect and file the proxy.

PROXY

I, the undersigned, a member of Bluestem Electric Cooperative, Inc., hereby appoint

 (name of proxy) as my agent and attorney-in-fact to vote as my proxy at the annual meeting to be held Monday, March 28, 2022, at 7 p.m. at the United Methodist Church Family Life Center, 921 Fifth Street, Clay Center, Kansas, on questions that may come before the meeting as I would be entitled to vote if personally present.

 PRINTED NAME OF MEMBER

 SIGNATURE OF MEMBER

 DATE

CERTIFICATION BY PROXY

I, the undersigned, have been appointed as a proxy by the member named above. I certify that I am a member in the same district as the member named above and that I am not the proxy for more than a total of three members.

 PRINTED NAME OF PROXY

 SIGNATURE OF PROXY

 DATE

Proposed Bylaw Revisions

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must be signed by not less than 5% of the members of the district for whom the Trustee is to be elected. The secretary shall immediately post such nominations at the same place where the list of nominations by the committee is posted. Nominations made by petition shall appear on the ballot in the order received.

SECTION 4.06 ELECTION OF TRUSTEES. The election of Trustees shall be by mail ballot **and/or electronic ballot as determined by the Trustees.** Only those nominees selected by the nominating committee or nominated by petition shall appear on the ballot. There may be write in votes for a qualified member not named on the ballot. The ballot shall first list the name(s) nominated by the committee, then the name(s) nominated by petition in the order received and, at the end, a place to write in a name. Failure of strict compliance with the provisions of this section shall not affect the validity of any election of Trustees.

The secretary shall mail the ballots to the respective members on or before the 10th day of December of each year. On or before the first day of January of each year, ballots must be post marked or received at the Wamego office **or the Clay Center office.**

ARTICLE V MEETINGS OF THE BOARD

SECTION 5.01 REGULAR MEETINGS. A regular meeting of the Board shall be held periodically, but not less than bimonthly, at a date and time as the Board may provide by resolution.

Regular Trustees' meetings will **be held in alternate-between Wamego, and Clay Center,** Kansas. Or, in the alternative, the Trustees may, by a 2/3 majority, designate the regular meeting to be in any County where the Cooperative is providing a **Cooperative electrical** service.

Regular Trustees' meetings may be held without notice other than such resolution fixing the time, date and place thereof. Failure to hold the regular meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

ARTICLE XIII AMENDMENT OF BYLAWS

Amendment of Bylaws may be initiated by a majority of the Board or a Petition signed by not less than five percent (5%) of the members. These bylaws shall be altered, amended or repealed by the members by mail **and/or electronic ballot** or at any annual or special member meeting by a majority vote of the members voting by ballot or attending such meeting, in person or by proxy, provided the notice of such meeting, or the ballot shall have contained a copy of the proposed alteration, amendment or repeal, or an accurate summary explanation thereof. The Board shall determine the method and time schedule of presenting the question(s) to the members.