



# ANNUAL REPORT

KANSAS ELECTRIC POWER COOPERATIVE

## 2020

2020 DETERMINATION TEAM PERSEVERANCE  
RESILIENCE DEDICATION ENGAGEMENT GRID  
ENDURANCE **KEPCO** PERSISTENCE DETERMINATION  
PURPOSE ENERGY POWER STABILITY HISTORY  
STEADY **STRONGER** SOLID STABLE COMMITMENT  
DECISION STRENGTH UNPRECEDENTED SUPPORT  
**TOGETHER** CHALLENGE INNOVATIVE HEALTH  
DISCIPLINE TOOLS OPPORTUNITY TECHNOLOGY  
SUPPORT **COOPERATIVE** ENHANCEMENTS SUCCESS  
ACCOMPLISHMENTS ADVOCATE TENACITY  
FORTITUDE RESOLVE UNCHARTED

# GUIDING PRINCIPLES

- ▶ **SAFETY:** We are devoted to a culture of safety to assure an accident-free, secure, and healthy work environment.
- ▶ **INNOVATION:** We promote continuous learning, development, and creative thinking to encourage innovative, proactive, cost-effective, and technologically relevant business and energy solutions.
- ▶ **ENGAGEMENT:** We strive to provide a positive, professional, and respectful work environment for our employees and Members, and we are committed to building relationships based on genuine caring and understanding.
- ▶ **INTEGRITY:** We expect our team to be completely transparent, open to new ideas, honest, trustworthy, fully accountable, ethical, and to do the right thing for our Members, our industry partners, the general public, and each other.
- ▶ **FINANCIAL RESPONSIBILITY:** We strive to provide power supply, support, and services to our Members at the lowest possible cost, consistent with sound business practices, Board policies, and cooperative principles.

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## OUR PURPOSE

KEPCo strives for excellence in providing safe, reliable, economical, and environmentally responsible power supply, exceptional support, and innovative services to our Members and the Kansans they serve.

# OUR STAFF



**Suzanne Lane**  
Executive Vice President & CEO



**Mark Barbee**  
Senior Vice President,  
Engineering & Operations



**Susan Cunningham**  
Senior Vice President, Regulatory &  
Government Affairs, and General Counsel



**Coleen Wells**  
Senior Vice President & CFO



**Stephanie Anderson**  
Finance & Benefits Analyst 2



**Jared Crotinger**  
Senior Operations Technician



**Chris Davidson**  
Engineer 3



**Terry Deutscher**  
Manager, SCADA & Meter Maintenance



**Mark Doljac**  
Executive Director, Regulatory Affairs  
& Planning



**Rebecca Fowler**  
Manager, Regulatory Affairs



**Carol Gardner**  
Operations Analyst 2



**Shawn Geil**  
Executive Director, Technical & Energy  
Services



**Maurice Hall**  
Senior SCADA/Metering  
Technician - Wichita



**Robert Hammersmith**  
Senior SCADA/Metering  
Technician - Salina



**Rick Johnson**  
Executive Director, Engineering



**Shari Koch**  
Finance & Accounts Payable/Payroll  
Specialist 2



**Adam Lee**  
SCADA/Metering Technician II



**Matt Ottman**  
Information Systems Specialist 3



**John Payne**  
Senior Engineer



**Kelsey Schrempf**  
Executive Assistant &  
Manager of Office Services



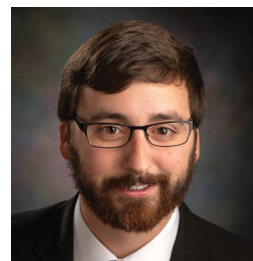
**Paul Stone**  
Operations Specialist



**Missy Tew**  
Administrative Assistant



**Phil Wages**  
Director, Member Services, Government  
Affairs & Business Development



**Luke Zahner**  
Engineer I

LETTER FROM  
THE BOARD  
PRESIDENT AND  
EXECUTIVE VICE  
PRESIDENT/CEO



Suzanne Lane  
Executive Vice President  
& CEO



Doug Jackson  
Board President

# STRONGER TOGETHER

So many words have been used to describe 2020. Unprecedented. Historic. Surreal. At KEPCo, we prefer to describe 2020 with words and phrases like “resilience,” “perseverance,” “stronger together,” and “innovative.” In a year when concepts like working from home, mandatory masking, and social distancing became constant and crucial reminders of the current state of affairs, our G&T cooperative was still able to remain resilient, persevere through adversity, and come out successful and stronger as a result.

Not only do we have many things for which to be thankful regarding the health and safety of our team, our Members, and our families, but we are also thankful for the many accomplishments fulfilled on behalf of and for our Member-Owners this year. While certain electric loads decreased as a result of the COVID-19 pandemic, a majority of KEPCo’s Members’ loads are residential consumer-based and, therefore, KEPCo’s peak demand only decreased about 4.4% from the 2020 budgeted demand and only 5.0% from the 2020 actual demand. The mild weather also contributed, as Kansas did not see the extreme, sustained summer heat to which we are often accustomed.

Although the decrease in Member sales impacted our 2020 year-end margin, we were proud to maintain stable average rates for our Members. In fact, we ended the year with a similar average Member rate as 2020, and the second lowest average rate in over a decade. Many activities contributed to maintaining stable rates, including the successful implementation of a Member-focused revision to our

tariff, whereby our Member billing mechanisms are more aligned with the way we are billed by our suppliers. In addition, we successfully implemented amendments to our Member load management program, focusing on enhanced communications and distributed generation reimbursement practices, which optimized cost savings opportunities for our Members.

With regard to our power supply, our owned and purchased resources once again performed in a very safe, reliable, and cost-effective manner. Our jointly-owned Wolf Creek Generating Station experienced another tremendous operational year, highlighted by the plant’s inaugural implementation of a flexible power operations program. As for our other resources, the Iatan 2 coal plant performed well overall, continuing to be a valuable, reliable asset for the Southwest Power Pool (SPP) market. Our Southwest Power Administration and Western Area Power Administration hydro resources continued to be low-cost, reliable power supply sources; a continued benefit to our Members was that low-cost, supplemental energy was available, which provided our Members additional, cost-effective energy supply. KEPCo’s solar farm, Prairie Sky, continued to produce as expected, and our diesel-fueled Sharpe Generating Station was called to operate even more hours than the record-setting prior year to help the SPP. Also on the topic of power supply, in 2020 we entered a new, cost-reducing power purchase agreement for the years 2021-2026, which will

continue our ever-present efforts of finding cost-savings opportunities for our Members.

As for additional member-focused activities and advocacy efforts, we are proud to have many to report in 2020. For the first time in over 20 years, we were able to retire about \$700,000 in capital credits, which offered timely assistance to our Members during the pandemic. We supported our Members' additional distributed generation projects by providing guidance, process enhancements, technical assistance, and amending policies and practices. We advocated for our Members in legislative and congressional fronts, with key components involving the Kansas Senate Bill No. 69 electric rate study and the need for Rural Utilities Service debt refinancing. These proud advocacy efforts also earned us status as an NRECA 5-Star Co-op. We completed KEPCo's first all-inclusive risk identification and assessment process, which paves the way for a robust, crucial risk management policy. We continued our advocacy and engagement at SPP, the Southwestern Power Resources Association, and the Loveland Area Customer Association. We were a key player in generation and transmission cost-related cases before the Federal Energy Regulatory Commission, collaboratively reaching or attempting to reach results that are in the best interest of KEPCo and our Members. And we were proud to facilitate our first member survey, receiving meaningful feedback that will help us grow and assure we are providing our Members with the best experience possible.

KEPCo's many successes in 2020 were only possible because of the support, guidance, and oversight of the Board of Trustees, and the dedication, hard work, member-focus, and team spirit of KEPCo employees. With regard to our team, there are many key accomplishments to highlight in this report. First and foremost, we completed 2020 with a stellar safety and cybersecurity record, completing our 11th consecutive year without a lost-time injury. Every employee had a new, customized goal plan that assured we were all aligned with the strategic

plan and focus areas desired by our Members. We proposed and received approval from the Board to have a new purpose statement and guiding principles, as depicted in this annual report. In a time when remote working was essential to assure safety, we remained engaged and connected by having a multitude of creative, innovative employee events, training sessions, and informational meetings. We established KEPCo's first Safety Committee, which led the effort to completely revamp our Safety Manual in 2020. We completed our first employee survey in 2020, learning how we can provide our employees with an optimal work experience, and we held our first supervisors' summit to assure all of our front-line supervisors have the support and tools they need to lead successfully.

Our engineering services company, KEPCo Services, Inc. (KSI), is fully staffed and completed a significant amount of engineering and technical work in 2020 on behalf of the Members who utilize these engineering services. And last but not least, while exhibiting the cooperative principle associated with concern for community, we proudly supported our local community by volunteering for organizations and contributing over \$27,000 (including CoBank's matching funds) to local charities.

While we had unparalleled challenges and experienced uncharted territory in 2020, our resilience, perseverance, and dedication to our Members helped drive us to many successes. We are honored and blessed to be part of this amazing cooperative family and to serve each of our Members, our Members' teams, and the nearly 300,000 rural Kansans our Members serve.

Thank you to the entire Board for the support and dedication to KEPCo, and to the KEPCo team for going above and beyond each and every day to serve our Members.



... our G&T cooperative was still able to remain resilient, persevere through adversity, and come out successful and stronger ...

# 2020 KEPCo BOARD OF TRUSTEES

## Executive Committee Members

- ▶ **DOUGLAS JACKSON**  
President
- ▶ **STEVEN FOSS**  
Vice President

- ▶ **LARRY FROESE**  
Secretary
- ▶ **BRYAN COOVER**  
Treasurer

- ▶ **CHARLES GOECKEL**  
Executive Committee Member
- ▶ **MICHAEL MORTON**  
Executive Committee Member

- ▶ **KIRK THOMPSON**  
Executive Committee Member



**Michael Morton, Trustee, Manager**  
Bluestem Electric Cooperative, Inc.

EXECUTIVE COMMITTEE



**Gary Buss, Alternate**  
Bluestem Electric Cooperative, Inc.



**Kevin Compton, Trustee**  
Brown-Atchison Electric Cooperative Assn., Inc.



**Jim Currie, Alternate, Manager**  
Brown-Atchison Electric Cooperative Assn., Inc.



**Kirk Thompson, Trustee, Manager**  
CMS Electric Cooperative, Inc.

EXECUTIVE COMMITTEE



**Linda Tomlinson, Alternate**  
CMS Electric Cooperative, Inc.



**Dean Allison, Trustee**  
DSO Electric Cooperative, Inc.



**Tim Power, Alternate, Manager**  
DSO Electric Cooperative, Inc.



**Mark Scheibe, Trustee, Manager**  
Heartland Rural Electric Cooperative, Inc.



**H.H. Stockebrand, Alternate**  
Heartland Rural Electric Cooperative, Inc.



**Paul Unruh, Trustee**  
Ninnesch Rural Electric Cooperative Assn., Inc.



**Teresa Miller, Alternate, Manager**  
Ninnesch Rural Electric Cooperative Assn., Inc.



**Donald Metzen, Trustee**  
Sedgwick County Electric Cooperative Assn., Inc.



**Scott Ayres, Alternate, Manager**  
Sedgwick County Electric Cooperative Assn., Inc.



**Coni Adams, Trustee, Manager**  
Sumner-Cowley Electric Cooperative, Inc.



**John Schon, Alternate**  
Sumner-Cowley Electric Cooperative, Inc.



**Dennis Svanes, Trustee, Manager**  
4 Rivers Electric Cooperative, Inc.



**Tom Ayers, Alternate**  
4 Rivers Electric Cooperative, Inc.



**Larry Froese, Trustee**  
Ark Valley Electric Cooperative Assn., Inc.



**Jackie Holmberg, Alternate, Manager**  
Ark Valley Electric Cooperative Assn., Inc.

SECRETARY



**Dale Short, Trustee, Manager**  
Butler Rural Electric Cooperative Assn., Inc.



**Ron Oelkers, Alternate**  
Butler Rural Electric Cooperative Assn., Inc.



**Dan Hubert, Trustee**  
Caney Valley Electric Cooperative Assn., Inc.



**Allen Zadorozny, Alternate, Manager**  
Caney Valley Electric Cooperative Assn., Inc.



**Charles Goeckel, Trustee, Manager**  
Flint Hills Rural Electric Cooperative Assn., Inc.



**Terry Olsen, Alternate**  
Flint Hills Rural Electric Cooperative Assn., Inc.



**Steven Foss, Trustee, Manager**  
FreeState Electric Cooperative, Inc.



**Harlan Hunt, Alternate**  
FreeState Electric Cooperative, Inc.

EXECUTIVE COMMITTEE

VICE PRESIDENT



**William Peterson, Trustee**  
Prairie Land Electric Cooperative, Inc.



**Chuck Look, Alternate, Manager**  
Prairie Land Electric Cooperative, Inc.



**Douglas Jackson, Trustee, Manager**  
Rolling Hills Electric Cooperative, Inc.



**Paul Wilson, Alternate**  
Rolling Hills Electric Cooperative, Inc.

PRESIDENT



**Bryan Coover, Trustee**  
Twin Valley Electric Cooperative, Inc.



**Angie Erickson, Alternate, Manager**  
Twin Valley Electric Cooperative, Inc.



**Shane Laws, Trustee, Manager**  
The Victory Electric Cooperative Assn., Inc.



**Daryl Tieben, Alternate**  
The Victory Electric Cooperative Assn., Inc.

TREASURER

# LEGISLATIVE REVIEW

The 2020 legislative session was not immune to the effects of COVID-19. The session was dramatically shortened, with the first adjournment occurring in mid-March, which proved to be the last time the legislature would meet, other than one final day of debating bills and formal adjournment in late May.

The session was anticipated to be busy with several utility-related bills and initiatives to be examined. One topic expected to be discussed was Kansas electric rates. For the past few years, considerable attention has been given to the view that electric rates in Kansas are unfavorable in comparison

results to the Senate and House utilities committees, reviewing topics that included rate-making principles, performance-based rates, integrated resource planning, renewable generation, the development of a state energy plan, energy efficiency, and securitization, to name a few. Subsequent to the LEI presentations, Kansas utilities and other interested stakeholder groups provided testimony to both committees on their respective opinions of the study.

Phase 2 of the study was awarded to AECOM, an engineering firm specializing in utility infrastructure, and its partner, Energeia USA (AECOM). AECOM focused its review on such topics as electric vehicles, advanced energy solutions, battery storage, transmission investments, economic development, cybersecurity, and generation fuel costs. AECOM submitted its report to the Kansas Corporation Commission in July, which also included policy recommendations related to the study topics.

In early March, in anticipation of a shortened session, bills were prioritized for debate by the full bodies of the legislature. Only one utility bill was considered, Senate Substitute for House Bill No. 2585, a bill that eliminates the collection of state income tax from consumers by investor-owned electric and natural gas utility companies. Another provision in the bill allows the KCC to approve certain electric contract rates and associated cost recovery from all rate classes outside the context of a general rate proceeding. The bill was passed by the Senate early in the final day of the session and, after a lengthy and heated debate, was concurred by the House.

At the national level, the traditional in-person meetings of Kansas cooperative representatives with the Kansas congressional delegation in

Washington, D.C., were held virtually due to COVID-19. In September, a virtual meeting was held at KEPCo's headquarters, where KEPCo managers, Board of Trustees members, and staff — along with other cooperative representatives and the government relations team at Kansas Electric Cooperatives, Inc. (KEC) — discussed with the delegation a variety of issues, including COVID-19 response efforts to protect electric cooperative employees and communities, broadband deployment, rural economic development, and the need for USDA Rural Utilities Service loan repricing.

As part of our advocacy efforts, KEPCo participated in the Co-ops Vote events organized by KEC and sponsored by our Member cooperatives. Each event was attended by cooperative employees, city and county officials, state legislators, and congressional candidates. These events allow electric cooperatives the opportunity to meet with elected officials and educate them on issues of importance to electric cooperatives and the communities they serve.

“The opportunity to interact with local, state, and national elected officials, in an informal but informative setting, is an invaluable asset as issues are debated at the state and national levels,” said Susan Cunningham, KEPCo SVP of Regulatory and Government Affairs & General Counsel.

Co-ops Vote is a nonpartisan program that strives to inform both cooperative Members and the candidates about issues important to America's electric cooperatives and the communities they serve, from the continued need for affordable and reliable electricity to broadband access and other rural economic development issues. Through participation in Co-ops Vote events and other advocacy efforts, KEPCo earned the “5-Star Co-op” designation from NRECA.



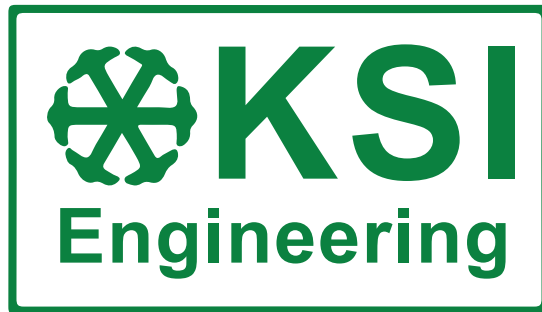
to neighboring and regional states, thus making it difficult to attract and retain businesses in Kansas. In the 2019 session, advocates of this viewpoint introduced legislation, which authorized an independent rate study to be conducted to assist legislative and regulatory efforts in reviewing and crafting energy policies that lead to regionally competitive electric rates while maintaining reliable electric service.

Through a request for proposal process, London Economics International (LEI) was selected to complete the first phase of the two-phase, 29-topic study. Early in the 2020 session, LEI presented its study



# KEPCo SERVICES, INC. COMPLETES 23 YEARS OF OPERATIONS

KEPCo Services, Inc. (KSI), a wholly owned subsidiary of KEPCo, completed its 23rd year of operations. KSI offers a diverse array of technical and engineering services for



KEPCo Members and non-member electric cooperatives. KSI provides value-added engineering services while creatively finding solutions that facilitate the goals and objectives of its clients. KSI places paramount importance on integrity, transparency, innovation, servant leadership, and commitment to excellence.

In 2020, KSI was involved in over 49 projects for 15 KEPCo Members and two non-member cooperatives. KSI persevered through the uncertainty of the COVID-19 pandemic and continued to provide its services without interruption. Some of the more substantive projects included: project management activities for the CMS Jupiter Project and the Brown-Atchison 75 Highway line relocation project; sectionalizing studies for DSO and Rolling Hills; construction work plans for Rolling Hills and Flint Hills; FEMA M1901 application support for Bluestem; Pony Meadows relay/control upgrade project for Butler; and arc-flash assessments for Sedgwick and Heartland. A description of KSI's current services is available on KEPCo's website.

Late in the year, Senior Engineer John Payne announced his retirement after 15 years of service, effective January 2021. In addition to his significant contributions at KEPCo in the areas of transmission service and NERC compliance, John also supported projects for KSI and provided expertise to the KSI team, specifically in the relay and control discipline.

## KEPCo BOARD ELECTS NEW PRESIDENT

At its November meeting, the KEPCo Board of Trustees unanimously elected **MR. DOUGLAS JACKSON** as Board President. Jackson is Manager of Rolling Hills Electric Cooperative, Inc. in Beloit. Prior to his election as President, Jackson served as KEPCo's Secretary in 2017 and 2018 and Vice President in 2019.

Jackson has 40 years of experience in the electric utility industry. His career began in 1981 with the City of Belleville municipal utility. In 1987, he joined NCK Electric Cooperative, Inc. (NCK) in Belleville and became manager of NCK in 1992. NCK merged with Jewell-Mitchell Cooperative Electric Company, Inc. (Mankato) and Smoky Hill Electric Cooperative

Association, Inc. (Ellsworth) in 2002, resulting in the formation of Rolling Hills Electric Cooperative, Inc., which Jackson has managed since the merger.

"I am honored by the KEPCo Board of Trustees to have the confidence and trust in me to lead such a wonderful organization. Affordable, safe, and reliable electricity is crucial to the economic vitality in rural Kansas, and I look forward to working with the other KEPCo member cooperatives and KEPCo staff in continuing to provide such a valued service," said Jackson.

Jackson succeeds Dale Short, former manager of Butler Rural Electric Cooperative Assn., Inc.



# RURAL DEVELOPMENT PROVIDES RESILIENCE FOR COMMUNITIES

Economic development is vital to the continued prosperity and resilience of rural Kansas, with the goal of improving the quality of life and economic well-being of people living in rural areas. The economic well-being of rural communities is also necessary to stimulate the overall economic expansion of the nation. Small-scale entrepreneurship is the one economic development strategy that consistently works in rural communities, as over half of all new jobs created in most rural areas come from small, off-farm business ventures.

For nearly three decades, KEPCo and its Member cooperatives have been actively involved in the USDA Rural Economic Development Loan and Grant (REDLG) program. The REDLG program provides zero-interest loans for projects in rural areas that create or retain employment. For the 2019-2020 USDA fiscal year, \$1.72 million in loan funds were brought into rural Kansas, resulting in 78 jobs either being added or saved.

“KEPCo is proud to work with and assist our Member cooperatives in obtaining REDLG loans that benefit rural Kansas communities,” said Susan Cunningham, KEPCo SVP of Regulatory and Government Affairs & General Counsel. “Over the years, the types of businesses that have taken advantage of this program include dentists, manufacturing facilities, agriculture production,



Committed to the future of rural communities.

schools, hospitals, implement dealers, e-commerce, and retail establishments, just to name a few. Introducing business owners and entrepreneurs to a cost-effective method of financing has proven to be a successful formula in creating and retaining businesses and jobs in rural Kansas.”

Economic development is also a top priority for Kansas Governor Laura Kelly and her administration. The state of Kansas has not had a comprehensive strategy for economic growth since 1986. This year, under the governor’s leadership, the Department of Commerce convened a group of stakeholders, including business leaders and economic development professionals from across the state, along with members of academia and Department of Commerce staff, to develop the Kansas Framework for Growth, which is a comprehensive economic development plan that recognizes various industry sectors, geographic differences, changing demographics, and economic trends, with the goal of developing a strategy to spur economic growth in Kansas.

Creation of the Kansas Framework for Growth will occur in three phases: assessment and benchmarking, recommendations and best practices, and implementation planning. KEPCo applauds the development of this initiative, as the integration of this plan’s development within state agencies, local government, and private interests is essential to develop a vision and strategic plan for Kansas.

Introducing business owners and entrepreneurs to a cost-effective method of financing has proven to be a successful formula in creating and retaining businesses and jobs in rural Kansas.

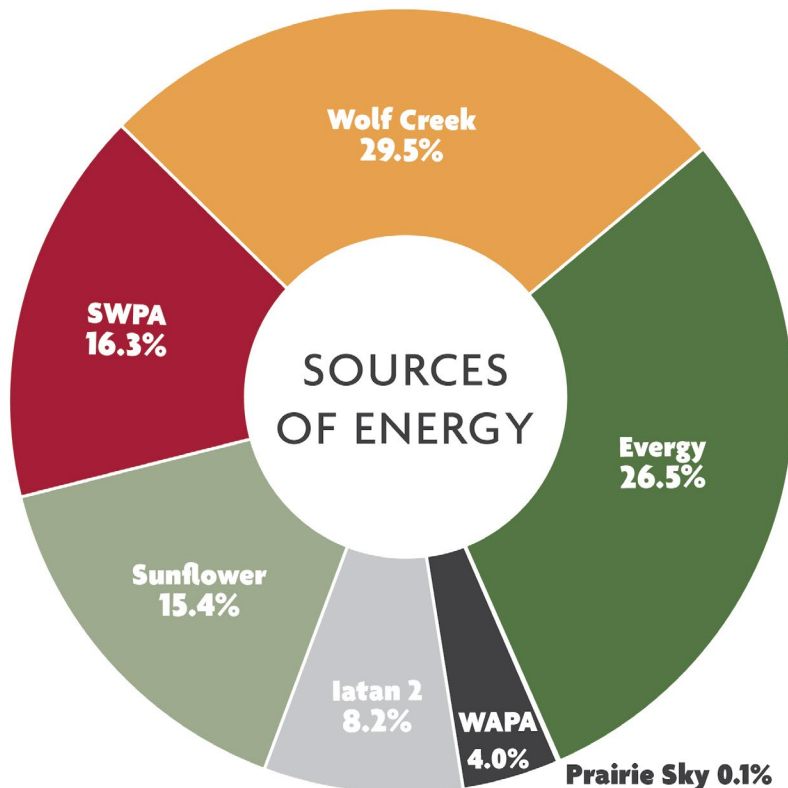
In an effort to create a long-term, reliable, economic power supply for its members, KEPCo has built a diverse power supply ...

## OUR DIVERSE POWER SUPPLY

In an effort to create a long-term, reliable, economic power supply for its Members, KEPCo has built a diverse power supply that includes nuclear, hydro, coal, wind, natural gas, diesel, and solar resources. As part of its power supply strategy, KEPCo seeks to maintain a diversified and balanced power supply, which includes a mix of owning generation when prudent, purchasing power using a combination of long- and short-term contracts, adding renewables when cost effective, and incorporating demand side technology in power supply planning processes through Member load management programs. Proudly, KEPCo's current portfolio minimizes greenhouse gas emissions with approximately 67% of its supply from non-greenhouse gas emitting sources.

In addition to its owned generation and long-term hydro allocations, KEPCo purchases its remaining requirements from regional utilities for base, intermediate, and peaking power supply. These contracts provide KEPCo with power from coal, natural gas, and wind resources.

- ▶ **100 MEGAWATTS** of hydropower purchases from the Southwestern Power Administration
- ▶ **70 MEGAWATTS** of owned generation from the Wolf Creek Generating Station
- ▶ **32 MEGAWATTS** of owned generation from the Iatan 2 Generating Plant
- ▶ **20 MEGAWATTS** of peaking power from the Sharpe Generating Station
- ▶ **13 MEGAWATTS** of hydropower purchases from the Western Area Power Administration
- ▶ **1 MEGAWATT** of solar power from the Prairie Sky Solar Farm



# KEPCo RETIRES CAPITAL CREDITS

The sixth Cooperative Principle is Cooperation Among Cooperatives, which states that by working together through local, national, regional, and international structures, cooperatives improve services, bolster local economies, and deal more effectively with social and community needs. One significant way in which KEPCo was able to demonstrate its support for and cooperation with its Members was through a capital credit retirement.

## 6 COOPERATION AMONG COOPERATIVES

Co-ops serve their members most effectively and strengthen the co-op movement by working together through local, national, regional and international structures.

At its May meeting, the KEPCo Board of Trustees approved the retirement of approximately \$700,000 in capital credits. The retirement was slated to occur in August, but KEPCo's strong financial position enabled the retirement to be distributed in June, which offered timely assistance to our Members during the pandemic.

"It's nice to be in a position to retire these capital credits sooner than expected and take some financial pressure off our Members," said Coleen Wells, KEPCo's Senior Vice President & CFO.

The retirement, the first in over 20 years, reflects a cash distribution based on 25% of KEPCo's 2019 net margin.

## KEPCo STAFF SUPPORTS LOCAL CHARITIES

For many years, KEPCo and KEPCo staff have supported local charitable organizations in a variety of ways, from personal volunteerism to financial support. This involvement is an example of the seventh Cooperative Principle — Concern for Community, which states cooperatives work for the sustainable development of their communities through policies supported by the membership. The time, talent, goods and services, and financial resources that are donated to community organizations hold significant value to our employees, as well as the communities impacted. Through their support of local charities, KEPCo employees benefit from supporting community activities, expanding their social connections, and increasing their personal sense of well-being.

"KEPCo is proud to be an active participant in our local communities. It is fulfilling to be part of an organization that helps in bringing tangible and sustainable benefits to the communities in which we live and work," said Suzanne Lane, KEPCo Executive Vice President & CEO.

This year, unfortunately, the COVID-19 pandemic did not afford in-person community engagement activities as in prior years. Nonetheless, KEPCo employees, through KEPCo's Charitable Giving Program, donated nearly \$16,000 to local charities. With Co-Bank's matching funds, KEPCo and its employees contributed over \$27,000 in total in 2020. The charities chosen by KEPCo staff were TARC, Topeka Rescue Mission, Ronald McDonald House, CASA, Harvesters, and the Salvation Army. These charities perform a valuable service in our communities and KEPCo staff is proud to support their efforts.

## IN MEMORY OF PAUL STONE

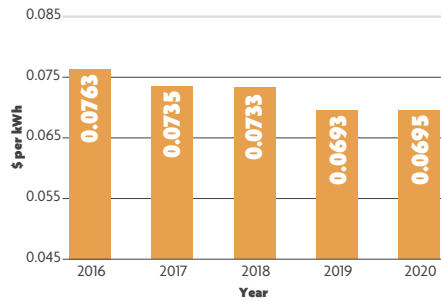
**PAUL A. STONE**, KEPCo Operations Specialist, passed away on December 11 at the age of 67. Paul worked in the rural electric cooperative industry for 47 years, with 23 of those years spent dutifully serving KEPCo and its Member cooperatives. He worked in numerous capacities during his electric cooperative career, ranging from tree trimmer to engineering manager to load management and metering support. His experience and knowledge were respected at KEPCo and throughout the industry.

Originally from Meade, Kansas, Paul lived with his wife, Janice, in Ozawkie, Kansas, at the time of his passing. In addition to his wife, Paul is survived by one son, Jay D. (Mindy) Stone, Spring Hill, Kansas, and one daughter, Gretchyn Anne Messale, also of Ozawkie, seven grandchildren, and three great grandchildren. Paul is greatly missed by his KEPCo family.

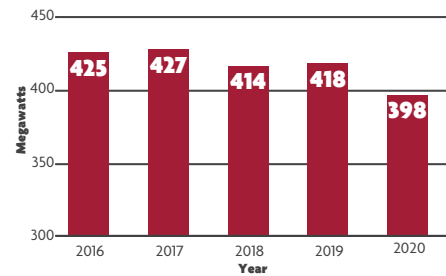


# OPERATING STATISTICS

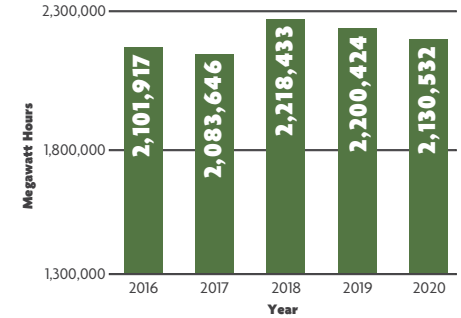
AVERAGE MEMBER RATE



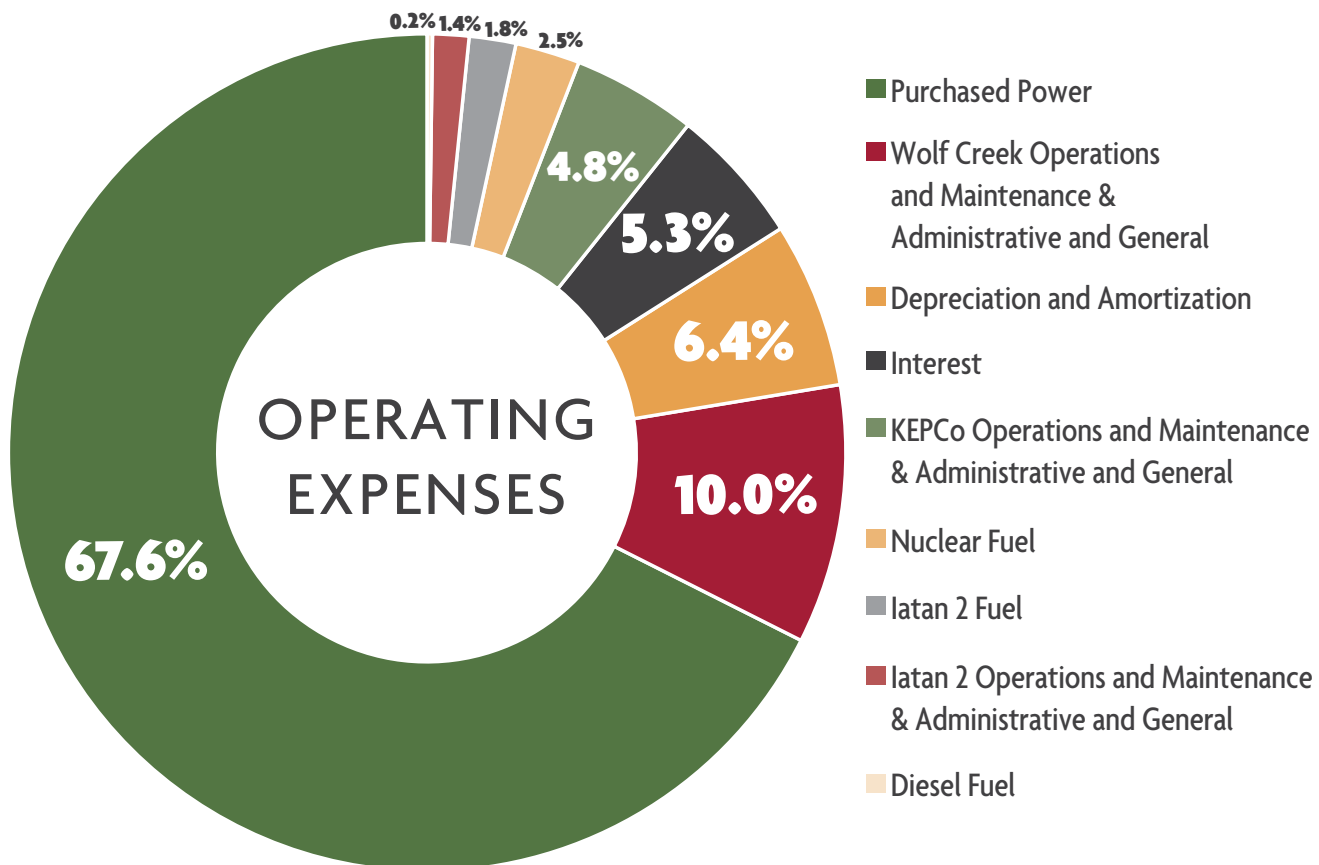
ANNUAL COINCIDENT PEAK DEMAND



ANNUAL ENERGY SALES TO MEMBERS



Proudly, KEPCo's current portfolio minimizes greenhouse gas emissions with approximately 60% of its supply from non-greenhouse gas emitting sources.



# INDEPENDENT AUDITOR'S REPORT

BOARD OF TRUSTEES  
KANSAS ELECTRIC POWER COOPERATIVE, INC. TOPEKA, KANSAS

## Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Kansas Electric Power Cooperative, Inc. (KEPCo) and its wholly owned subsidiary KEPCo Services, Inc. (KSI), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of margin and comprehensive income (loss), patronage capital, and cash flows for the years then ended, and the related notes to the consolidated financial statements.



## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of KEPCo as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated April 6, 2021, on our consideration of KEPCo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of KEPCo's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KEPCo's internal control over financial reporting and compliance.

A stylized, handwritten signature of "BKD, LLP" in black ink.

OKLAHOMA CITY, OKLAHOMA  
APRIL 6, 2021

CONTINUED

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

# INDEPENDENT AUDITOR'S REPORT

BOARD OF TRUSTEES, KANSAS ELECTRIC POWER COOPERATIVE, INC. TOPEKA, KANSAS

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **GOVERNMENT AUDITING STANDARDS**, issued by the Comptroller General of the United States, the consolidated financial statements of Kansas Electric Power Cooperative, Inc. and its wholly owned subsidiary (KEPCo), which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of margin and comprehensive income (loss), patronage capital, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 6, 2021.



## Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered KEPCo's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of KEPCo's internal control. Accordingly, we do not express an opinion on the effectiveness of KEPCo's internal control.

A **DEFICIENCY IN INTERNAL CONTROL** exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A **MATERIAL WEAKNESS** is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A **SIGNIFICANT DEFICIENCY** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether KEPCo's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under **GOVERNMENT AUDITING STANDARDS**.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with **GOVERNMENT AUDITING STANDARDS** in considering the entity's internal control and compliance.

Accordingly, this communication is not suitable for any other purpose.

*BKD, LLP*

OKLAHOMA CITY, OKLAHOMA APRIL 6, 2021

# ABOUT KEPCo

Kansas Electric Power Cooperative, Inc. (KEPCo), headquartered in Topeka, Kansas, was incorporated in 1975 as a not-for-profit generation and transmission cooperative (G&T). KEPCo strives for excellence in providing safe, reliable, economical and environmentally responsible power supply, exceptional support, and innovative services to our Members and the Kansans they serve.

In addition to its core mission, KEPCo also assists our Member cooperatives on such important activities as rural economic development, electric appliance rebates, load and power cost forecasting, and system enhancement projects.

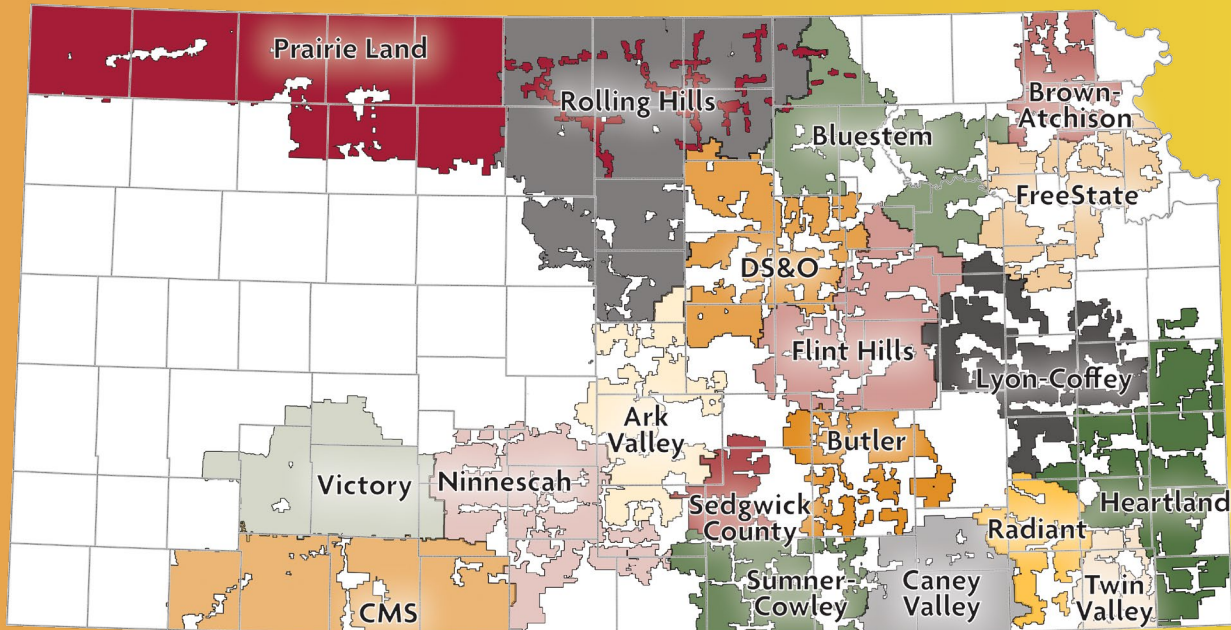
Governed by an 18-member Board of Trustees, KEPCo's Members collectively serve over 80,000 consumer-members in the eastern two-thirds of Kansas, which represents more than 200,000 rural Kansans. The Board of Trustees establishes policies and acts on issues that often include recommendations from working committees of the Board and KEPCo staff. The Board also elects a seven-person Executive Committee, which includes the president, vice president, secretary, treasurer, and three additional members.

KEPCo's power supply resources consist of: 70 MW of owned generation from Wolf Creek

KEPCo strives for excellence in providing safe, reliable, economical, and environmentally responsible power supply, exceptional support, and innovative services ...

Generating Station; 32 MW of owned generation from Iatan 2 Generating Plant; 20 MW of owned generation from Sharpe Generating Station; hydro allocations consisting of 100 MW from the Southwestern Power Administration and 13 MW from the Western Area Power Administration; 1 MW of owned generation from Prairie Sky Solar Farm; and partial requirement power purchases from regional utilities.

KEPCo is a Touchstone Energy® Cooperative, a national network of electric cooperatives across 46 states that provides resources and leverages partnerships to engage and serve their members. By working together, Touchstone Energy cooperatives stand as a source of power and information to their 32 million consumer-members every day.







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