



2021

ANNUAL REPORT

KANSAS ELECTRIC POWER COOPERATIVE



KEPCo's 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.

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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KEPCo STAFF



SUZANNE LANE
Executive Vice President & CEO



MARK BARBEE
Senior Vice President & COO



SUSAN CUNNINGHAM
Senior Vice President, Regulatory & Government Affairs, and General Counsel



COLLEEN WELLS
Senior Vice President & CFO



STEPHANIE ANDERSON
Finance & Benefits Analyst 2



JARED CROTINGER
Senior Operations Technician – Topeka



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



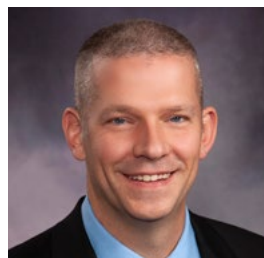
RICK JOHNSON
Executive Director, Engineering



SHARI KOCH
Finance & Accounts Payable/Payroll Specialist 2



ADAM LEE
SCADA/Metering Technician 2 – Hutchinson



MATT OTTMAN
Information Systems Specialist 3



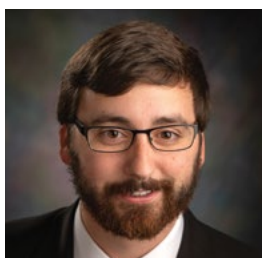
KELSEY SCHREMP
Executive Assistant & Manager of Office Services



MISSY TEW
Administrative Assistant



PHIL WAGES
Director, Member Services, Government Affairs & Business Development



LUKE ZAHNER
Engineer 1



LETTER FROM THE BOARD PRESIDENT AND EXECUTIVE VICE PRESIDENT/CEO

Adaptability Pivotal to KEPCo's Success in 2021

According to the Merriam-Webster dictionary, one definition for “pivot” involves an adjustment or modification made in order to adapt or improve. As we reflect on 2021, each and every challenge and new experience we faced as a KEPCo family gave us the opportunity to pivot in order to adapt to changing conditions and ultimately improve on behalf of our members and the thousands of rural Kansans our members serve.

Like many of our fellow electric cooperatives, we pivoted and adapted to and through the continued concerns and challenges related to the COVID-19 pandemic; the unknown financial impacts related to the pandemic and the economy in general; the historic, costly impacts associated with Winter Storm Uri; the continued emphasis on decarbonizing our industry, while further electrifying the transportation sector; and the increasing costs of natural gas and energy.

Through all of these pivots and adaptations, your G&T cooperative once again accomplished a tremendous amount of work and achievements on behalf of our 16 member-owners. First and foremost, we had another year of keeping our staff, our members, and the public safe, with no preventable vehicle accidents or lost-time accidents. 2021 marked our 12th consecutive year of having no lost-time accidents, which is a record we are proud of, work hard to maintain, and strive to continue for years to come.

In February 2021, Winter Storm Uri brought many new, unprecedented experiences to KEPCo, our members, and our members' members. As temperatures dropped across the Midwest to record-low levels, electric and natural gas demands increased, natural gas supply became even more constrained due to frozen gas production and transportation facilities, wind resources in some locations were limited, and, as a result, energy and natural gas market prices sky-rocketed. During

this time, the Southwest Power Pool, Inc. (SPP) declared multiple Energy Emergency Alerts at varying levels to bolster system reliability and mitigate the risk of worsening conditions. At the peak of the extreme weather event, each transmission owner in the SPP was given a directive to immediately shed load, which was needed to prevent catastrophic, widespread, lengthy system failures. Unfortunately, these curtailments impacted many of our members and the members they serve. Lessons were learned across the industry from these historic events and, as one of KEPCo's primary responses, we created and implemented an energy emergency plan to establish clear responsibilities, expectations, and actions in the event of future system emergencies.

While the power interruptions during Winter Storm Uri created their own challenges, the extraordinarily high power costs associated with Winter Storm Uri devastated customers across the region. Compared to many of our brother/sister cooperatives, KEPCo was fortunate. We were moderately insulated by our largest power supply agreement, and our owned and purchased resources performed very well throughout the storm. However, a small portion of our load was exposed to the extreme energy market pricing. Ultimately, thanks to KEPCo's strong financial position and the support of our board of trustees, we elected to amortize the energy costs attributable to Winter Storm Uri over a 24-month period. This was the best and most cost-effective way to mitigate the financial burden to our members and the nearly 200,000 rural Kansans they serve.

When it comes to power supply, pivoting and adapting was a key focus in 2021. We completed another year where our owned and purchased resources were reliable and valuable. Our jointly-owned coal unit, Iatan 2, remained a valuable, reliable asset for the SPP market. Notably, Iatan 2 performed exceptionally well during Winter Storm Uri

Through all of these pivots and adaptations, however, your G&T cooperative once again accomplished a tremendous amount of work and achievements on behalf of our 16 member-owners.

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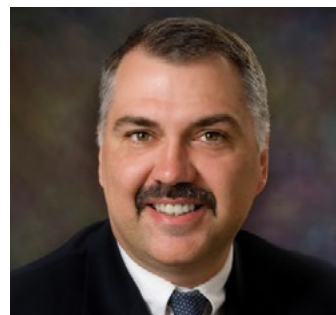
and was dispatched continuously during that weather event. Our Southwestern Power Administration and Western Area Power Administration hydro resources continued to be low-cost, reliable power supply sources. A recurrent benefit of our hydro resources that we realized again in 2021 was the availability of low-cost, supplemental energy, which provided our members with an additional, cost-effective energy supply. KEPCo's solar farm, Prairie Sky, produced as expected, and our diesel-fueled Sharpe Generating Station was frequently committed for operation to assist the SPP — especially during Winter Storm Uri. Our jointly-owned nuclear unit, Wolf Creek, successfully completed its 24th refueling outage safely and cost-effectively. While Wolf Creek historically has operated at full capacity, plant leadership adapted to market conditions and implemented flexible operations. Wolf Creek ramps down its production primarily when wind energy output in Kansas and the region is high, allowing the plant to vary its power levels and adapt to grid needs. 2021 saw Wolf Creek's first full year of this successful strategy. Like our other resources, Wolf Creek also operated at full capacity during Winter Storm Uri. Overall, these resources remain key components of our diverse, reliable, affordable power supply portfolio.

Other significant focus items related to providing our members with diverse, reliable, and affordable power included completing our 5-year resource planning study and integrated resource plan; developing and issuing a request for proposals for approximately 10% of our power supply needs starting in 2027; remaining engaged in proceedings at the state and federal levels to ensure accuracy in the implementation of our power supply and other agreements; developing and implementing KEPCo's first energy hedging policy, strategy, and product purchase; and successfully facilitating the 2021 load management season, garnering significant savings for members over the related 12-month period.

When it comes to the financial well-being of your G&T, we finished 2021 strong and healthy. Our net margin and equity ratio were solid, allowing us to meet our TIER and DSC requirements. We maintained stable rates, for which we are very proud, especially considering 2021 was our first year with only 16 members, natural gas and energy prices increased dramatically over the course of the year, and we experienced the unanticipated high power costs associated with Winter Storm Uri.



SUZANNE LANE
Executive Vice President & CEO



DOUG JACKSON
Board President

None of the aforementioned operational and financial successes would have been possible without the constant pivoting and adapting by our employee team and board of trustees. Other key accomplishments that the collective team achieved last year included: transitioning all employees and eligible retirees to a new health insurance plan; completing a salary and wages study and implementing a related policy and plan; developing and implementing a new enterprise risk management policy and related risk mitigation plans; successfully mitigating, adapting, and pivoting through the many challenges associated with the COVID-19 pandemic; continuing our advocacy with the Kansas Legislature, closely working with our fellow cooperatives and utility industry peers to assure the cooperative model and the need for affordable, reliable power was understood as decisions were made; and remaining engaged at the SPP, advocating for members in areas involving reliability, cost allocation, distributed energy resources, energy storage, and the value of fuel diversity. Additionally, our for-profit engineering subsidiary, KEPCo Services, Inc., had a successful, profitable year, completing significant work for their cooperative clients.

So once again, our constant and consistent willingness to adapt for the betterment of our members and our organization was pivotal to our many and varied successes in 2021. We are honored and blessed to be part of this amazing cooperative family and to serve each and every one of our members, our members' teams, and the thousands of rural Kansans our members serve.

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

So once again, our constant and consistent willingness to adapt for the betterment of our members and our organization was pivotal to our many and varied successes in 2021.



BOARD OF TRUSTEES



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.
SECRETARY



JACKIE HOLMBERG, ALTERNATE, MANAGER
Ark Valley Electric Cooperative Assn., Inc.



TIM LINDAHL, 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.
COMMITTEE MEMBER



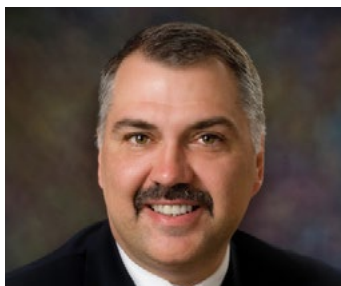
TERRY OLSEN, ALTERNATE
Flint Hills Rural Electric Cooperative Assn., Inc.



STEVEN FOSS, TRUSTEE, MANAGER
FreeState Electric Cooperative, Inc.
VICE PRESIDENT



MARK WULFKUHLE, ALTERNATE
FreeState Electric Cooperative, Inc.



DOUGLAS JACKSON, TRUSTEE, MANAGER
Rolling Hills Electric Cooperative, Inc.



PAUL WILSON, ALTERNATE
Rolling Hills Electric Cooperative, Inc.



DONALD METZEN, TRUSTEE
Sedgwick County Electric Cooperative Assn., Inc.



SCOTT AYRES, ALTERNATE, MANAGER
Sedgwick County Electric Cooperative Assn., Inc.

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EXECUTIVE COMMITTEE MEMBERS

DOUGLAS JACKSON

President

MICHAEL MORTON

Vice President

LARRY FROESE

Secretary

BRYAN COOVER

Treasurer

CHARLES GOECKEL

Executive Committee Member

MARK SCHEIBE

Executive Committee Member

KIRK THOMPSON

Executive Committee Member



MICHAEL MORTON, TRUSTEE, MANAGER
Bluestem Electric Cooperative, Inc.

VICE PRESIDENT



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.

COMMITTEE MEMBER



LINDA TOMLINSON, ALTERNATE
CMS Electric Cooperative, Inc.



TIM POWER, TRUSTEE, MANAGER
DSO Electric Cooperative, Inc.



KEN HEDBERG, ALTERNATE
DSO Electric Cooperative, Inc.



MARK SCHEIBE, TRUSTEE, MANAGER
Heartland Rural Electric Cooperative, Inc.

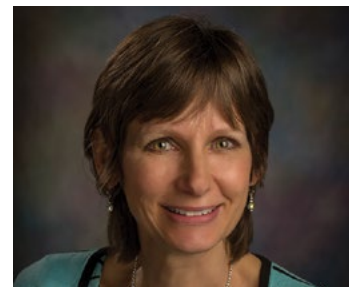
COMMITTEE MEMBER



H.H. STOCKEBRAND, ALTERNATE
Heartland Rural Electric Cooperative, Inc.



PAUL UNRUH, TRUSTEE
Ninnescah Rural Electric Cooperative Assn., Inc.



TERESA MILLER, ALTERNATE, MANAGER
Ninnescah Rural Electric Cooperative Assn., Inc.



JOHN SCHON, TRUSTEE
Sumner-Cowley Electric Cooperative, Inc.



CONI ADAMS, ALTERNATE
Sumner-Cowley Electric Cooperative, Inc.



BRYAN COOVER, TRUSTEE
Twin Valley Electric Cooperative, Inc.
TREASURER



ANGIE ERICKSON, ALTERNATE, MANAGER
Twin Valley Electric Cooperative, Inc.



KEPCo Revamps Safety Program

Early in 2021, the KEPCo Safety Committee completed a lengthy review and revision of KEPCo's Employee Safety Manual, with the goal of providing each employee accurate and up-to-date information, training, and instruction necessary to create and sustain a robust safety culture. KEPCo's actively managed safety program contributes to reduced costs and improved productivity and solidifies our commitment to our employees' safety and the safety of the general public.

To further augment our safety program, KEPCo contracted with Vivid Learning Systems to facilitate ongoing safety education via online courses that deliver an effective, memorable training experience, as well as training software designed to help protect our employees in a manner that goes beyond regulatory requirements.

"The safety of our staff is of paramount importance. The emphasis and attention given to our safety program are critical in establishing a work culture with safety as the core. KEPCo has not had a lost-time accident for 12 years and the new features of our safety program will further enhance our ability to keep our employees out of harm's way," said Suzanne Lane, KEPCo Executive Vice President & CEO.

Legislative Review

The 2021 legislative session progressed at a rapid pace due to the carry-over of bills from the COVID-19-shortened 2020 session and the introduction of numerous new bills.

"Many pieces of important legislation were introduced this session. KEPCo worked collaboratively with the other Kansas electric cooperatives to ensure our collective interests and positions were communicated to and understood by the legislature," said Susan Cunningham, Senior Vice President, Regulatory and Government Affairs, and General Counsel.

Bills of particular interest to KEPCo and its members that were signed into law include: securitization, which is a complex financing instrument that allows a utility the option to securitize the retirement or abandonment of generation assets and other debt obligations through third-party-issued ratepayer-backed bonds; the Kansas Energy Choice Act, which prohibits a municipality from excluding natural gas as a fuel choice for consumers, unless the municipality itself is the end consumer; a bill that exempts the sale of electricity from a public electric vehicle charging station and the entity selling the electricity from regulatory oversight by the Kansas Corporation Commission (KCC); and a bill that extends the KCC's safety regulations under the Wire Stringing Act to certain electric lines — often referred to as generation tie lines — that are not owned or operated by a public utility.

At the national level, the annual National Rural Electric Cooperative Association (NRECA) Legislative



Conference was held virtually in April. The event featured one day of training and discussions followed by three days of meetings with members of the Kansas congressional delegation. The conference began with an NRECA staff briefing on priority legislative issues and the status of those issues in Congress, followed by three days of virtual meetings with the Kansas delegation highlighting those issues. This event provided cooperative representatives with the valuable opportunity to network with peers, learn about the latest legislative issues impacting the electric cooperative industry, and connect with our representatives on Capitol Hill.

The specific issues discussed with the Kansas congressional delegation included the need for USDA Rural Utilities Service loan repricing, comparable tax incentives on advanced energy resources for electric cooperatives, rural broadband deployment, carbon reduction policy views, and U.S. postage increase concerns.



Kansas electric cooperative representatives at a Co-ops Vote event sponsored by Ninnescah Rural Electric Cooperative Assn., Inc. and Sumner-Cowley Electric Cooperative, Inc. From left, Coni Adams, Sumner-Cowley; Teresa Miller, Ninnescah; Leslie Kaufman, KEC; and Phil Wages, KEPCo.

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As part of KEPCo's advocacy efforts, KEPCo attended each of the Co-ops Vote events sponsored by our member cooperatives. Held annually in multiple locations around the state, Co-ops Vote events are attended by electric cooperative employees, city and county officials, and area legislators. These events provide electric cooperatives the opportunity to meet with elected officials in an informal but informative setting and discuss issues of importance to electric cooperatives and the communities they serve.

"Being able to interact with decision-makers about our positions on issues that affect electric cooperatives, particularly in an environment that encourages the free flow of communication, is critically important to KEPCo and our member cooperatives," said Cunningham.

Co-ops Vote is a nonpartisan program that strives to inform both cooperative members and local, state, and federal officials about issues important to America's



Utility representatives and local and state officials at the ceremonial signing of the Move Over Law, which requires motorists to "move over" to the lane farthest away from any stationary vehicle displaying flashing lights, now including utility vehicles.

electric cooperatives and their rural communities, including the continued need for affordable and reliable electricity, broadband access, and other rural economic development issues. Through participating in Co-ops Vote events and other advocacy efforts, KEPCo earned the "5-Star Co-op" designation from NRECA.

KEPCo Supports Economic Development

USDA Rural Economic Development Loan and Grant Program

For over 30 years, KEPCo and its member cooperatives have actively promoted the USDA Rural Economic Development Loan and Grant (REDLG) program. The REDLG program provides zero-interest loans for projects in rural areas that will create or retain employment. This program satisfies two of the three factors needed for economic development and business success — access to low-cost capital and retaining or increasing labor.

In 2021, utilization of the REDLG program decreased due to several factors, including inflationary pressures on goods and services, supply chain shortages that disrupted nearly every business in the country, a tight labor market, and the continued recovery from the COVID-19 pandemic.

This year, KEPCo submitted one REDLG application on behalf of one of its members, which was the only project selected for funding in Kansas. This project saved a grocery store and the associated jobs, enabled a rural community to retain sales tax receipts, and kept a business that provides a necessary service within the community.

Based on expected market conditions, KEPCo anticipates utilization of the REDLG program will increase in 2022. KEPCo and its member cooperatives are ready and willing to help rural Kansas businesses utilize and navigate this important rural economic development tool.

"KEPCo champions programs that promote and sustain the vitality of rural communities in Kansas, and we are proud to work with and assist our members in fostering business and economic growth. The REDLG program has been a significant source of cost-effective financing and is foundational to our ability to assist our members with their economic development efforts," said Susan Cunningham, Senior Vice President, Regulatory and Government Affairs, and General Counsel.

Economic development is also a top priority for Governor Laura Kelly and her administration. In 2021, the Kansas Housing Resource Corporation and the Kansas Office of Rural Prosperity (ORP) launched the state's first comprehensive housing needs assessment in nearly 30 years, aiming to address a decades-long shortage of data on existing housing resources and current and projected needs. A lack of quality, affordable housing is widely recognized as one of the state's biggest barriers to growth and development, particularly in rural and underserved communities.

In addition, ORP enlisted the Kansas Sampler Foundation to listen to and learn from Kansans ages 21-39 to find ways to help recruit and retain young people in rural Kansas communities. The

project's outcomes were two-fold: help state government consider its approach to young rural Kansans and identify grassroots support and advocacy opportunities in Kansas communities.

KEPCo welcomes and supports the resources that are being concentrated on rural communities by state officials and agencies and private organizations. The combination of public and private investment is essential to develop and sustain a strong economy in rural Kansas.



A USDA Rural Economic Development Loan and Grant (REDLG) program loan was approved for the City of Erie, Kansas, which is located near the service territory of Heartland Rural Electric Cooperative, Inc., to purchase an existing grocery store, land, equipment, and store inventory, and to upgrade the services provided by the store.



KEPCo Addresses Winter Storm Uri at ACES Conference

The annual Alliance for Cooperative Energy Services (ACES) Members Conference was held in Indianapolis, Indiana, in June 2021. Industry executives from across the country met for two days to discuss a variety of topics, which included the future of generation resource portfolios, balancing grid reliability with the push for clean energy, weather trends for 2021, economic market signals and the impact on the energy industry, consumer behavior trends, hydrogen markets, and the future of the industry.

Suzanne Lane, KEPCo Executive Vice President & CEO, was invited to participate as a panelist on the cooperative CEO panel, along with the CEOs from Hoosier Energy and Southern Maryland Electric Cooperative. Lane's topic was leading through Winter Storm Uri.

"I was honored to represent KEPCo and our member cooperatives at such an important forum. To have peer utilities recognize the expertise and experience at KEPCo, by inviting me to speak, is indicative of the respect KEPCo has earned throughout the industry," said Lane.

Lane shared with the conferees the circumstances surrounding the winter storm that ultimately led to the Southwest Power Pool, Inc. (SPP) initiating two controlled curtailments. She noted that extreme and prolonged cold temperatures across the entire SPP footprint caused an increase in electricity and natural gas use, while at the same time many generation

resources within the SPP were limited in their capacity to produce energy. Lane pointed out that the proactive actions taken by SPP prevented lengthy, widespread, catastrophic system failures.

She stated the key to leadership during the storm was communication. Timely information from the SPP and local transmission owners was critical in implementing mitigation plans to limit the reliability and financial impacts to KEPCo's members.

"When such a catastrophic event impacts not only KEPCo but virtually every utility within the SPP, continuous communication is key to keeping our members and board of trustees informed of the status of actions being taken by all entities involved. Having access to and sharing such information enabled KEPCo and its members to make the decision to run our peaking generators and engage in conservation efforts that helped mitigate the impacts of the storm," said Lane.

Lane also shared KEPCo's plan to minimize the financial impacts of Winter Storm Uri by amortizing the energy costs associated with the storm over a 24-month period.

"Due to KEPCo's strong financial position and board support, we were able to amortize the costs attributable to Winter Storm Uri over 24 months, which we believe is the best and most cost-effective way to mitigate the financial burden to our members and our members' members," said Lane.

Giving Back

Supporting worthwhile causes and organizations through charitable giving fosters employee engagement and further integrates essential values into KEPCo's corporate culture. Additionally, this support is an example of the Seventh Cooperative Principle, Concern for Community, which encourages cooperatives to work for the sustainable development of their communities through policies supported by the membership.

Through KEPCo's Charitable Giving Program, KEPCo and KEPCo staff contributed over \$17,500 to local and regional charities. KEPCo also applied for matching funds through CoBank's charitable giving program. The charities chosen by KEPCo staff were the Topeka Rescue Mission, Court Appointed Special Advocates, Harvesters, Ronald McDonald House, Salvation Army, Osage County Help House, Project 2 Restore, and TARC.

In addition, the KEPCo Employee Experience Team recommended that KEPCo staff support local families needing assistance during the Christmas season. As a result, KEPCo staff adopted two families through the United Way Christmas Bureau.

"The past couple of years have been trying for all of us, but even more so for those in need. It's especially rewarding during difficult times to contribute resources that make a difference in so many lives," said Suzanne Lane, KEPCo Executive Vice President & CEO.

Due to KEPCo's strong financial position and board support, we were able to amortize the costs attributable to Winter Storm Uri over 24 months, which we believe is the best and most cost-effective way to mitigate the financial burden to our members and our members' members.

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KEPCo SERVICES, INC.

KSI Assists Cooperative Clients with Solar Projects



In 2020, 12 KEPCo member cooperatives joined together to form the Kansas Cooperative Sun Power Program, a series of solar farms developed by Today's Power, Inc., totaling 20 megawatts of solar power. Cooperative representatives participating in the program are (from left): Mike Morton, Bluestem Electric; Ben Whiteside, Butler Electric; Mark Scheibe, Heartland Electric; Scott Ayres, Sedgwick County Electric; Tim Power, DSO Electric; Michael Henderson, Today's Power, Inc.; Dennis Svanes, 4 Rivers Electric; Jackie Holmberg, Ark Valley Electric Cooperative; Angie Erickson, Twin Valley Electric; Teresa Miller, Ninnescah Electric; and Steve Foss, FreeState Electric Cooperative. NOT PICTURED: Dale Short, Butler Electric; Coni Adams, Sumner-Cowley Electric; and Kirk Thompson, CMS Electric.

KEPCo Services, Inc. (KSI), a wholly owned, for profit engineering subsidiary of KEPCo, completed its 24th year of operations. KSI provides a diverse selection of value-added technical and engineering services for KEPCo members and non-member electric cooperatives, incorporating client goals and objectives, budget, and timeframe into each project to deliver exceptional quality in an efficient and cost-effective manner. With each project, KSI applies its extensive knowledge of generation, transmission, and distribution systems, coupled with hands-on experience, to provide creative, solution-driven results for its clients.

In 2021, KSI was involved in projects for 14 KEPCo members and one non-member cooperative. Some of the more substantive projects included the Jupiter line relocation project and mapping project for CMS; arc flash study for Butler; construction workplans for Bluestem, FreeState, Nemaha-Marshall, and Sumner-Cowley; member solar interconnections for 4 Rivers,

Butler, DSO, Heartland, Sedgwick, and Twin Valley; sectionalizing study for Sumner-Cowley; and spill plan updates for CMS and Ninnescah.

In 2020, 12 KEPCo member cooperatives joined together to form the Kansas Cooperative Sun Power Program, a series of solar farms developed by Today's Power, Inc., totaling 20 megawatts of solar power that will provide year-round solar energy to the members of the participating cooperatives. Six of the participating cooperatives installed 1-megawatt solar arrays at 11 different physical locations across Kansas in 2021. Site preparation began early in the year and each site was operational by June 8. For many of these installations, KSI, in collaboration with ElectriComm, Inc., provided the engineering services to safely interconnect the solar arrays to the grid. Due to the nuanced differences with each project, largely depending on the project location, KSI and ElectriComm were creative in developing systems that utilized microprocessor-based equipment that leveraged communication paths, including fiber-optics and radios.

The remaining cooperatives' solar installations will be completed by June 2022 and will be operational for the peak demand season. "These projects have been exciting to work on, particularly when KSI has the opportunity to collaborate with other engineering companies with specific expertise in this field," said Rick Johnson, KSI principal engineer. "The practical knowledge and experience gained by KSI staff will further benefit our cooperative clients as the utility-scale renewable energy sector continues to evolve."

Additional information about KSI and a description of KSI's current engineering services is available at www.kepco.org/ksi.



Heartland Rural Electric Cooperative Board members "flip the switch" at their solar farm. Heartland is one of 12 KEPCo member cooperatives that joined together to form the Kansas Cooperative Sun Power Program.

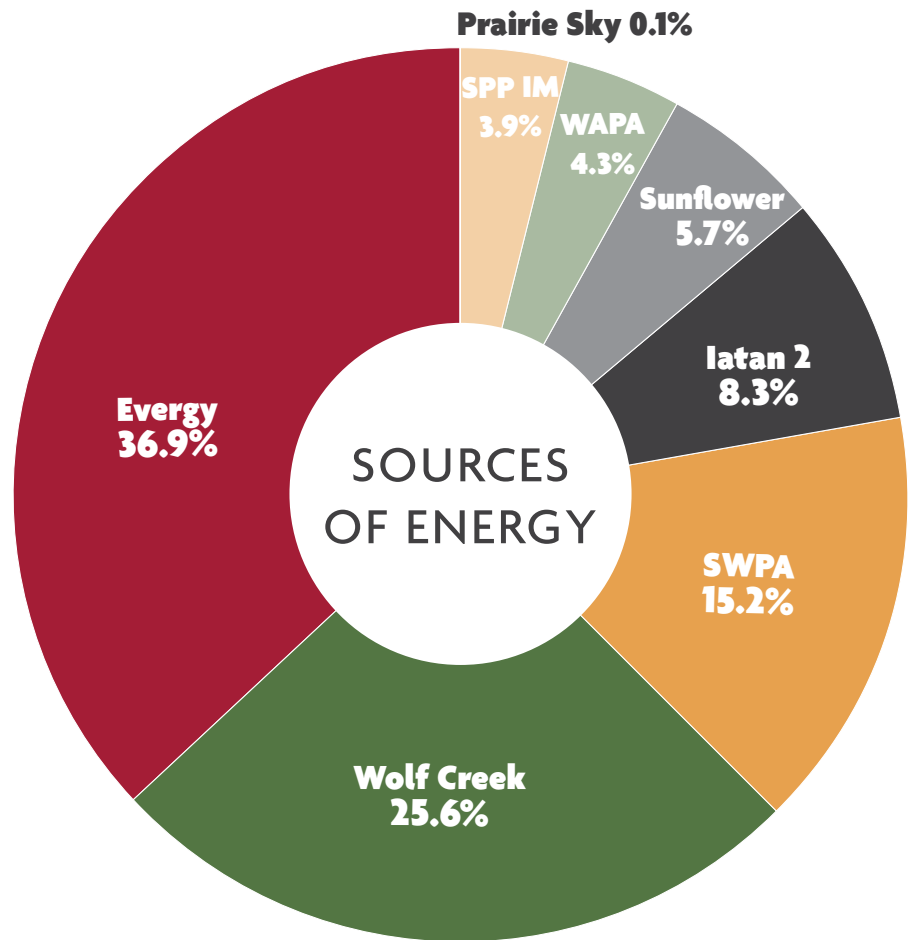


Our Diverse Power Supply

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 65% of its supply from non-greenhouse gas emitting sources.

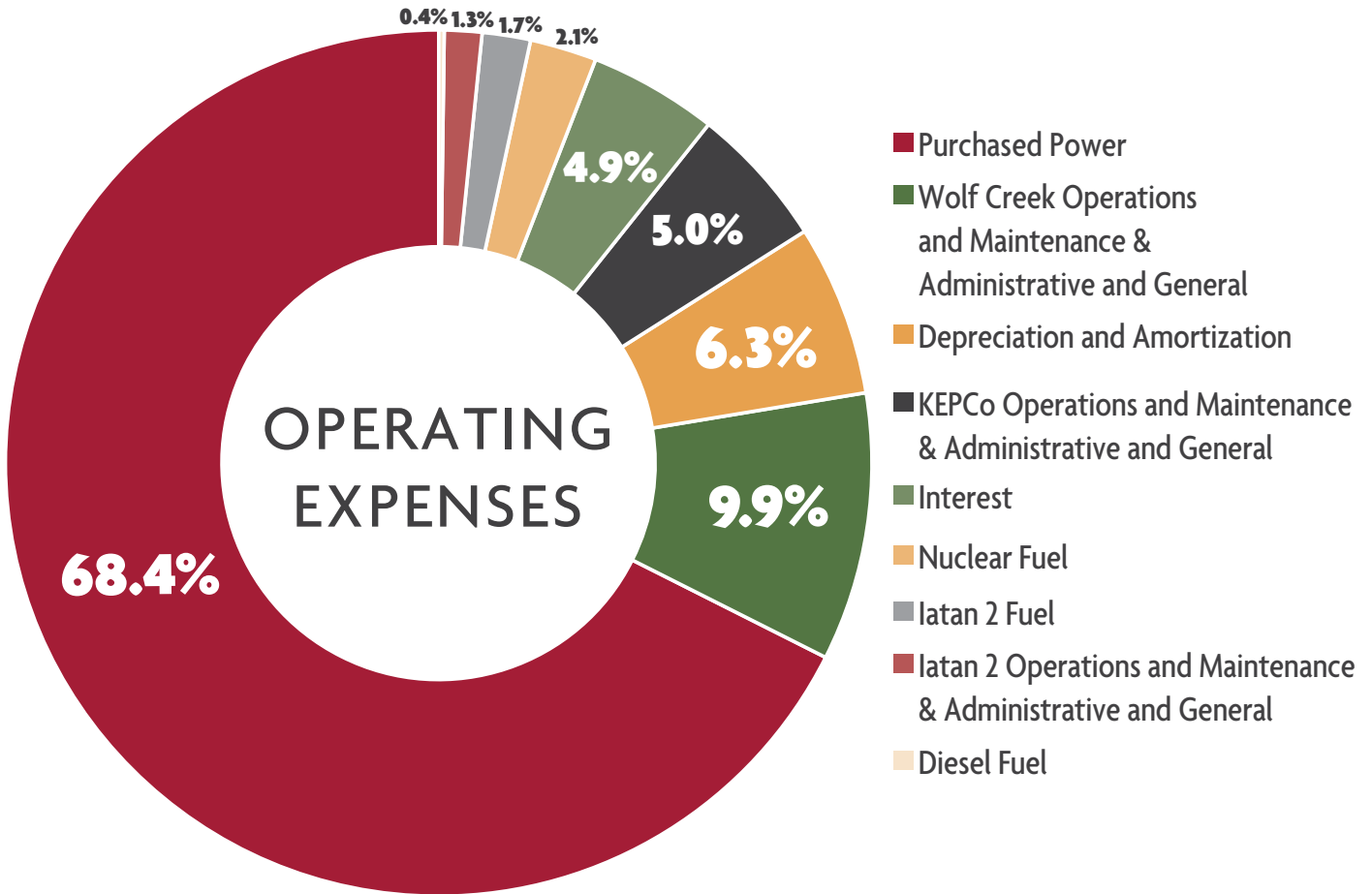
In addition to its owned generation and long-term hydro allocations, KEPCo purchases its remaining requirements from Evergy, Inc. and Sunflower Electric Power Corporation for base, intermediate, and peaking power supply. These contracts provide KEPCo with power from coal, natural gas, and wind resources. KEPCo also purchases power supply from the SPP Integrated Market (IM).

- ▶ **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

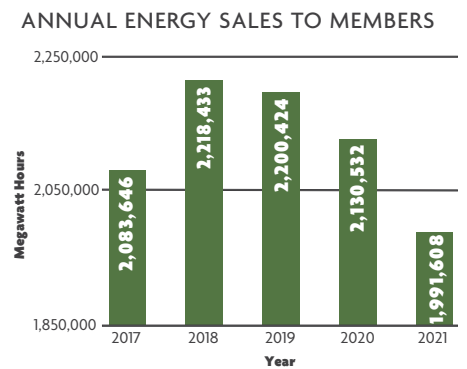
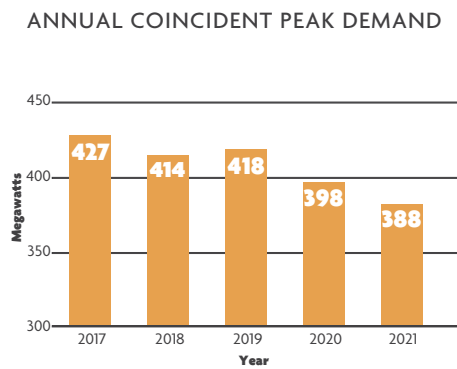
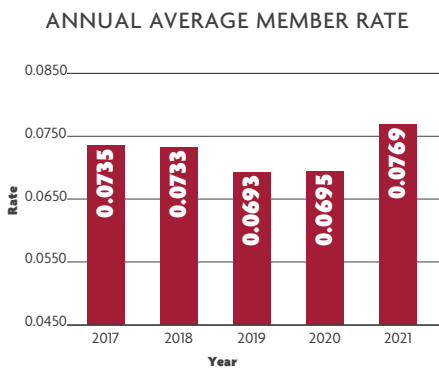


2021 ANNUAL REPORT

Operating Statistics



Proudly, KEPCo's current portfolio minimizes greenhouse gas emissions with approximately 65% 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 Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kansas Electric Power Cooperative, Inc. (the Cooperative) and its wholly owned subsidiary, which comprise the consolidated balance sheets as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Cooperative and its wholly owned subsidiary as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of the Cooperative and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- ▶ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Cooperative's internal control. Accordingly, no such opinion is expressed.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- ▶ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned

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Independent Auditor's Report

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

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

BKD
CPAs & Advisors

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, 2021, 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 18, 2022.

Report on 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.

Report on 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 18, 2022

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). It is KEPCo's responsibility to procure an adequate and reliable power supply for its 16 distribution electric cooperative members at a reasonable cost.

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

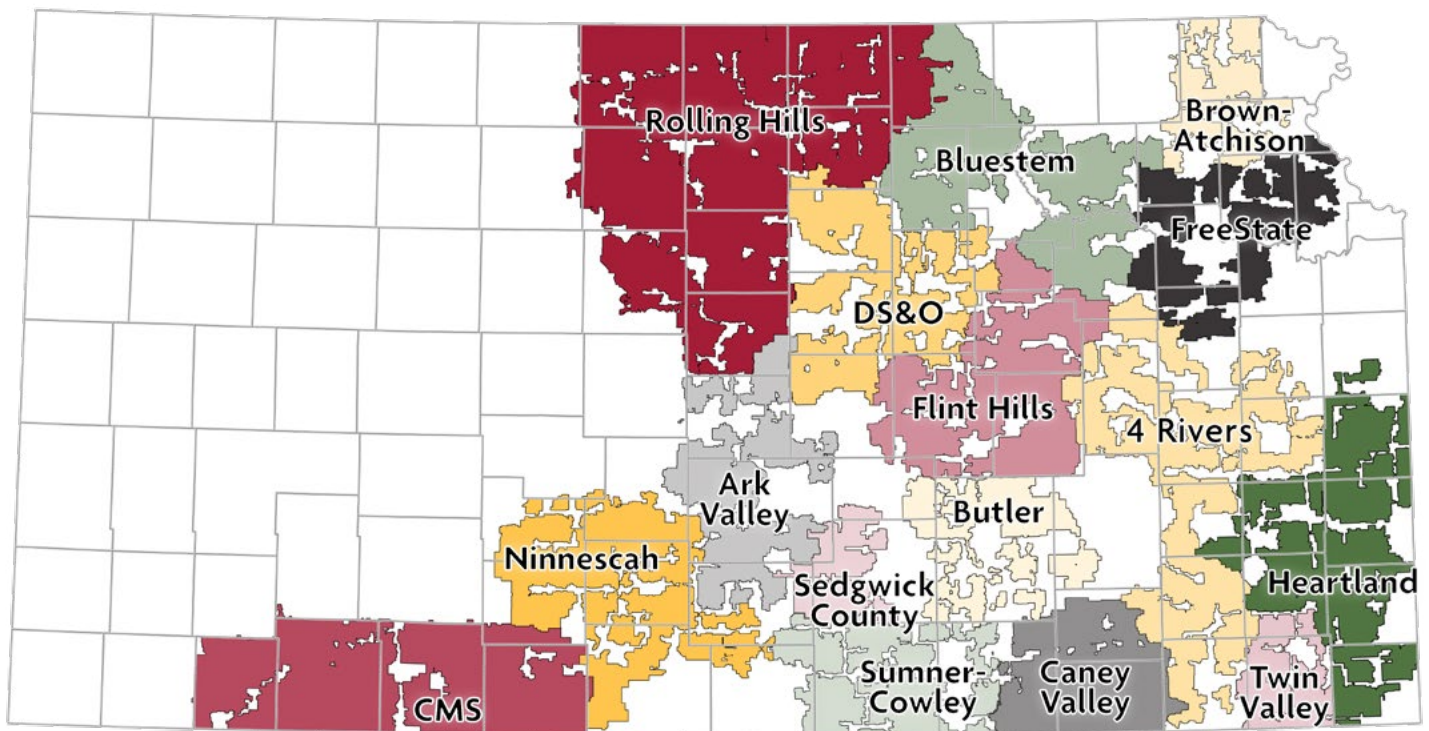
Governed by a 16-member board of trustees, KEPCo's members collectively serve over 75,000 consumer-members in the eastern two-thirds of Kansas, which represents nearly 200,000 rural Kansans. The board of trustees establishes policies, provides direction, and acts on issues that often include recommendations 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 Generating Station, 30 MW of owned generation from Iatan 2 Generating

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

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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