



A Touchstone Energy® Cooperative 

1511 14,000 Rd, P.O. Box 368, Altamont, KS 67330
866-784-5500
www.twinvalleyelectric.coop

TWIN VALLEY
ELECTRIC CO-OP

NEWS

Twin Valley Electric Cooperative, Inc.

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Office Hours

Monday-Friday
8 a.m. to 4:30 p.m.

Contact Us

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FROM THE CEO

Safety Above All Else



Ron Holsteen

“Safety” is a universal word that is mentioned often and used loosely. Communities large and small as well as companies across all industries are committed to safety. Un-

fortunately, when it really counts, steps to keep the public, workers, athletes and loved ones safe are often ignored in the interest of expediency or convenience.

However, safety is a serious issue, especially when it comes to electrical safety. For Twin Valley Electric Cooperative it's the No. 1 priority. Over time, Twin Valley Electric has created a culture of safety by putting our employees' safety and that of the community above all else. At its essence, Twin Valley Electric's mission is to provide safe, affordable and reliable electricity to its member-owners, but equally im-

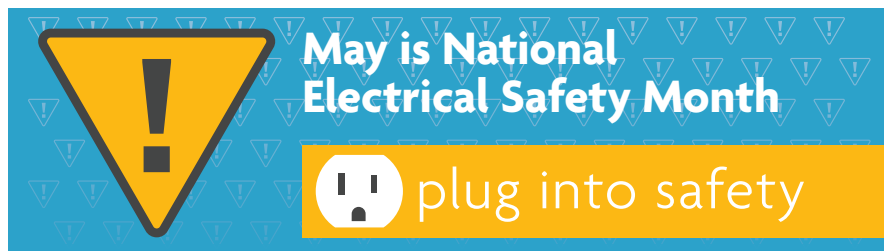
portant, we want to return our workers home safely to their loved ones. To do this requires ongoing focus, dedication and vigilance.

Following National Safety Standards

Working with electricity is an inherently dangerous job, especially for lineworkers. Twin Valley Electric has a safety team whose focus is keeping employees and the community safe around electricity. We established and follow safety protocols based on leading national safety practices for the utility industry. We require our lineworkers to wear specialized equipment and follow specific protocols when working next to or with power lines. Our employees have regular meetings to discuss upcoming projects from a safety perspective. They monitor and track near-misses of accidents in order to understand them, share “lessons learned” and how to improve in the future.

As importantly, we encourage all

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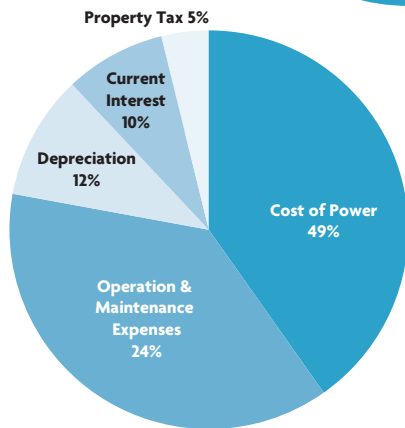
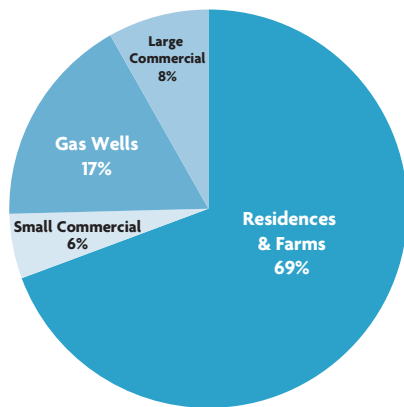


May is National Electrical Safety Month

plug into safety

Revenues

Where the Dollars Came From



Expenses

What Your Dollar Paid For

2017 Twin Valley Financial Reports

The following financial information was provided to members at the annual meeting. Please call the cooperative office at 620-784-5500 if you have any questions.

Balance Sheet AS OF DEC. 31, 2017

ASSETS AND OTHER DEBITS	2017	2016
Utility Plant		
Total Utility Plant	\$30,469,350	\$29,070,190
Less Accum. Provision for Depr. & Amort.	6,645,572	6,290,449
Net Utility Plant	23,823,778	22,779,741
Investments		
Investments in Associated Organizations	2,100,137	2,039,630
Investments in Economic Development Projects	567,284	736,014
Total Investments	2,667,421	2,775,644
Current and Accrued Assets		
Cash	518,374	326,978
Accounts Receivable - Electric	548,438	563,796
Accounts Receivable - Other	(1,652)	831,194
Materials & Supplies	9,968	7,258
Prepayments	58,762	53,273
Other Current Assets	1,973	1,973
Other Deferred Debits	377,279	440,293
Total Current & Accrued Assets	1,513,142	2,224,765
TOTAL ASSETS	\$28,004,341	\$27,780,150

Statement of Operations

FOR THE YEAR ENDING DEC. 31, 2017

REVENUES	2017	2016	2015
Electric Revenue	\$5,964,703	\$6,092,157	\$5,699,855
Forfeited Discounts & Misc. Rev.	83,643	87,101	87,658
Total Revenue	6,048,346	6,179,258	5,787,513
EXPENSES			
Cost of Power	2,849,500	3,069,903	3,016,835
Operation & Maintenance Exp.	1,648,230	1,675,049	1,800,731
Depreciation	715,056	682,369	623,818
Current Interest	578,072	564,576	558,674
Total Expenses	5,790,858	5,991,897	6,000,058
Operating Margins	257,488	187,361	(212,545)
Non-Operating Margins	97,669	97,669	160,828
NET MARGIN	\$355,157	\$285,030	(\$51,717)

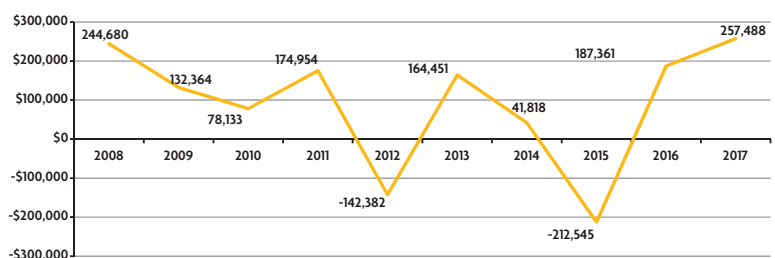
LIABILITIES & MEMBERS' EQUITY

Liabilities & Other Credits	2017	2016
Long-Term Debt	\$19,526,034	\$18,311,970
Notes Payable	0	1,300,000
Accounts Payable	283,299	289,614
Consumer Deposits	264,029	265,058
Other Current and Accrued Liabilities	295,967	314,585
Other Deferred Credits	130,666	133,529
Total Liabilities & Other Credits	20,499,995	20,614,756
Margins & Equities		
Memberships	9,500	9,500
Patronage Capital	6,602,157	6,354,227
Operating Margins	257,487	187,361
Non-Operating Margins	97,670	105,624
Other Margins & Equities	537,532	508,682
Total Margins & Equities	7,504,346	7,165,394
TOTAL LIABILITIES & MEMBERS' EQUITY	\$28,004,341	\$27,780,150

Property Tax Comparisons

COUNTY	2017	2016	2015
Labette	\$237,928	\$192,984	\$235,451
Neosho	26,492	19,166	25,188
Montgomery	7,163	5,672	5,419
Cherokee	886	644	946
TOTALS	\$272,468	\$218,465	\$267,004

Operating Margins



Twin Valley Annual Meeting Highlights



Board of Directors Vice President Bryan Coover congratulates CEO Ron Holsteen on his upcoming retirement on June 4, 2018, and recognizes his 14 years of service to the cooperative.

Twin Valley Electric Cooperative's annual meeting was held on April 19 in Altamont. The meal was catered by Pichler's Chicken Annie's of Pittsburg and was served by employees to over 200 guests in attendance.

BRYAN COOVER, District 1; **DIANE MCCARTNEY**, District 2; and **JASON ZWAHLEN**, District 3, were elected to the Board of Directors. Reports were presented from Ron Holsteen, CEO; Vice President Bryan Coover; and Dareld Nelson, Treasurer.

Holsteen was recognized for his 14 years of service at Twin Valley Electric. During Holsteen's tenure, he has made tremendous strides to update and upgrade the electrical system. He has overseen many projects, like the placement of electronic meters, GIS mapping of the entire system, implemented scheduled rotation of trucks and equipment, new headquarters facility, back feeding of entire distribution system and so much more.

Door prizes are always a thrilling finale to the meeting. **BEN MYERS** won this year's early-bird drawing of \$200 cash.

If you were unable to attend, we hope you can attend next year. The annual meeting is when you, our members, have a chance to learn more about your cooperative, elect directors to serve you, enjoy a good meal and, perhaps, win a door prize. Thank you to all who attended and made this year's annual meeting a success. We hope to see you next year.



CEO Ron Holsteen attending his final annual meeting as Twin Valley's CEO.



Member Loretta Hucke with her door prize, a Keurig.



Guests Thad Osgood and Russ Taylor catch up before the meeting begins.



Cathy Kibler wins the \$50 electric credit door prize.



Member Ben Myers wins the \$200 early bird drawing.

Safety Above All Else

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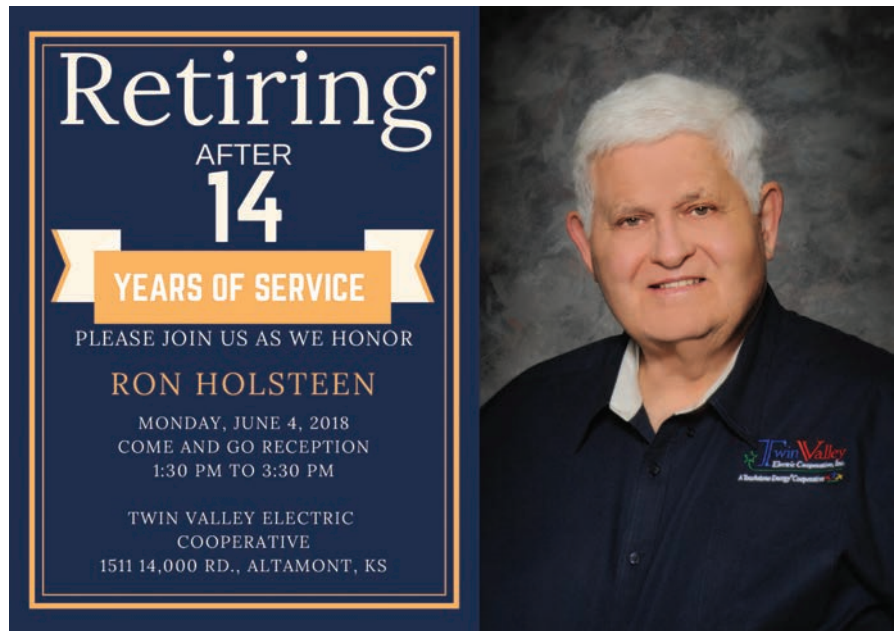
of our crews to speak up and hold each other accountable for safety. By cultivating a culture of openness and transparency, we promote problem-solving, rather than defaulting to a blame game. We examine the information and data gleaned from near-misses and accident reports to discern patterns and use safety metrics to improve in those areas where we have fallen short. As appropriate, we brief contractors on our safety protocols and set expectations for their engagement.

Keeping the Community Safe

Because we live and work in the community we serve, we care about our neighbors. Twin Valley Electric conducts electrical safety demonstrations in schools and for community events. We also have provided safety demonstrations for law enforcement personnel, fire fighters and county workers.

May is National Electrical Safety Month. According to the Electrical Safety Foundation, each year thousands of people in the United States are critically injured and electrocuted as a result of electrical fires, accidents and electrocution in their own homes. Many of these accidents are preventable. There is much you can do to keep yourself and your community safe around electricity.

Don't attempt electrical do-it-yourself projects or overload your outlets. Report downed power lines, unlocked substations or padmount transformers that look amiss. Contact Twin Valley Electric for additional electrical safety tips. If you would like us to provide a safety demonstration at your school or community event, please contact Adam Myers, Line Superintendent, at 620-784-5500. Be mindful when it comes to electrical safety. Pause and take the extra time to plug into safety.



The Impact of New Tax Laws

As the Kansas Legislature was working toward adjournment, a number of political headlines were made regarding utility rates and taxes.

When the federal Tax Cuts and Jobs Act was signed into law on Dec. 22, 2017, there was an almost immediate focus across the country on lower income tax rates for utilities. Kansas has been no different with political and regulatory leaders immediately calling for the savings to be passed on to ratepayers.

And while action was swift to make headlines, affected utilities already had a precedent from the 1986 Tax Reform Act to return those savings. The impact of the reduction in federal tax rates from 35 to 21 percent is projected to cut Westar's tax bill by at least \$65 million. KCP&L has indicated approximately \$35 million in savings could be allocated to Kansas customers. So while a refund isn't in question, some in the Legislature have expressed frustration that the return may be bundled with other rate adjustments and/or won't occur until later this year.

Will My Co-op Be Affected?

The impact on Twin Valley Electric is

much different. Like most of the 30 electric cooperative entities headquartered in Kansas, we are IRS tax exempt entities and therefore have no federal income tax liability. Cooperative members won't receive a tax-related refund because there is no federal income tax expense included in your electric rate.

Twin Valley operates as a not-for-profit entity and rates are designed to recover the cost of operation. We do not have stockholders demanding a return on investment. We have member-owners who elect directors to determine the cooperative's course, including appropriate electric rates.

Changes to our cost of operation from generation and transmission, vendors, regulatory agencies, as well as property and income taxes are reflected in rates set by the members rather than the Legislature or the Kansas Corporation Commission.

This regulatory framework fits two of the seven important cooperative principles—democratic member control and member economic participation—and helps Twin Valley Electric meet its mission to deliver affordable and reliable electric service.