

# RELIABILITY

## 2020 Annual Report



**Citizens**  
Electric Corporation

A Touchstone Energy® Cooperative 

# Our Mission

We are dedicated to providing our members with safe, reliable electricity at a cost that is stable and competitive with our neighbors

## Our Board

Dr. William Odneal  
President

Marion Kertz  
Vice President

Doyle Oehl  
Secretary

Mark Wengert  
Treasurer

Richard DeWilde

Alvin Franke

Thomas Keim

Karl Klaus

Derek Miesner

Rodney Scherer

## Our Staff

Van Robinson  
CEO

Ron Klein  
V.P. Operations

Jason Cates  
V.P. Engineering

Steve Elsea  
Manager of  
Member Services

Joan Huck  
Manager of Finance

Angi Herman  
Manager of  
Human Resources

Zach Deneke  
IT Supervisor

Eileen Bauman  
Administrative Assistant/  
Paralegal

Dear Citizens Electric Member,

In a year faced with hurdles few could have imagined, Citizens Electric adapted to be a reliable foundation for the communities we serve. The COVID-19 pandemic changed our world, disrupting how we live and work. Having electricity became more vital than ever with concerns of what power outages could mean for parents homeschooling children, remote workers, or industries producing necessary supplies. Every member of our team was considered essential, and keeping our employees safe, healthy, and productively serving our members was a top priority. We followed CDC guidelines, implementing precautions like social distancing and masking for our employees, and fostered the “go to work and go home” mentality encouraged by community leaders. We relied on technology to keep us connected, utilizing video conferencing for training sessions and meetings, while our drive-through provided a safe and convenient way for our members to conduct business.

As a not-for-profit co-op, Citizens Electric continually strives to better serve our members. In other words, we are not selling electricity to distant customers, and we are not maximizing revenues or profits for stockholders. We are providing electricity to local member-owners in a cost-conscious manner. We are very proud to report that Citizens returned an impressive \$4 million of capital credit refunds, half of that coming from our membership in Wabash Valley Power Alliance. This made 2020 the highest amount returned in the co-op’s history. During a year filled with change and concerns about the economy, Citizens Electric was able to provide members extra money when they needed it most.

Citizens Electric is also proud to report that in 2020, in spite of a challenging pandemic, our members experienced the fewest outage minutes in the coop’s history. While we can thank Mother Nature’s kindness for a portion of this reliability record, credit should be given to prudent investments in infrastructure, maintenance, and technology upgrades over the last decade along with quick restoration efforts from our employees.

Moving forward, we will continue to build on this proven and successful approach for reliability. In 2020, two major transmission projects were initiated with this in mind. The Limestone Ridge Project is being planned for Perry and Cape Girardeau Counties, while the Salem Bulk to Valley View project is underway in Ste Genevieve County. Both expansions will improve long-term reliability for members and businesses while supporting local economic growth. Our goal is to keep an open line of communication with impacted landowners to ensure they are fully informed and fairly compensated. We want to treat them with the level of respect they deserve. Their input is invaluable to us.

And while technology upgrades and system expansions do come at a price, Citizens Electric is proud to report that those costs have not significantly impacted the consumer. Citizens Electric has not implemented a residential rate increase in over five years despite increasing power supply costs and infrastructure improvements. We are focused on being good stewards of your hard-earned dollars.

In summary, we are proud of the job our employees did during a very challenging year. In our mission-critical industry, Citizens Electric’s people served from the front lines throughout this pandemic. We appreciate their efforts to keep the power flowing and our communities moving forward.

Bill Odneal, Board President

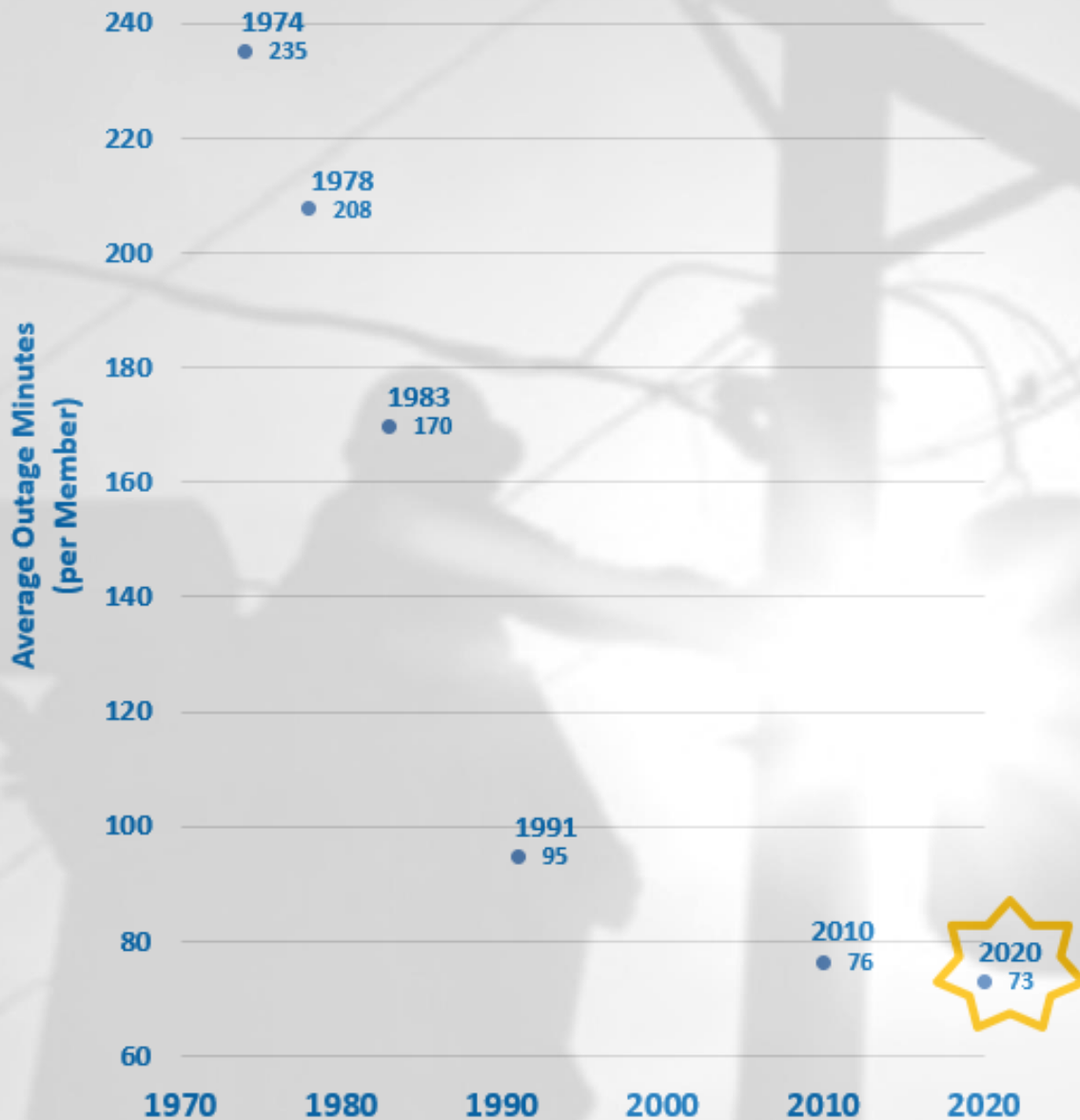
Van Robinson, CEO of Citizens Electric

# MEMBER RELIABILITY

## *A NEW RECORD*

### RECORD LOWEST YEARS

#### Outage Minutes



2020: A record year indeed! Citizens Electric member-owners experienced the fewest outage minutes in company history; the average member outage lasted 73 minutes. This means that members enjoyed electric service reliability of 99.986%. Increased investment in infrastructure, maintenance, and technology upgrades along with quick restoration efforts from our employees have decreased the 10-year average of annual outage time to 136 minutes from the previous 10-year period average of 185 minutes. Citizens Electric remains committed to maintaining the highest reliability possible.

## BALANCE SHEETS

	FOR THE YEARS ENDED DECEMBER 31	
ASSETS	2020	2019
<b>UTILITY PLANT</b>		
Electric plant . . . . .	\$187,427,425	\$182,391,468
Less accumulated depreciation . . . . .	64,615,519	60,865,636
	<u>122,811,906</u>	<u>121,525,832</u>
<b>INVESTMENTS</b> . . . . .	<b>28,091,875</b>	26,365,648
Rural Economic Development Loan (REDL) . . . . .	894,068	0
	<u>28,985,943</u>	<u>26,365,648</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents . . . . .	19,057,130	19,262,407
Receivables, less provision for uncollectible accounts of \$2,892 in 2020 and \$6,690 in 2019 . . . . .	11,726,902	12,093,810
Materials . . . . .	3,128,731	3,056,944
Prepayments . . . . .	472,322	426,179
Current Portion of REDL receivable . . . . .	126,000	0
Current portion of deferred debits . . . . .	2,279,947	2,279,947
Total current assets . . . . .	<u>36,791,032</u>	<u>37,119,287</u>
<b>DEFERRED DEBITS</b>	<b>2,423,928</b>	4,598,521
Total assets . . . . .	<u>\$191,012,809</u>	<u>\$189,609,288</u>
<b>LIABILITIES AND CAPITAL</b>	<b>2020</b>	<b>2019</b>
<b>CAPITAL EQUITIES</b>		
Memberships . . . . .	\$88,485	\$88,925
Patronage capital . . . . .	116,745,878	113,097,498
Other equities . . . . .	101,660	101,660
Total Equity . . . . .	<u>116,936,023</u>	<u>113,288,083</u>
<b>LONG-TERM LIABILITIES</b> . . . . .	<b>57,001,664</b>	58,716,513
<b>ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION</b> . . . . .	<b>1,772,218</b>	1,669,965
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt . . . . .	2,595,665	2,371,555
Accounts payable . . . . .	8,178,576	8,739,413
Accrued expenses . . . . .	1,107,115	1,317,695
Customer deposits . . . . .	848,375	849,595
Total current liabilities . . . . .	<u>12,729,731</u>	<u>13,278,258</u>
<b>DEFERRED CREDITS.</b> . . . .	<b>2,573,173</b>	2,656,469
Total liabilities and capital . . . . .	<u>\$191,012,809</u>	<u>\$189,609,288</u>

The financial reports listed herein are based on the year-end audits by Kerber, Eck and Braeckel, LLP of Carbondale, Ill. for 2020 and 2019. These audits determined the financial books of Citizens Electric Corporation were maintained in accordance with generally accepted accounting principles. The auditors have determined these reports represent fairly the financial position of the Corporation as of Dec. 31, 2020 and 2019. Any CEC member interested in reviewing an audit report is welcome to visit the office, and we will be happy to make the report available to you.

## STATEMENTS OF EARNINGS AND PATRONAGE CAPITAL

FOR THE YEARS ENDED DECEMBER 31

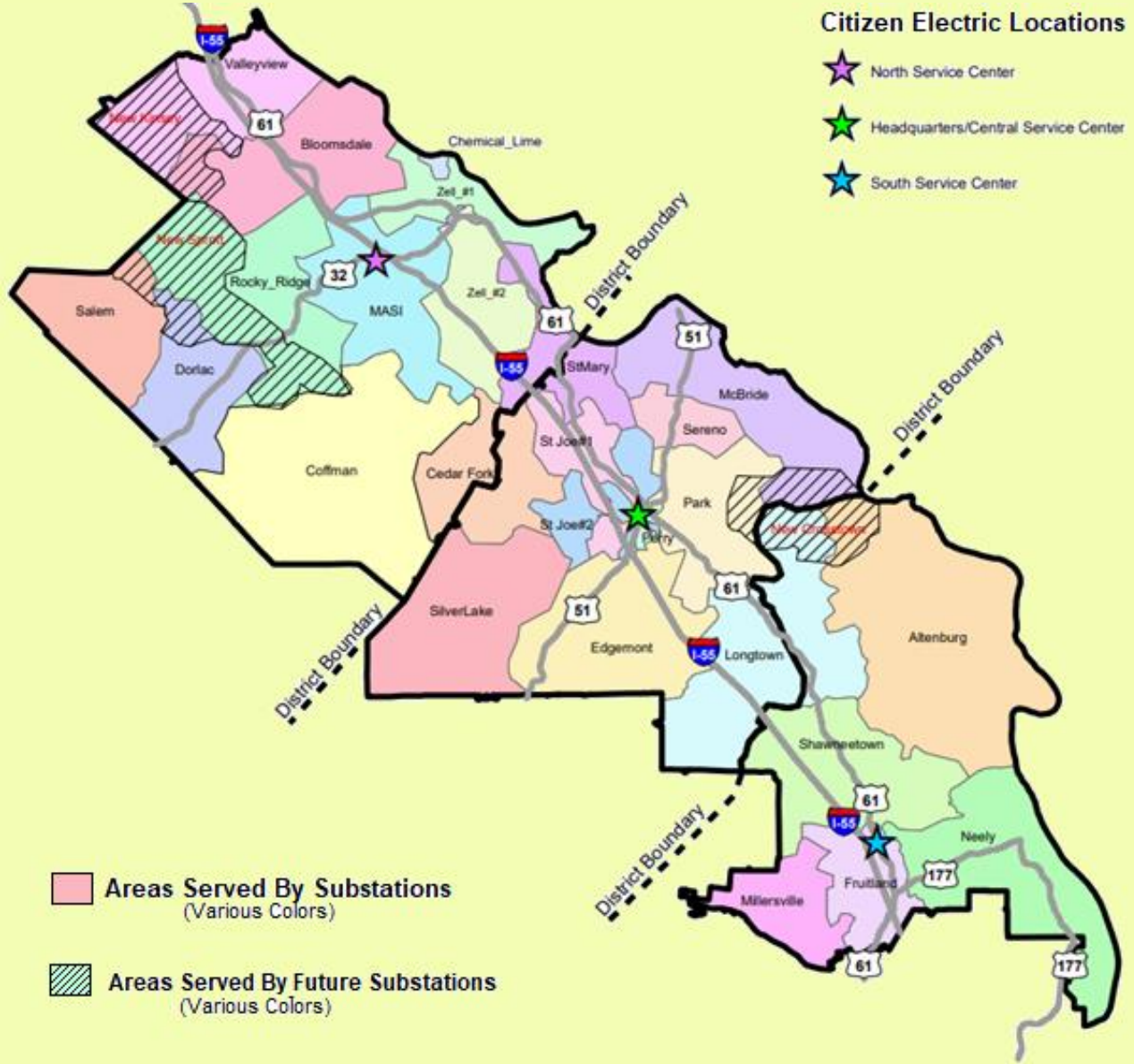
	2020	2019
Operating revenue		
Electric energy revenue . . . . .	\$112,281,161	\$115,035,692
Miscellaneous electric revenue . . . . .	106,561	107,579
Total operating revenue . . . . .	112,387,722	115,143,271
Operating expenses		
Cost of power purchased . . . . .	82,624,881	85,575,405
Operating expenses - distribution . . . . .	5,987,464	6,051,982
Maintenance of distribution plant . . . . .	3,956,586	3,605,380
Accounting and collection expenses . . . . .	1,305,410	1,295,965
Other customer expenses . . . . .	452,756	526,801
Administrative and general . . . . .	3,297,737	3,437,936
Depreciation . . . . .	6,049,823	5,849,795
Taxes . . . . .	1,418,226	1,498,963
Total operating expenses . . . . .	105,092,883	107,842,227
Operating margin before interest charges . . . . .	7,294,839	7,301,044
Interest on debt . . . . .	1,997,867	2,339,872
Operating margin before capital credits . . . . .	5,296,972	4,961,172
Capital credits and patronage dividends . . . . .	2,193,904	2,702,913
Operating margin . . . . .	7,490,876	7,664,085
Interest revenue . . . . .	139,901	547,456
Other revenue . . . . .	12,998	(9,767)
NET MARGIN . . . . .	7,643,775	8,201,774
OTHER COMPREHENSIVE INCOME		
Amortization of gain on post-retirement benefit obligation . . . . .	885,156	885,157
TOTAL NET MARGINS. . . . .	8,528,931	9,086,931
Patronage capital — beginning of year . . . . .	113,097,498	106,482,818
Retirement of capital credits . . . . .	(5,002,243)	(2,682,992)
Unclaimed capital credits . . . . .	121,692	210,741
Patronage capital — end of year . . . . .	\$116,745,878	\$113,097,498

## STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31	
	2020	2019
Cash flows from operating activities		
Net margin . . . . .	\$7,643,775	\$8,201,774
Adjustments to reconcile net margin to net cash provided by operating activities		
Depreciation . . . . .	6,049,823	5,849,795
Amortization . . . . .	3,165,103	2,279,323
Patronage capital credits . . . . .	(2,145,390)	(2,741,708)
Interest income received RUS cushion of credit . . . . .	(246)	(247)
Changes in:		
Receivables . . . . .	366,908	(78,974)
Prepaid expenses . . . . .	(46,143)	(296,788)
Materials . . . . .	(71,787)	(188,566)
Accounts payable . . . . .	(560,837)	569,675
Accrued liabilities . . . . .	(210,580)	(129,055)
Accumulated provision for pensions and benefits . . . . .	102,253	100,886
Deferred credits and debits . . . . .	(188,650)	-
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES . . . . .	14,104,229	13,566,115
Cash flows from investing activities		
Investment in plant . . . . .	(7,335,897)	(6,979,187)
REDL Program receivable . . . . .	(1,020,068)	-
Patronage capital credits . . . . .	419,163	552,794
NET CASH FLOWS USED IN INVESTING ACTIVITIES . . . . .	(7,936,802)	(6,426,393)
Cash flows from financing activities		
Long-term borrowing . . . . .	1,020,069	-
Principal payments on long-term debt . . . . .	(2,510,562)	(21,730,976)
Capital refunds to members . . . . .	(5,002,243)	(2,682,992)
Change in customer deposits . . . . .	(1,220)	(3,665)
Change in other capital . . . . .	121,252	208,811
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES . . . . .	(6,372,704)	(24,208,822)
Increase (decrease) in cash and cash equivalents . . . . .	(205,277)	(17,069,100)
Cash and cash equivalents at beginning of year . . . . .	19,262,407	36,361,507
Cash and cash equivalents at end of year . . . . .	19,057,130	19,292,407
Supplemental disclosure of cash flow information . . . . .		
Cash paid during the year for interest . . . . .	\$1,997,867	\$2,339,872

# ENSURING RELIABILITY

FOR CITIZENS MEMBERS NOW & IN THE FUTURE



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Electric Corporation

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