



Annual Report

2020



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PRESIDENT'S REPORT

2020 Year in Review

On behalf of the Board of Trustees for Bluestem Electric Cooperative, I would like to thank you for your support and understanding throughout 2020. The COVID-19 pandemic caused many changes, cancellations, and challenges for people, organizations and industries, Bluestem included. As we begin 2021, your board of trustees has decided to cancel the 2021 annual meeting to protect your family and our employees. We look forward to holding the annual meeting in-person in 2022 and we hope to see all of you there.

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



Richard Ridder

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

In 2020, the board opted to not authorize a general capital credit retirement. As the 2021 budget was developed, the board reviewed the policy criteria and has not budgeted a general capital credit retirement to occur in 2021.

Business Plan:

Helping management staff plan for the future is an important part of the board's responsibilities. The Bluestem Board of Trustees, along with management staff, continue to follow the five goals established in the strategic planning session of the cooperative:

- 1** Enhance the Cooperative's culture of safety, maintaining it as Bluestem's No. 1 priority.
- 2** Develop and implement an equity management plan focused on balancing capital credit retirement, plant investment, rates and equity.
- 3** Draft and deploy a technology plan that improves efficiency of operation and provides opportunities to better serve the members.
- 4** Create and execute an internal and external communication plan.
- 5** Review, recommend and implement retail rate structures that are fair to all members and provide a stable return for the cooperative.

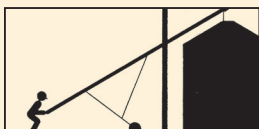
Cooperative Model Advantage – Capital Credits

The cooperative business model has proven to be a very successful form of business structure in this country. In the cooperative business model,

Heads Up for Electrical Safety

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

HEADS UP
Don't Maneuver Augers
in Raised Position



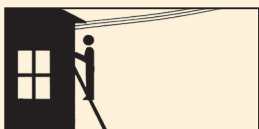
HEADS UP
Plan Before
You Plant



HEADS UP
When Raising
Equipment



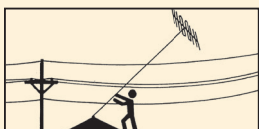
HEADS UP
When Working
Around Electric Wires



HEADS UP
When Moving
Tall Objects



HEADS UP
When Raising
and Lowering
Antennae



Financials

Bluestem ended the year with a margin of \$1,750,834. Of the \$1,750,834 margin,

Continued on page C3 ►

BLUESTEM STAFF

Michael M. Morton
General Manager

Jason Moore
Assistant General Manager

John Bettencourt
Manager of AMI & IT

Trisha Bradley
Manager of Accounting & Finance

Tim Diederich
Manager of Line Operations

Kevin Heptig
Manager of Member Services

Glenda Larkins
CSR / Assistant Accountant

Ashley Pfizenmaier
CSR / Assistant Accountant

Jennifer Soeken
CSR / Billing Specialist

Jerod Chaffee
Assistant Manager of Line Operations

Thad Donnelly
Assistant Manager of Line Operations

Courtney Grater
Line Operations Foreman

Aaron Massie
Line Operations Foreman

Ben Matthews, III
Line Operations Foreman

Josh Wiedmer
Line Operations Foreman

Shelton Allen
Journeyman Lineman

Travis Blackwood
Journeyman Lineman

Luke Brazzle
Journeyman Lineman

David Burton
Journeyman Lineman

Trenton Canfield
Journeyman Lineman

Ben Easterberg
Journeyman Lineman

Derek Francis
Journeyman Lineman

Dylan Havenstein
Journeyman Lineman

Kyle Hooten
Journeyman Lineman

Josh Laflin
Journeyman Lineman

Tyler Stark
Journeyman Lineman

Kevin Swenson
Journeyman Lineman

Tim Wolf
Journeyman Lineman

Baylee Easterberg
Apprentice Lineman

PRESIDENT'S REPORT *Continued from page C2* ▶

\$788,717 reflects the operating margin with the balance of \$962,117 being comprised of interest income, other cooperative organizations conducting business with Bluestem, and the sale of the old Wamego facility to Manhattan Area Technical College. As a result of the 2020 margin, all required financial ratios and obligations were achieved. The treasurer's report can be found on pages 16B-16C of this magazine.

The Bluestem board authorized a cost-of-service study that was conducted by National Rural Utilities Cooperative Finance Corporation (CFC) and presented to the board in December of 2020. The cost-of-service study indicated that no rate increase is needed in 2021, but led to discussion on a three-

part rate structure providing more rate stability than the current two-part rate structure for the Bluestem membership. More information on the three-part rate structure is provided in General Manager Morton's report.

Bluestem's Mission

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

"It shall be the mission of the Bluestem Electric Cooperative to provide safe and reliable electric energy and other services to our

consumers as efficiently and economically as possible."

2021 Annual Meeting – Canceled

Again, we regret that the 2021 Bluestem annual meeting has been canceled. We know the annual meeting is a great opportunity for all Bluestem Electric Cooperative members to learn more about the cooperative and visit with Bluestem employees, trustees, and fellow members. But more importantly, your health and safety as well as the health and safety of our employees comes first. We look forward to seeing you in 2022.

Richard Ridder
BOARD PRESIDENT

Standby Me: Installing a Backup Generator

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

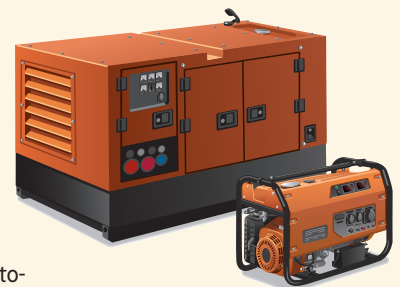
There is more than one type of permanent generator. One has a transfer switch that must be manually "thrown" before turning on the alternate source of power, which is wired into a house. This type of generator is permanent but not considered "standby" because of the manual switch, and it should not be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

Another type of fixed generator is permanently housed in a metal

box and is usually located close to the house. It is the most expensive permanent generator — a standby version that is permanently and professionally installed to power most of the appliances in your home.

When needed, a standby generator automatically transfers the power source from the electric grid to the generator. The cost of this type of permanent generator varies depending on how much backup power you want.

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



SIGN UP FOR AUTO PAY ON SMARTHUB

Save time and pay your monthly electric bill automatically by bank draft. No need to find a postage stamp or worry if your payment will reach us on time. Sign up for SmartHub online at www.bluestemelectric.com.



With SmartHub you can also pay your bill online at www.bluestemelectric.com using your bank account or credit card. Click on the SmartHub Pay Online button. It's safe and secure!

What is Demand?

Electric demand refers to the maximum amount of electrical power being consumed at a given time, as opposed to energy which is the amount of power used over a period of time.

For example, a typical clothes iron requires, or demands, 1,000 watts of power. If that iron is used for one hour it consumes 1,000 watt-hours or 1 kilowatt-hour of energy.

Using multiple appliances at the same time increases your demand. A typical dishwasher has a demand of 1,200 watts. If you used the dishwasher at the same time as you iron clothes, the total demand for these two appliances would be 1,000 watts plus 1,200 watts or 2,200 watts. If instead, you choose to operate these at separate times, the maximum demand for these two appliances would only be 1,200 watts.

In the sample electric bill above, the maximum demand for the month was on Jan. 15 at 11 a.m. with 6.5 kW of demand.

What Can I Do to Reduce My Demand?

During times of peak demand (3-6 p.m.), here are simple steps you can take to reduce electricity demand:

- ▶ Wait until after 6 p.m. to run large appliances such as washing machines, clothes dryers and dishwashers.
- ▶ Use the microwave or convection oven instead of the oven or range whenever possible.
- ▶ Run your electrically heated above-ground pool pump for just 12 hours per day (between the hours of 10 p.m. and 10 a.m.) instead of around the clock.
- ▶ Set the thermostat on the water heater to a lower temperature during the summer, such as 120 degrees.

Meter Number	Pres Read	Prev Read	Mult	KWH Used	Rate Schedule/Reference/Bill Type
555555	34684	34000	1	684	
Activity Since Last Bill	Amount	Current Bill Information			5/ Single Phase/ Actual
Previous Balance	\$229.24				\$ Amount
Payments	-229.24	CUSTOMER CHARGE ENERGY			36.00
Adjustments	0.00	DEMAND 1/15/2020 11:00 6.5KW			91.66
		POWER COST ADJUSTMENT @ .0071600/kwh			N.C.
		TAXES			7.86
		PROPERTY TAX ADJ @ .0047655 /revenue			1.20
Balance Forward	0.00				0.61
		CURRENT CHARGES DUE BY 02/25/2020			137.3
		BALANCE FORWARD			0.00
		TOTAL AMOUNT DUE			137.3

In this sample electric bill, the maximum demand for the month was on Jan. 15 at 11 a.m. with 6.5 kW of demand.

- ▶ Turn off all of the unnecessary lights around your home.
- ▶ Use LED lightbulbs. They use 75% less electricity and last 25 times longer.
- ▶ When properly set, your programmable thermostat can help reduce your heating and cooling costs.
- ▶ Use ceiling fans to help circulate the cool air and make you feel cooler when you are in a room. In the summer the blades should rotate to move the air down to help produce a cooling breeze. In the winter, air should be moved upwards toward the ceiling to disperse the warm air that tends to accumulate there and distribute it more evenly in the room. Remember to turn it off when not in the room.
- ▶ If you replace your refrigerator with an energy-efficient one, properly dispose of the old one instead of continuing to use it as a secondary refrigerator. If you do use the old one, avoid keeping it in the garage or other locations that get hot and humid. The refrigerator has to work harder in these areas to keep cool.
- ▶ Use an outdoor clothesline instead of your dryer. It will save you money and make your clothes smell great.



Keep Your ACH Payment Information Current

If you are signed up for automatic bank draft or recurring credit/debit card payments for your Bluestem Electric account(s), please update your information if you change bank accounts or get new credit/debit cards. This will ensure that your account will be paid on time and you will avoid any penalty charges.