



2021 Annual Report

www.seiremc.com

CONTACT US

812-689-4111
800-737-4111
Fax: 812-689-6987

EMAIL

contact_us@seiremc.com

OFFICE HOURS

7:30 a.m. – 4:30 p.m., Monday – Friday

STREET ADDRESS

712 South Buckeye Street
Osgood, IN 47037

MAILING ADDRESS

P.O. Box 196
Osgood, IN 47037

SERVICE INTERRUPTIONS

To report a power outage:
800-737-4111 or SmartHub

BOARD OF DIRECTORS

- Darrell Smith (District 7), *President*
- Mike Thieman (District 6), *Vice President*
- Vince Moster (District 1), *Secretary*
- Brad Bentle (District 2), *Treasurer*
- David Smith (District 3)
- Jesse McClure (District 4)
- Melissa Menchhofer (District 5)
- Bonnie Boggs (District 8)
- Casey Menchhofer (District 9)



A fiber-to-the-home (FTTH) product with speeds from 100 Mbps to 1 Gbps.

Residential pricing starts at \$64.95 plus tax.

OUR MISSION

To safely provide reliable electricity and diversified services to the members and communities we serve.



Our theme this year is “Building for the Future.”

We have committed to building fiber to the home for members that do not have adequate broadband.

After a few years of researching, analyzing, and asking other business entities to serve our members, we found no one willing, due to the cost.

Strong member support through a survey in 2019 focused our attention on the inadequate broadband situation and the recommendation was made to “build for the future” needs of our cooperative members and enhance the electric infrastructure for years to come.

Fortunately, we had a co-op (SEI Communications) in our service territory that was willing to form a Joint Venture. The joint venture enables us to utilize the expertise of both organizations to build a network that will adequately serve our members.

As we look to the future, we will also begin building a new office headquarters and mechanic’s garage. Construction will begin in May. The new office headquarters will complement our current and future work force needs, improve operational efficiencies, and reduce on-going maintenance expenses related to our current headquarters.

Our Vegetation Management Plan is in the fourth year of a five-year cycle of reclaiming rights-of-way. We have seen marked improvement for tree outages.

Your REMC demonstrates its support for the cooperative principle, Concern for Community, through the Operation Round Up program, which collects and distributes funds for charitable purposes within the Southeastern Indiana REMC area. The money comes from members who donate by allowing us to round up their electric bill to the nearest dollar each month. For most, this donation is less than \$6 per year. In 2020, \$105,000 was awarded to community projects throughout our seven county communities.

We continue to concentrate on pole replacements, protective device maintenance, and replacement of older underground primary cable in certain subdivisions.

We are also participating in several pilot programs, through Hoosier Energy, such as the cooperative charge program for electric vehicle chargers and the rural energy audit program. We will also be introducing some new programs this year, such as HVAC tune up, electric landscaping equipment, and smart thermostat programs.

“Building for the Future” is our goal, and we will do this by staying focused on our mission, “To safely provide reliable electricity and diversified services to the members and communities we serve.”

As always, we appreciate your support in allowing us to serve you.

BRYAN K. MATHEWS
General Manager

2020 Annual Meeting Minutes

The 81st annual meeting of the membership of Southeastern Indiana Rural Electric Membership Corporation was held virtually, beginning at 6:00 P.M., EDT, on the 1st day of October 2020. Proper notice of the meeting had been mailed to each member and the 2020 Director Election voting packet was postmarked on September 1, 2020.

President Darrell Smith called the meeting to order. Those directors present were: Brad Bentle, Bonnie Boggs, Jesse McClure, Casey Menchhofer, Melissa Menchhofer, Vince Moster (virtually), Darrell Smith, David Smith, and Mike Thieman.

Following the call to order, Brad Bentle sang the National Anthem. Mike Thieman gave the invocation.

Special Guest, State Representative Randy Frye addressed the REMC membership and reported on district 67 and the state of Indiana.

The official notice of the annual meeting and the certification of the mailing of said notice were read by Secretary Vince Moster. Secretary Moster announced a quorum was present. The minutes of the 2019 annual meeting were approved.

Members heard reports from President Darrell Smith, Treasurer Brad Bentle, General Manager Bryan K. Mathews, IEC Director Melissa Menchhofer, and Hoosier Energy Director David Smith, regarding the state of the cooperative.

Attorney Robert Wickens announced the results of director elections. Vince Moster, District 1; Darrell Smith, District 7; and Bonnie Boggs, District 8 were elected by the membership. There were 3,046 voters in the 2020 Director Election.

There being no further business, the meeting was adjourned by the President.

Treasurer's Report

Your co-op had another successful year, due to the combined efforts of your board, staff, and employees.

Each year your cooperative goes through an extensive audit conducted by LWG; an Indianapolis based auditing firm. We are pleased to report that we received a favorable independent auditing opinion.

In 2020 your cooperative met all financial ratios required by our mortgage holders.

Your cooperative's equity has ranged from 53 to 58 percent over the last five years. To maintain this equity ratio, we attempt to fund about half of our new extensions and line replacements through the electric rates you pay. The remaining half is financed through borrowing.

Our largest expenditure is the cost of power. Approximately 62 cents of each dollar is spent to purchase power.

In 2020, our kWh sales decreased 4.3 percent due to COVID-19, weather patterns, and efficiencies. Our

distribution system improvements and new service extensions in 2020 totaled \$7.5 million versus \$7 million in 2019. We connected 338 new services in 2020.

We completed 7 home energy audits before COVID hit, installed 55 generators, 66 demand response units, and rebated \$192,665 to members that installed qualified member electrification improvements.

We are committed to a 25-year return cycle of patronage or capital credits. Patronage is being returned this March for 1998 and 20 percent of 2019 in the amount of \$2.3 million. Your cooperative has refunded \$28 million since 1939 when the co-op was incorporated.

We are looking out for you, the member, as we do the day-to-day business of the cooperative. Our rates will remain stable for 2021 and you can rest assured that your REMC remains financially sound.

FINANCIAL STATEMENTS

STATEMENTS OF REVENUE

Years ended Dec. 31, 2020, and 2019

December 31, 2020 and 2019	2020	2019
REVENUE		
Non-Commercial	\$ 50,372,772	\$ 51,568,538
Small Commercial	4,599,421	4,455,002
Large Commercial & Industrial	10,875,553	11,868,080
Other	738,851	952,345
TOTAL OPERATING REVENUE	\$ 66,586,597	\$ 68,843,965
REVENUE DEDUCTIONS		
Purchased Power	\$ 40,111,733	\$ 42,854,240
Operations & Maintenance Expense	12,285,069	11,614,784
Customer Accounts	2,371,720	2,235,218
Administrative & General	2,343,534	2,323,614
Total Operating Expense	\$ 57,112,056	\$ 59,027,856
Depreciation Expense	\$ 4,515,065	\$ 4,374,855
Gross Receipts Tax and Other Taxes	\$ 1,362,400	\$ 1,423,613
Interest on Debt to Lenders	\$ 2,101,015	\$ 2,425,268
TOTAL	\$ 65,090,536	\$ 67,251,592
Operating Margins	\$ 1,496,061	\$ 1,592,373
Non-Operating Margins (Includes Hoosier Energy's Patronage Capital)	\$ 1,537,779	\$ 2,354,020
NET MARGINS	\$ 3,033,840	\$ 3,946,393
	UNAUDITED	

BALANCE SHEET

Years ended Dec. 31, 2020, and 2019

December 31, 2020 and 2019	2020	2019
ASSETS AND OTHER DEBITS		
Utility Plant	\$ 145,254,982	\$ 138,364,654
Less Accumulated Provision for Depreciation	38,323,027	36,561,684
Net Utility Plant	106,931,955	101,802,970
Investments in Associated Organizations	30,775,380	31,629,827
Other Investments	860,493	873,832
Current and Accrued Assets:		
Cash - General	10,625,979	6,747,123
Consumer Accounts Receivable	8,767,593	7,425,571
Material and Supplies	1,279,976	1,230,129
Prepaid Insurance	134,884	130,181
Other Prepayments	10,584	10,613
Total Current and Accrued Assets	\$ 20,819,016	\$ 15,543,616
Regulatory Assets	\$ -	\$ -
Deferred Debits	\$ 157,120	\$ 366,614
TOTAL ASSETS AND DEBITS	\$ 159,543,964	\$ 150,216,859
LIABILITIES AND OTHER CREDITS		
Member and Patron Equities:		
Patronage Capital	\$ 83,361,232	\$ 80,995,027
Other Margins and Equities	1,903,525	3,635,992
Total Member and Patron Equities	\$ 85,264,757	\$ 84,631,019
Long-Term Obligations to Lenders	51,553,770	47,040,844
Accumulated Operating Provisions	5,631,454	5,284,853
Current and Accrued Liabilities	16,017,447	12,122,305
Deferred Credits	1,076,536	1,137,838
TOTAL LIABILITIES AND CREDITS	\$ 159,543,964	\$ 150,216,859
	UNAUDITED	

COST PER kWh (Residential)



- Purchased Power, **61.62%**
- Operations and Maintenance, **18.87%**
- Customer Accounts, **3.64%**
- Administrative and General, **3.6%**
- Depreciation Expense, **6.94%**
- Gross Receipts Tax and Other Taxes, **2.09%**
- Interest on Debt to Lenders, **3.23%**

2020 INCOME BREAKDOWN



Indiana Electric Cooperatives

Southeastern IN REMC is part of a larger network of electric cooperatives in Indiana and across the country.

Indiana Electric Cooperatives (IEC) was created in 1935 to unite the electric cooperatives across the state of Indiana, and to lead, serve, and advocate on behalf of its members.

Some of the benefits of being a part of our statewide organization include:

- Legislative representation for cooperative interests
- Job training and safety compliance for our employees
- Educational classes for directors and employees
- And monitoring trends, oppor-

tunities, and legal issues affecting our industry and Indiana's cooperatives.

Our membership in IEC is a great value and we can count on them to be a strong advocate for the electric co-ops of Indiana for years to come.

Hoosier Energy

Hoosier Energy is a generation and transmission cooperative (G&T) with headquarters in Bloomington, Indiana. The G&T provides electric power and services to 18 electric distribution cooperatives in southern and central Indiana and southeastern Illinois.

Collectively, the 18 members serve nearly 650,000 consumers.

In 2020, the Hoosier Energy Board of Directors approved a new long-range resource plan. The plan is designed to provide its 18 member cooperatives with reliable, affordable, and environmentally sustainable energy while saving members an estimated \$700 million over the next two decades.

In 2023, Hoosier Energy expects to retire its coal fired Merom Generating Station, which went online in 1982, and transition to a more diverse

generation mix that includes a combination of low-cost wind, solar, natural gas, and storage. This plan provides a foundation for supply cost stability and predictability while reducing the company's carbon footprint by nearly 80%.

There are several possibilities regarding the future of the site. Hoosier Energy will work with state and local economic development officials to market portions of the Merom property for industrial development. The company will also consider renewable energy generation at the location or pursue a sale of the plant.

Hoosier Energy is a very different generation and transmission cooperative from the power supply organization that a handful of southern Indiana electric cooperative leaders

envisioned in the spring of 1949. At that time, the original members collectively served about one percent of today's load, and distribution co-op general managers and directors were primarily concerned with the high wholesale power rates they were paying to the state's investor-owned utilities.

Through the years, Hoosier has overcome many challenges to serve its member cooperatives, including deregulation, environmental, and financial challenges.

Co-op Statistics

As of December 31, 2020

**Cost per kWh
(Residential):** \$0.1420

Number of Services:
27,578

Miles of Line: 3,244

**Average Number of
Services per Mile:** 8.5

**Number of Full-Time
Employees:** 61

Power Supplier: Hoosier
Energy

Publications: Indiana
Connection Magazine