

# Choctaw Electric Cooperative

*Plugged into your needs for over 80 years*

**ANNUAL REPORT 2023**

In May, Choctaw Electric hosted local first responders for a day of safety training as part of the Wired Up for Safety initiative. CEC prioritizes our members' safety. It's one way we're plugged into your needs.



Watch  
now!

Scan the code to see a  
video recap of our Wired  
Up For Safety event.





# Plugged into *your needs*

As Choctaw Electric Cooperative nears its 85th anniversary, our commitment to providing reliable, safe and affordable energy services remains strong. Our theme this year, *Plugged Into Your Needs*, underscores our dedication to exceptional service within our communities. Founded by members for members, we stay true to our mission of serving you with excellence and are deeply connected to addressing your needs.

Prioritizing customer service is a core part of our approach. We understand the drawbacks of automated systems, which is why we focus on local, personal interactions. With three convenient locations and an average wait time of just 12 seconds to speak with a representative, we make it easy to connect with us. For digital convenience, the free SmarHub app offers a seamless way to manage your services.

Transparency and community involvement are central to our operations. Our board meetings are open to the public, and board members actively engage in community events and feedback sessions. Additionally, our commitment to safety is evident in initiatives like the Wired Up for Safety event, which provided valuable training for first responders. At Choctaw Electric Cooperative, we pride ourselves on being deeply involved in the community and dedicated to improving the quality of life for our members. Thank you for being with us for nearly 85 years.



**Kooney Duncan, GM/CEO**  
**Brent Franks, President**

# Choctaw Electric Cooperative's *Board* is plugged into your needs.

Made up of local community members, Choctaw Electric Cooperative's board of trustees is plugged into your needs and genuinely cares about serving you. As a member of Choctaw Electric Cooperative, you are invited to monthly board meetings. The board meets the last Tuesday of the month at 9 a.m. at the CEC headquarters in Hugo. Meetings minutes are accessible online at [www.choctawelectric.net](http://www.choctawelectric.net).

CEC's board consists of nine members, each representing one of the co-op's nine districts. Each year, three trustee positions are up for election. This year, the incumbent candidates from District D, E and F have filed the necessary paperwork to run for re-election. Their profiles are below.



## DISTRICT D

**Bill Woolsey** has served on the CEC Board of Trustees for nine years and has completed the Credentialed Cooperative Director certification through the National Rural Electric Cooperative Association (NRECA). As one of the longest-serving board members, he has been instrumental in helping CEC establish financial stability and increased reliability. Woolsey is passionate about serving CEC's members and believes the co-op is headed in the right direction.

Woolsey and his wife Kathy, retired educators, have lived in Felker for 42 years. They have three children and nine grandchildren. He has spent five decades farming watermelon and pumpkins.



## DISTRICT E

**Deborah Cody** has served on the CEC Board of Trustees for six years and has completed the Credentialed Cooperative Director certification through the National Rural Electric Cooperative Association (NRECA).

Cody's goals are three-fold: proactive line clearing and pole replacement to reduce outages; open communication with members; and continued development of the co-op's infrastructure to position CEC for future growth.

Cody lives in Fort Towson with her husband, Bill, and has been a co-op member for nearly four decades. In her spare time, she enjoys gardening and genealogy research.



## DISTRICT F

**Perry Thompson, Jr.**, has served on the CEC Board of Trustees for six years, and currently serves as board secretary/treasurer. Thompson has completed the Credentialed Cooperative Director certification through the National Rural Electric Cooperative Association (NRECA).

As owner of AAA Pest Control, Thompson brings business and leadership experience to the board. His goals include serving as a voice for the people in his service district, creating a team that will work toward conserving costs for members, and continuing to cultivate transparency to ensure sound financial management.

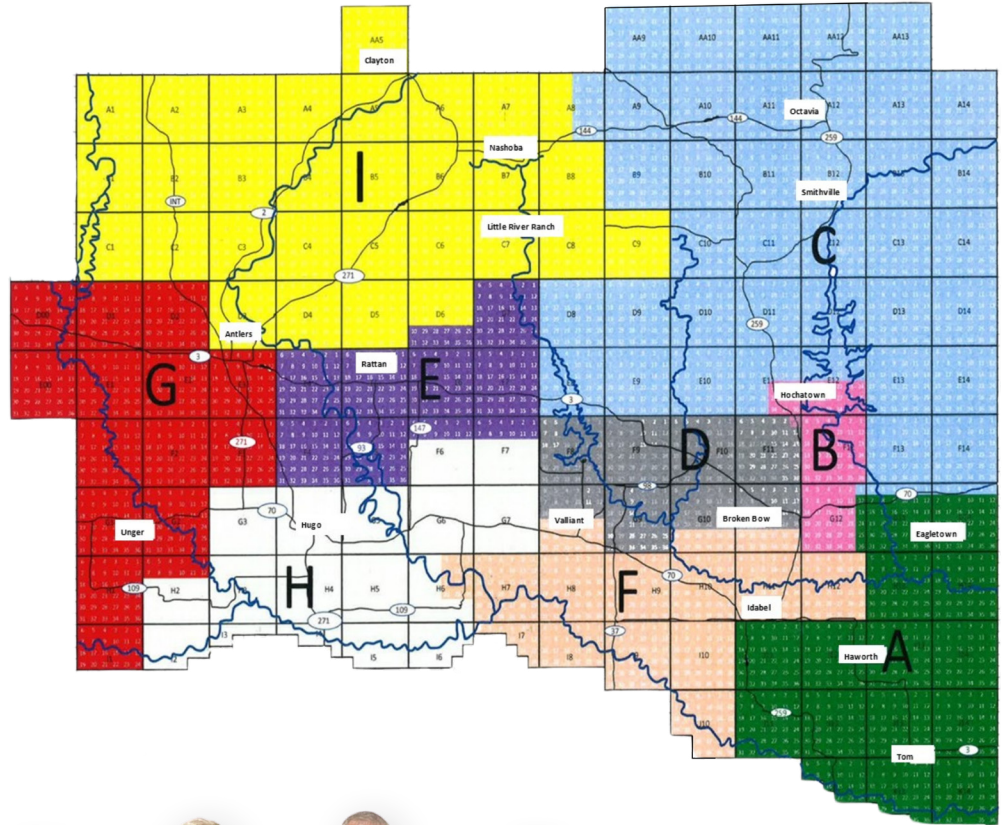
Thompson and his wife Tammy live in Hugo and are longtime members of the cooperative. He also serves on the Livestock Board and the Industrial Board of Hugo. In his spare time, Thompson enjoys spending time with family, fishing and golfing.



## District Map

Choctaw Electric Cooperative's service territory is divided into nine voting districts. Members elect one trustee from each district to represent them on the board.

To locate your voting district, please refer to the map (right), or find your district printed on your electric bill.



CEC's 2024 Board of Directors. Seated: Ken Autry, Debbie Cody, Jana Burris, Perry Thompson, Jr.  
Standing: Brent Franks, Bill Woolsey, Stacy Nichols, Jackson Ferguson and Jarred Campbell.

# Proposed Bylaw Amendment *Explanation*

Members will vote on a proposed amendment to Section 4.10 of the Choctaw Electric Cooperative Bylaws.\*

**Paragraph 1 - Current Bylaw Wording:** No trustee shall receive compensation from any other business associated with the cooperative. This includes, but not limited to: Western Farmers Electric Cooperative.

**Paragraph 1 - Proposed Change:** No trustee shall receive compensation from any other business associated with the cooperative, EXCEPT compensation from Western Farmers Electric Cooperative.

**Explanation:** Under the current bylaw, trustees are prohibited from receiving compensation from any business associated with the cooperative, including Western Farmers Electric Cooperative (WFEC), Choctaw Electric's Generation and Transmission Cooperative.

As a result, Choctaw Electric trustees serving on the WFEC board are unable to receive the per diem paid by WFEC to its board members. Instead, Choctaw Electric pays for the per diem.

The proposed change would allow trustees to receive a per diem from WFEC, alleviating Choctaw Electric of that expense, while still prohibiting trustees from receiving compensation from any other associated businesses.

**Paragraph 4 - Current Bylaw Wording:** A close relative of, or a former board member, shall not be allowed to be awarded contracts or receive any financial compensation from the cooperative.

**Paragraph 4 - Proposed Change:** Upon leaving the Board of Trustees, a former trustee or a close relative of a former trustee, shall not be allowed to be awarded contracts or receive any financial compensation from the cooperative for a period of five years.

**Explanation:** The current bylaw prohibits former board members and their close relatives from receiving contracts or financial compensation from the cooperative. The proposed change introduces a five-year restriction period. After this period, former board members and their close relatives could be considered for contracts. Additionally, this change would allow close relatives of board members to be considered for employment opportunities at Choctaw Electric after five years.

*\*Changes will be voted on as a single amendment. This explanation will be included in the ballot packet that will be mailed out. Don't forget to vote! Return your ballot by 5 p.m. on Sept. 27, or bring it to the Annual Meeting.*





# CEC is plugged into the needs of our *Communities*





# INCOME STATEMENT & BALANCE SHEET

FOR THE YEAR ENDED DECEMBER 31, 2023

## Operating Revenues

Residential	\$40,540,518
Commercial & Industrial	13,393,200
Public Buildings & Other Authorities	34
Other Electric Revenue	500,864

**Total Operating Revenues** **\$54,434,616**

## Operating Expenses

Purchased Power	34,628,015
Distribution - Operation	2,083,976
Distribution - Maintenance	3,474,321
Consumer Accounts	1,253,829
Customer Service and Information	408,229
Administration & General	2,352,296
Depreciation	5,469,994
Taxes	196,320
Other Interest	154,829
Other Deductions	4,504

**Total Operating Expenses** **\$50,026,313**

## Operating Income - Before

Fixed Charges **\$4,408,303**

## Fixed Charges

Interest on Long-Term Debt 1,652,224

## Operating Income - After

Fixed Charges 2,756,079

G&T Capital Credits 1,844,430

Other Capital Credits 433,431

**Total Capital Credits** **\$2,277,861**

## Net Operating Income

**\$5,033,940**

## Non-Operating Margins

Interest & Dividend Income 95,389

Unrealized Gain on Equity Investments 773,160

Realized Gain on Equity Investments (7,606)

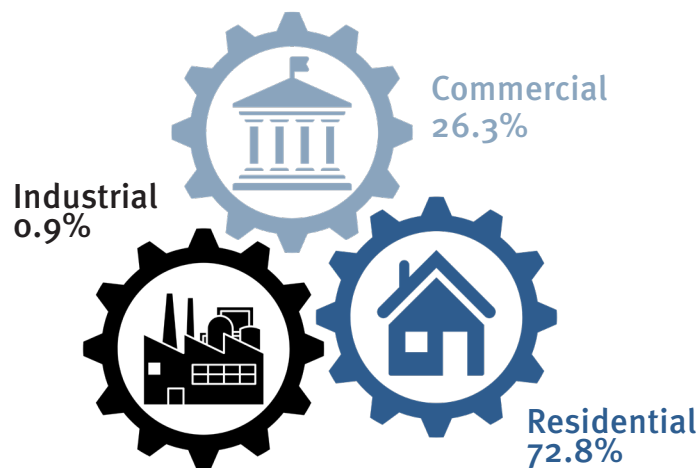
Other Non-Operating Income 115,720

**\$976,663**

## Net Margins

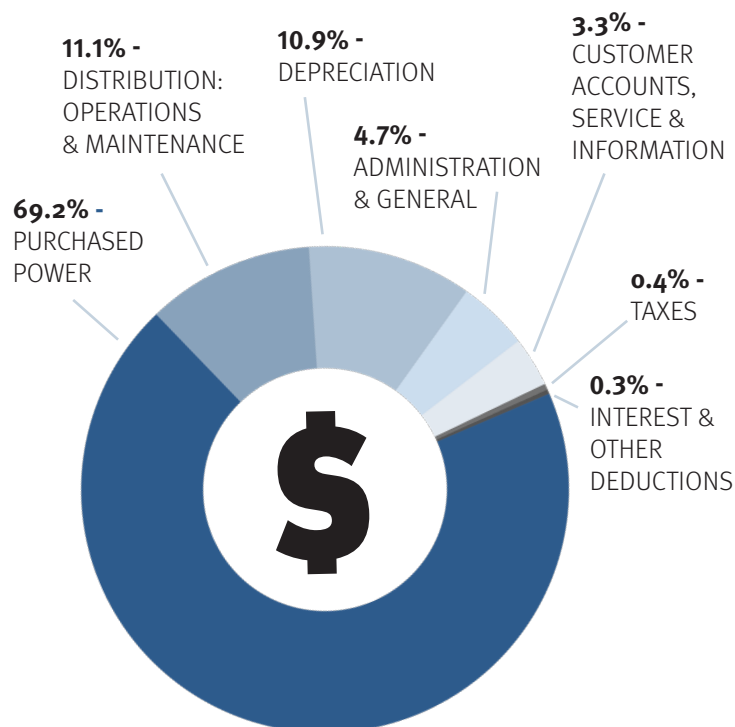
**\$6,010,603**

Audit performed by Bolinger, Segars, Gilbert & Moss, L.L.P., Lubbock, Texas.



CEC's operating revenues come from residential, commercial and industrial sources.

## WHERE THE DOLLAR COMES FROM



CEC has 7 categories of operating expenses, more than 2/3 of which goes to purchased power.

## WHERE THE DOLLAR GOES

# What We Own

## ASSETS

### Utility Plant at Cost

Electric Plant in Service

Construction Work In Progress

Less: Accumulated Provision for Depreciation

### Other Property and Investments at Cost or Stated Value

Investments in Associated Organizations

Notes Receivable

Other Investments

### Current Assets

Cash - General

Available-for-Sale Investments

Notes Receivable - Current Portion

Accounts & Notes Receivable - less allowance for \$220,531 in '22

Accrued Unbilled Revenue

Material & Supplies

Other Current & Accrued Assets

### Deferred Charges

### TOTAL ASSETS

2023

2022

\$152,463,914

4,728,324

\$157,192,238

54,119,143

\$103,073,095

\$25,598,063

209,556

28,861

\$25,836,480

\$699,736

6,337,864

51,764

3,565,893

2,813,053

3,986,296

72,161

17,526,767

1,589,994

\$148,026,336

\$144,913,509

4,682,506

\$149,596,015

51,343,330

\$98,252,685

\$23,877,802

128,642

28,744

\$24,035,188

\$1,103,422

5,523,711

55,062

3,173,042

3,083,846

3,256,342

69,423

16,264,848

4,519,074

\$143,071,795

## EQUITIES & LIABILITIES

### Long-Term Debt

CFC Mortgage Notes Less Current Maturities

CoBank Mortgage Notes Less Current Maturities

### Non-Current Liabilities

Accumulated Post-Retirement Benefit Obligation

### Current Liabilities

Current Maturities of Long-Term Debt

Current Portion of AFBO

CoBank Line-of-Credit

Accounts Payable - Purchased Power

Accounts Payable - Other

Consumer Deposits

Accrued Employee Benefits

Accrued Interest

Overcollected Power Cost

Other Accrued Expenses

### Deferred Credits

### Equities

Memberships

Patronage Capital

Other Equities

Other Comprehensive Income (Loss)

### TOTAL EQUITIES & LIABILITIES

10,765,993

31,882,124

\$42,648,117

\$896,186

\$3,376,364

120,127

3,840,576

2,741,638

1,084,848

348,027

634,200

150,480

522,451

144,712

\$12,963,423

\$5,276,725

\$79,065

79,734,431

9,168,200

(2,739,811)

\$86,241,885

\$148,026,336

11,839,915

31,180,101

\$43,020,016

\$919,970

\$3,246,147

129,027

3,611,257

574,333

382,717

639,196

114,566

487,662

157,695

\$9,342,600

\$7,748,522

\$77,150

76,334,940

7,568,241

(1,939,644)

\$82,040,687

\$143,071,795

# Net Worth

# 2023 Annual Meeting *Minutes*

## WELCOME AND CALL TO ORDER

President Brent Franks called the 83rd Choctaw Electric Cooperative Annual Meeting of the Members to order at 10:02 am. He welcomed everyone for being at the meeting. Upon call from President Franks, the members stood for the Pledge of Allegiance and Invocation. Members remained standing for the National Anthem. Mr. Franks, representing District G introduced himself and the Choctaw Electric Trustees that were present:

Perry Thompson, Jr., Secretary-Treasurer, District E  
Jana Burris, District B  
Stacy Nichols, District C  
Bill Woolsey, District D  
Debbie Cody, District F  
Ken Autry, District I  
Jackson Ferguson, District H

The CEO and General Manager, Kooney Duncan, and Council for the Cooperative, J. Frank Wolf, III, were also introduced.

Several guests were acknowledged by President Franks that included: Chris Meyers, CEO/GM Oaec; Dave Sonntag, V.P. Special Products, WFEC; J.J. Humphrey, State Representative, District 19; Laramie Cochran, Field Representative for U.S. Senator Lankford; and Maria Crowder, WFEC Communications.

## DECLARATION OF QUORUM

Mr. Thompson reported the bylaws require at least five percent of the cooperatives' membership for a quorum in order to conduct business at the annual meeting. Mr. Thompson announced the total number of members registered has exceeded the 753 required. Therefore, a quorum was reached, and the business meeting could proceed.

## PROOF OF MAILING OF NOTICE OF MEMBER MEETING

Mr. Thompson reported that the Notice of Member Meeting was mailed to each CEC member in accordance with the bylaws. The receipt from the post office in O'Fallon, Missouri verified that 15,109 pieces of mail containing the Official Notice were delivered to the U. S. Post Office and mailed on September 5, 2023

## MINUTES OF 2022 ANNUAL MEETING

President Franks reported that the minutes of the business meeting conducted during the 2022 annual meeting were published in the September 2023 Annual Report issue of "Inside Your Coop" newsletter. President Franks received a motion from CEC member Paul Wade to approve the 2022 Annual Meeting minutes as printed in the Annual Report. The motion received a second by CEC member Robert Moffatt. The motion carried.

## FINANCIAL REPORT

Mr. Thompson presented the audited financial summary of the cooperative. During 2022, CEC Net Operating Income totaled \$5,551,481 compared to \$6,915,324 in 2021.

Total assets totaled \$143,071,795 at the end of 2022 compared to \$141,855,145 in 2021. In 2022 we have grown in asset size by \$1,216,650.

The cooperative's long-term debt decreased by \$3,241,808 in 2022.

## PRESIDENT'S REPORT

President Franks reported that the cooperative is financially stable and ranks number two in the state in equity ratio due to paying off debts and no occurrences of large weather events. The cooperative has experienced a large amount of growth due to the efforts of many including Kooney Duncan and the accounting staff.

Many behind the scenes projects are taking place that will continue to push the cooperative forward such as the continuance of line clearing and meter updates. 13,000 meters will be replaced over the next four years at the cost of about \$2.5 million. We have seen very little supply chain issues and inventory remains good.

**\$4.95 million  
increase in assets  
in 2023**



**Beginning in 2023,  
the average residential  
bill is down \$21.70 per  
month to \$159**

**Added 557 new meters in 2023**

**One of the  
state's fastest-  
growing co-ops**



**More than \$5  
million in capital  
credits retired  
since 2020**



## CEO'S REPORT

CEO Kooney Duncan welcomed the members and thanked the staff for their hard work in preparing for the annual meeting. He reiterated that the cooperative is financially stable and working to improve efficiency. Debt has been reduced by approximately \$30 million since 2014. This number will stay in this range due to ongoing projects. \$1.6 million in Capital Credits were retired in 2023 and over \$5 million has been retired since 2017.

Due to multiple new projects in 2023, over 900 new meters have been installed making Choctaw Electric Cooperative one of the fastest growing cooperatives in the state. The Chata substation in McCurtain County has been critical to this growth. It has been completed due to the efforts of WFEC, the Choctaw Nation, and the Cooperative. Cyber security is always on the forefront of our minds as we combat it daily. Huge steps have been taken to counter any new issues including 24/7 monitoring.

We participate in many programs in the community such as: youth tour and energy camp. Mr. Duncan acknowledged Kate Clifton who represented the cooperative this summer in Washington D.C. and is now part of the Youth Tour Ambassador program.

Choctaw Electric supports the lineman programs at Okmulgee Tech and the new program at the Kiamichi Technology Center in Hugo. It has been very successful as our third set of interns are now walking the halls of Choctaw Electric Cooperative.

Safety is always a priority to us. We have not had a lost time accident since December 2019. The employees are directly responsible for this, and I thank them for their dedication.

In the future, we will continue to implement our Right of Way clearing and spraying programs. Since 2021, over 2,000 miles have been sprayed. We are also about to start a 10-year cycle of pole inspections.

The Distributed Generation policy is about to change. Choctaw Electric Cooperative will roll out new distributed generation policies following the Annual Meeting. Our goal is to treat everyone fairly. Currently we have about 150 customers that will be grandfathered into the old policy for a 10-year period.

The cost of electricity has gone down because wholesale power costs have dropped. As a rural electric cooperative, we currently serve about 5 1/2 meters per mile

compared to 35 meters per mile for other investor-owned utilities. Our goal is to be your trusted energy provider.

## ANNOUNCEMENT OF ELECTION RESULTS

Frank Wolf, co-op attorney announced the Board of Trustee Election results. Members approved the re-election of the unopposed candidates for trustee.

District B – Jana Burris

District C – Stacy Nichols

District G – Brent Franks

## NEW BUSINESS

Mr. Franks asked for any new business to be discussed. There being no further business and no objection the 2023 Annual Meeting of the members was adjourned at 10:37 a.m.

## GRAND PRIZE DRAWINGS

Kooney Duncan – Announcement of Grand Prizes

- \$1,000 Bill Credit – Gary & Debbie Taylor, Idabel
- \$500 Bill Credit – Gloria Cooper, Broken Bow
- \$500 Bill Credit – Gerald McLaughlin, Soper
- \$500 Bill Credit – Nicole Robertson, Hugo

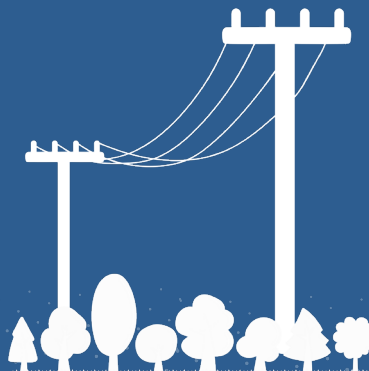


**No lost time accidents  
since December 2019**

**1,400 poles  
changed out**



**732 miles of  
line sprayed +  
466 miles cut  
since 2023**



**6,000 meters  
replaced over the  
last 2 years**



# 2024 Annual Meeting

*Choctaw Electric Cooperative*

**Saturday, Sept. 28**



**Please join us for  
Annual Meeting fun!**

Vendor booths

Free hamburgers & refreshments

Kids activities

Gifts & prizes

Grand Prizes - \$1000 bill credit  
Three \$500 bill credits\*

\*Register in-person at the Annual Meeting or submit your mail-in ballot to be eligible for grand prize drawings.

★ *Be sure to cast your vote!* ★

Vote using the mail-in ballot in your CEC voter packet, and **return the ballot by 5 p.m. on Sept. 27**. All completed and returned ballots will be included in the grand prize drawings, unless otherwise marked on the ballot. Or, cast your ballot at the CEC Annual Meeting. Mail-in ballots count as registration and help ensure the required quorum necessary to conduct business. Without a quorum of at least 5% of the CEC membership, the co-op must hold another meeting within 90 days.

## **ANNUAL MEETING** *Schedule of Events*

**8 a.m.** | Vendors Open

**8-10 a.m.** | Registration & Voting

**8:45-9:30 a.m.** | Prize Drawings

**10 a.m.** | Meeting Begins

- Final Call for Ballots  
Frank Wolf III, CEC Attorney
- Welcome & Call to Order
- Invocation & Pledge of Allegiance  
Brent Franks, President
- Declaration of Quorum
- Official Notice of Meeting & Proof of Mailing Address
- Financial Report  
Perry Thompson, Jr., Secretary-Treasurer
- President's Report  
Brent Franks, President
- Manager's Report  
Kooney Duncan, CEO
- Election Results  
Frank Wolf III, CEC Attorney
- Other Business
- Adjournment of Meeting  
Brent Franks, President
- Grand Prize Drawings  
Kooney Duncan, CEO