



# Annual **Report**

A Progress Review  
For Our Members.

**2022**



# Our Pledge To You

Founded in 1940, Choctaw Electric Cooperative (CEC) remains committed to its original intention: **To provide safe, affordable, and reliable energy to its members.** Our mission is reinforced by a framework of cooperative principles that ensure CEC remains democratically controlled and focused on the needs of its members and local communities. For 83 years, it has been our privilege to provide the electricity that powers Southeast Oklahoma homes and businesses. We are proud to serve you.

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To Our

# Members



*Sensibly managing growth will hinge on the decisions we make today to upgrade and expand our system.”*



**Brent Franks**  
PRESIDENT OF THE BOARD



**Kooney Duncan**  
CHIEF EXECUTIVE OFFICER

## CEC Focuses On A Powerful Future

For the past several years, Choctaw Electric Cooperative (CEC) has concentrated on reducing debt, repairing and replacing infrastructure, and adhering to a zealous right-of-way maintenance program. Our efforts paid off! Today, your co-op operates from a position of strength. This makes it possible for us to broaden our sights and focus on our long range plans for the future.

CEC is growing at a phenomenal rate, adding 753 accounts in 2022, with more being connected every day. Sensibly managing that growth will hinge on the decisions we make today to upgrade, and expand our system. In every detail, we must be proactive. Even the acquisition of construction materials must be done well in advance to avoid delays and secure the best possible prices.

Growth brings challenges, but your co-op has never been more ready. We see a bright future ahead for Southeast Oklahoma and we are prepared and proud to power that progress.



Business

# Highlights

*CEC added more than 753 new accounts to its system in 2022, making it the fastest growing electric cooperative by percentage in the state*



**970 Miles of Line Sprayed and 300 Miles Cleared**

CEC continues its program of right of way maintenance to ensure reliability. Since 2017, the cooperative has cleared more than 95% of its right of way. This work is paying off in reduced outage time, improved service, and enhanced safety.



**\$2.1 million**

**collected for schools**

The gross receipts tax collected from members provides funds for local schools based on the number of miles of cooperative line in each district.

**CEC Team Works For You**



CEC employs 63 men and women who are committed to serving you. From administrative personnel to field crews, CEC employees are trained to perform their jobs as safely and effectively as possible.



**\$1.6 million**

**Returned To Members**

Based on CEC's strong financial performance, the board of trustees approved the retirement of capital credits to members.



(Seated) Debbie Cody, Jana Burris, Perry Thompson, Jr., and Ken Autry. (Standing) Jarred Campbell, Bill Woolsey, Stacy Nichols, Jackson Ferguson, and Brent Franks.

## Choctaw Electric Cooperative 2022-2023 Board of Trustees

### OFFICERS

President  
Brent Franks, District G

Vice President  
Jarred Campbell, District A

Secretary Treasurer  
Perry Thompson Jr., District E

### MEMBERS

Jana Burris, District B

Stacy Nichols, District C

Bill Woolsey, District D

Debbie Cody, District F

Jackson Ferguson, District H

Ken Autry, District I



### Meetings

The CEC Board of Trustees meets at 9 am on the last Tuesday of every month at CEC headquarters in Hugo. Meetings are open to co-op members.

Minutes are posted online at [www.choctawelectric.net](http://www.choctawelectric.net). View videos of the meeting on SmartHub, or scan the bar code printed in CEC's newsletter, *Inside Your Co-op*.



### Contact

Email addresses for CEC trustees are found online at [www.choctawelectric.net](http://www.choctawelectric.net). To contact your trustee by phone, please call your co-op at **800-780-6486**, or send email to [customerservice@choctawelectric.coop](mailto:customerservice@choctawelectric.coop).

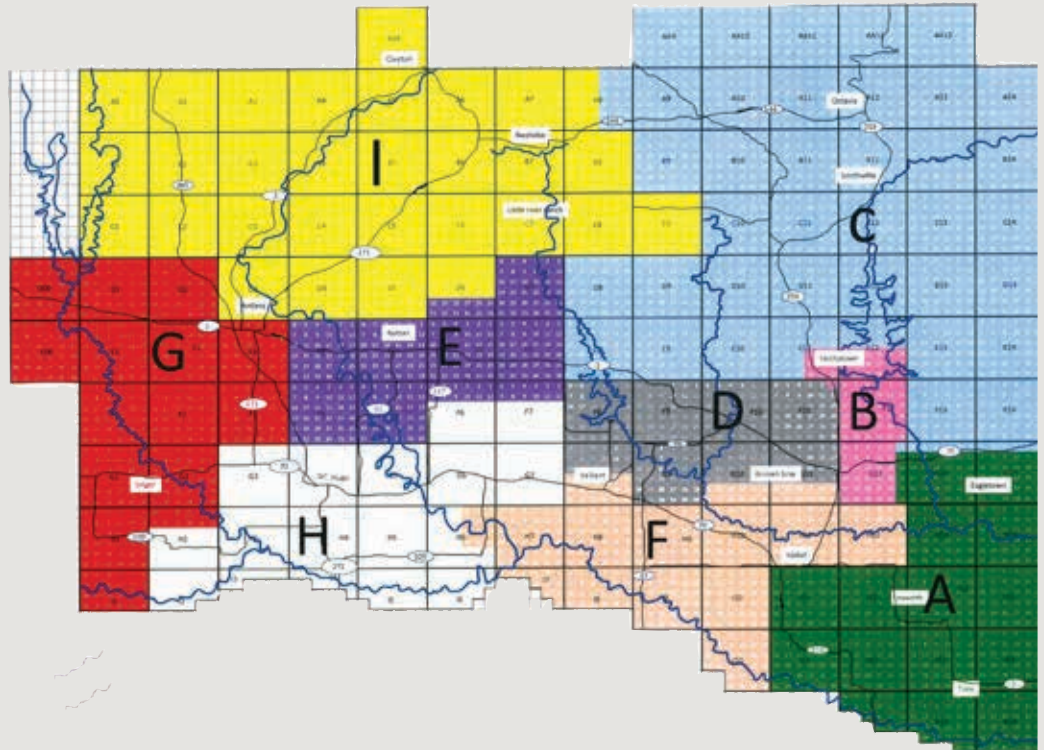




# CEC District Elections

## District Map

CEC 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 the upper right hand corner of your CEC electric bill.



## DISTRICT B



Jana Burris

**Jana Burris** has served on the CEC Board of Trustees for the past three years. She is a long time member of the cooperative

and is determined to help members by working to ensure CEC power remains as affordable as possible while the co-op continues to upgrade its system.

Burris lives in Broken Bow. She is active in her church, where she teaches Sunday School and leads singing. She also sings every week at the Broken Bow Nursing Home.

## DISTRICT C



Stacy Nichols

**Stacy Nichols** served as principal of Smithville Schools for 31 years. He has lived on co-op lines

for more than 30 years. In 2016, he was elected to the CEC Board of Trustees. As trustee, he strives to reduce debt, improve the quality of service, and ensure the safety of co-op employees and members.

Nichols and his wife, Lisa, live near Smithville. They are members of Panther Creek Christian Church.

## DISTRICT G



Brent Franks

**Brent Franks** has served as President of the CEC Board for seven years. He is pastor of the Antlers Church of Christ and is

active in numerous community activities and organizations. He also served as mayor of Antlers.

As trustee, Franks will continue to help CEC meet the challenges ahead — building and improving the grid, managing growth, and budgeting for future services.

Franks and his wife Stacey live near Antlers.



## Official Minutes

# 2022 Annual Meeting

### ■ Welcome and Call to Order

President Brent Franks called the 82nd Choctaw Electric Cooperative Annual Meeting of the Members to order at 10:00 am. He welcomed everyone for being at the meeting and thanked Pushmataha County Commissioners Mike Brittingham and Brad Burgett for their hard work and support in having the Choctaw Electric Annual Meeting at the fairgrounds. The members were reminded that monthly board of trustee meetings are open to the public and attendance is always welcome.

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:

Jarred Campbell, Vice-President, District A  
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

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

Several guests were acknowledged by President Franks that included: Emily Heron, District Judge, Johnny Tadlock, former state representative, Johnny Loard, candidate for District Judge, Mike Brittingham, Pushmataha County Commissioner for District 1, Brad Burgett, Pushmataha County Commissioner for District 2, Joanne Matthews, Pushmataha County Fair board member and election board secretary, Eddie McIntosh, former Pushmataha County Commissioner, Will Payne, Payne Media Group and Jackson Ferguson, candidate for Choctaw Electric board of trustees for district H.

### ■ Declaration of Quorum

Mr. Thompson reported the bylaws require at least five percent of the cooperatives' membership is required for a quorum in order to conduct business at the annual meeting. Mr. Thompson announced the total number of members registered has exceeded

the 733 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 14,709 pieces of mail containing the Official Notice were delivered to the U. S. Post Office and mailed on September 9, 2022.

### ■ Minutes Of 2021 Annual Meeting

President Franks reported that the minutes of the business meeting conducted during the 2021 annual meeting were published in the September 2022 Annual Report issue of "Inside Your Coop" newsletter. President Franks received a motion from CEC member Robert Moffatt to approve the 2021 Annual Meeting minutes as printed in the Annual Report. The motion received a second by CEC member Stacy McKee. The motion carried.

### ■ Financial Report

Mr. Thompson presented the audited financial summary of the cooperative.

During 2021, CEC Net Operating Income totaled \$6,915,324 compared to \$6,421,595 in 2020.

Total assets totaled \$141,855,145 at the end of 2021 compared to \$126,441,880 in 2020. In 2021 we have grown in asset size by \$15,413,265.

The cooperatives long-term debt increased \$3,229,154 in 2021 due to Winter Storm Uri' and the increase in CEC's wholesale energy cost which was discussed at the 2021 Annual Meeting. Mr. Thompson stressed to the members that the debt increase did not impact current Choctaw Electric rates. This expense was absorbed within the cooperatives existing margins.

### ■ President's Report

President Franks provided the members a report of cooperative activities and developments that have taken place throughout the year. Because the board of trustees, CEC management and employees were



## Official Minutes, cont'd

forward thinking the cooperative has been able to stay ahead of the supply chain challenges with few issues. Growth continues in Hochatown with expansion also being seen in Smithville and Honobia areas. The board of trustees and management staff will continue being proactive working together meeting the needs and challenges of Choctaw Electric Cooperative.

### ■ CEO's Report

Mr. Duncan recapped the 2021 impact of Storm Uri emphasizing to the members, because of our financial stability and preparedness the cooperative was able to pay for the storm expense without a rate increase to our members.

Choctaw Electric has reduced controllable expenses by 25% since 2017. CEC's net worth has increased over \$15,000,000 since 2020. In 2021 \$1,400,000 and in 2022 \$1,600,000 in capital credit retirements were issued to our members. There were over 750 new services in 2021. We continue with an aggressive right-of-way cutting and spraying program.

Choctaw Electric has faced its share of typical storms, but now we are faced with a storm of uncontrollable and extraordinary circumstances; inflation, supply chain issues, material costs, extreme heat and drought conditions, and an increase cost of wholesale power. Because the cooperative is financially stable, these challenges can be met.

December 2019 was our last recorded accident. This is directly attributed to our employees. They have been asked to do more in the past few years. They are what makes this happen.

Choctaw Electric has been providing reliable, safe and affordable energy to our members for over 82 years. 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 A – Jarred Campbell  
District H – Jackson Ferguson  
District I – Ken Autry

### ■ NEW BUSINESS

Mr. Franks asked for any new business to be discussed. There being no further business and no objection the 2022 Annual Meeting of the members was adjourned.

GRAND PRIZE DRAWINGS – Kooney Duncan  
\$1,000 Bill Credit – Connie Greer, Sawyer  
\$500 Bill Credit – Kayla Simpson, Garvin  
\$500 Bill Credit – Billy Chappell  
\$500 Bill Credit – Lauren Box, Valliant

## Revenue Collections Per Mile of Line

Choctaw Electric Cooperative

**\$14,458/mile**



Investor-Owned Utilities

**\$75,500/mile**



Municipal Utilities

**\$113,000/mile**



# 2022 Year-End Financial Report

## STATEMENT OF INCOME AND PATRONAGE CAPITAL

For the year ended December 31, 2022

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

	Amount
<b>OPERATING REVENUES</b>	
Residential	\$ 44,750,895
Commercial and Industrial	16,194,560
Public Buildings and Other Authorities	84
Other Electric Revenue	538,568
Total Operating Revenues	\$ 61,484,107
<b>OPERATING EXPENSES</b>	
Purchased Power	\$ 41,980,936
Distribution - Operation	2,137,237
Distribution - Maintenance	2,935,043
Customer Accounts	1,150,247
Customer Service and Information	4,05,306
Administrative and General	2,177,384
Depreciation	4,429,786
Taxes	229,262
Other Interest	5,425
Other Deductions	2,191
Total Operating Expenses	\$ 55,452,817
<b>OPERATING INCOME - Before Fixed Charges</b>	
Fixed Charges	\$ 6,031,290
<b>FIXED CHARGES</b>	
Interest on Long-Term Debt	1,754,670
<b>OPERATING INCOME - After Fixed Charges</b>	
Fixed Charges	\$ 4,276,620
G&T Capital Credits	\$ 880,439
Other Capital Credits	394,422
Total Capital Credits	\$ 1,274,861
<b>NET OPERATING INCOME</b>	
	\$ 5,551,481
<b>NON-OPERATING MARGINS</b>	
Interest and Dividend Income	\$ 110,656
Unrealized Gain on Equity Investments	\$ (1,212,015)
Realized Gain on Equity Investments	\$ (65,294)
Other Non-Operating Income	185,214
	\$ (981,439)
<b>NET MARGINS</b>	
	\$ 4,570,042



### CEC NET WORTH

2022 \$143,071,795  
2021 \$141,855,145



### LONG-TERM DEBT

less current maturities

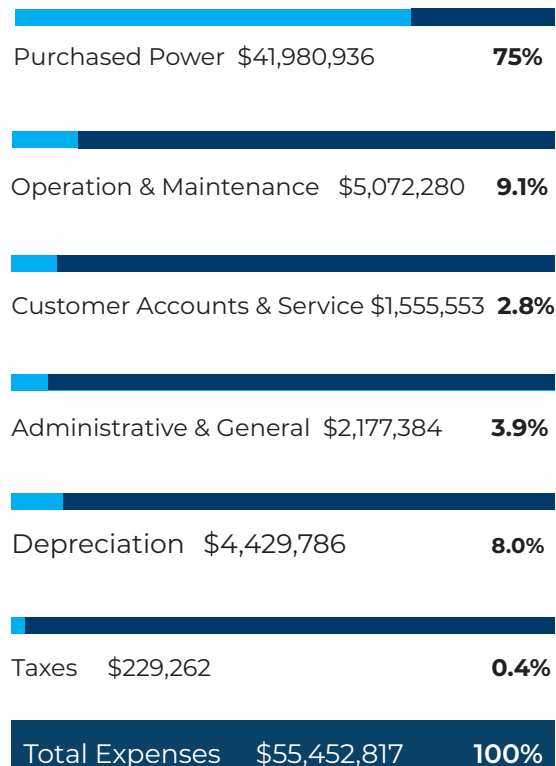
2022 \$43,020,016  
2021 \$46,261,824



### TOTAL UTILITY PLANT

2022 \$149,596,015  
2021 \$138,233,251

## Operating Expenses



## BALANCE SHEET

For the year ended December 31, 2022.

ASSETS	2022	2021
<b>UTILITY PLANT AT COST</b>		
Electric Plant In Service	\$144,913,509	\$137,248,425
Construction Work In Progress	4,682,506	984,826
	<u>\$149,596,015</u>	<u>\$138,233,251</u>
Less: Accumulated Provision for Depreciation	51,343,330	48,441,379
	<u>\$98,252,685</u>	<u>\$89,791,872</u>
<b>OTHER PROPERTY AND INVESTMENTS AT COST OR STATED VALUE</b>		
Investments in Associated Organizations	\$23,877,802	\$23,733,044
Notes Receivable	128,642	151,293
Other Investments	28,744	28,635
	<u>\$24,035,188</u>	<u>\$23,912,972</u>
<b>CURRENT ASSETS</b>		
Cash - General	\$2,133,582	\$4,157,319
Available-for-Sale Investments	6,792,456	5,369,254
Notes Receivable - Current Portion	55,062	40,300
Accounts and Notes Receivable (Less Allowance for \$220,531 in 2022 and Uncollectibles of \$171,058 in 2021)	3,256,342	3,069,829
Accrued Unbilled Revenue	3,083,846	2,580,990
Material and Supplies	5,523,711	6,792,456
Other Current and Accrued Assets	69,423	206,317
	<u>16,264,848</u>	<u>18,235,122</u>
<b>DEFERRED CHARGES</b>		
	<u>4,519,074</u>	<u>9,915,179</u>
<b>TOTAL ASSETS</b>	<b>\$143,071,795</b>	<b>\$141,855,145</b>
<b>EQUITIES AND LIABILITIES</b>		
<b>LONG-TERM DEBT</b>		
CFC Mortgage Notes Less Current Maturities	11,839,915	12,875,957
CoBank Mortgage Notes Less Current Maturities	31,180,101	33,385,867
	<u>\$43,020,016</u>	<u>\$46,261,824</u>
<b>NON-CURRENT LIABILITIES</b>		
Accumulated Post-Retirement Benefit Obligation	<u>\$919,970</u>	<u>\$1,626,397</u>
<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt	\$3,246,147	\$3,664,681
Current Portion of APBO	129,027	140,769
CoBank Line-of-Credit		745,469
Accounts Payable - Purchased Power	\$3,611,257	\$2,761,829
Accounts Payable - Other	\$574,333	\$529,677
Consumer Deposits	\$382,717	\$363,346
Accrued Employee Benefits	\$639,196	\$623,937
Accrued Interest	\$114,566	\$115,873
Overcollected Power Cost	\$487,662	\$586,218
Other Accrued Expenses	\$157,695	\$143,770
	<u>\$9,342,600</u>	<u>\$9,675,569</u>
<b>DEFERRED CREDITS</b>		
	<u>\$7,748,522</u>	<u>\$5,219,052</u>
<b>EQUITIES</b>		
Memberships	\$77,150	\$74,345
Patronage Capital	\$76,334,940	\$72,400,513
Other Equities	\$7,568,241	\$8,477,025
Other Comprehensive Income (Loss)	(\$1,939,644)	(\$1,879,580)
	<u>\$82,040,687</u>	<u>\$79,072,303</u>
<b>TOTAL EQUITIES AND LIABILITIES</b>	<b>\$143,071,795</b>	<b>\$141,855,145</b>



## ANNUAL MEETING SCHEDULE OF EVENTS

8:00 am	Vendors Open
8:00 – 10:00 am	Registration & Voting
8:45 – 9:30 am	Prize Drawings
10:00 am	Final Call for Ballots Frank Wolf III, CEC Attorney
	Welcome & Call to Order Brent Franks, President
	Invocation & Pledge of Allegiance Brent Franks, President
	Declaration of Quorum Perry Thompson, Jr., Sec.-Treasurer
	Official Notice of Meeting & Proof of Mailing Address Perry Thompson, Jr., Sec.-Treasurer
	Minutes of 2022 Annual Meeting Perry Thompson, Jr., Sec.Treasurer
	Financial Report Perry Thompson, Jr., Sec.-Treasurer
	President's Report Brent Franks, President
	Manager's Report Kooney Duncan, CEO
	Election Results Frank Wolf III, CEC Attorney
	Other Business Brent Franks, President
	Adjournment of Meeting Brent Franks, President
	Grand Prize Drawings Kooney Duncan, CEO

*Please join us for fun  
under the Big Top!*

- **Circus Games & Performers**
- **Health Fair**
- **Booths & Displays**
- **Free Hotdogs & Refreshments**

### REMEMBER TO VOTE!

Please vote using the mail-in ballot in your CEC voter packet, or cast your ballot at the CEC Annual Meeting. **Mail-in ballots count as registration and helps ensure the required quorum necessary to conduct business.** Without a quorum of at least 5% of the CEC membership, the co-op will be forced to hold another meeting within 90 days. Thank you!

**GRAND PRIZE**  
**\$1,000**  
**bill credit**  
Submit your mail-in ballot to be eligible for the grand prize or register in person at the Annual Meeting.

**Three**  
**\$500**  
**bill credits**

**Free Gifts**  
**& Prizes!**

# ANNUAL Choctaw Electric Cooperative MEETING

Saturday, September 23, 2023  
Choctaw County Agriplex  
Hugo, Oklahoma