



choctaw electric cooperative
annual report
For the year ended December 31, 2020

COMMITTED TO OUR COMMUNITIES





CEC Programs:

CEC supports its members and its local communities through the following programs. For details, please visit www.choctawelectric.coop

Electrical Safety Programs • Energy Education Classes for Schools • CPR Training • Safe Driving Courses • Kilowatt Kid's Camp • Youth Tour • Energy Camp • Storm Shelter • Appliance Loans • Energy Audits

BUILDING YOUR COMMUNITY

Choctaw Electric Cooperative is committed to serving its members and communities. While our service options may change at times to meet member needs, our community spirit is bedrock. The following organizations and activities work to build healthy, vibrant communities for all of us. Look for our involvement with these and other groups who share our commitment to community. We appreciate all they do.

- Idabel Chamber of Commerce
- Hugo Chamber of Commerce
- Broken Bow Chamber of Commerce
- Antlers Chamber of Commerce
- Historic Heart of Idabel
- Little Dixie Community Action Agency
- Senior Citizens Centers
- Kiamichi Owa Chito Festival
- Beavers Bend Folk Festival
- McCurtain, Choctaw and Pushmataha County Fairs
- Hugo and Idabel Christmas Parades
- Red River Museum
- Kiamichi Opportunities
- County Festivals
- Fall Festival
- Dogwood Days Festival
- Watermelon Festival
- Lumberjack Festival
- Youth Livestock Shows
- Choctaw, McCurtain and Pushmataha County Angel Tree
- Community Thanksgiving Dinner
- Oklahoma Blood Institute Blood Drives

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TO OUR MEMBERS



Through the global pandemic, record setting polar vortex, and waves of uncertainty, your electric cooperative remains committed to its members and its communities.

\$1.4 million

in gross receipts tax collected in 2021. Gross receipts taxes benefit local schools in and around CEC service territory.



CEC retired more than

\$1.1 million

in capital credits paid to cooperative members in 2020.

Capital credits represent a member's share of CEC financial margins after all of our expenses are paid. CEC's sound financial condition has allowed the co-op to consistently return capital credits to our members for the past four years. This money stays at home where it benefits our members and the local economy.

Choctaw Electric Cooperative (CEC) is more than a utility; we are an essential part of our local communities. Our mission to provide affordable and reliable power is guided by a unique set of principles that ensure your co-op remains focused on local needs. Concern for community is one of these principles.

During the pandemic, the safety measures adopted to protect our employees and members at times seemed contrary to our need to connect with our communities. As a co-op, we value face-to-face conversations with our members. Being actively engaged in our communities means we participate in community events, volunteer our time, and work hand-in-hand with other groups and organizations who share our community values. That's not easy to do from a distance, but we managed. Along the way, we discovered new ways to nurture these vital community connections.

While the pandemic altered our work habits, the record-breaking cold temperatures of the January polar vortex put CEC's system resiliency to the test. Thanks to the board's proactive decisions to upgrade our grid in critical locations, we weathered that crisis with few interruptions.

Our ability to provide reliable power through the worst of times helped local industries meet the overwhelming demand for building materials across the U.S., while continuing to provide jobs for hundreds of local residents.

For 81 years, CEC has managed to bring electricity to areas that others deemed unservable. Co-op power changed our local economy for the better. Through sound management and efficient business practices, we continue to electrify thousands of homes in the hinterlands, as well as hundreds of businesses and industries.

Co-op power, co-op people, and the co-op commitment to community make that happen. Thank you for the privilege of serving you.

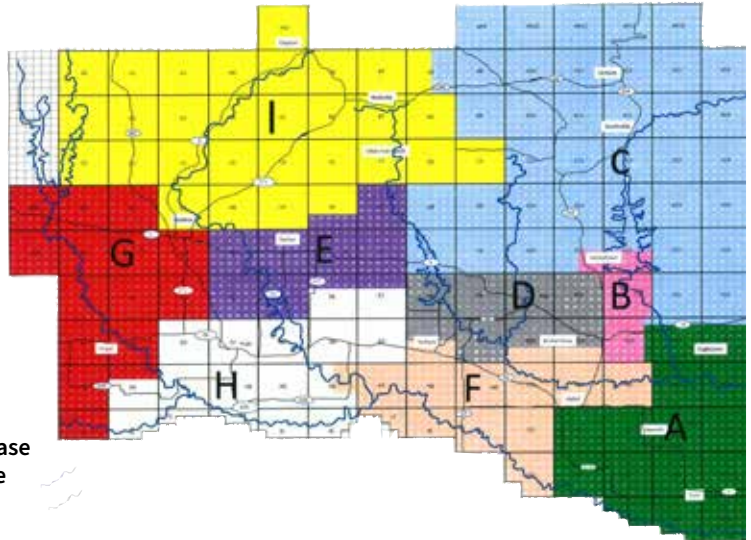


Brent Franks
Brent Franks
PRESIDENT OF THE BOARD



Kooney C. Duncan
Kooney Duncan
CHIEF EXECUTIVE OFFICER

BOARD OF TRUSTEES



CEC territory is divided into nine districts. One trustee represents each district. To locate your voting district, please refer to our district map or find your district printed on the upper right hand of your monthly electric bill.

OFFICERS

President
Brent Franks, District G

Vice President
Stacy Nichols, District C

Secretary Treasurer
Mike Brewer, District H

MEMBERS

Jarred Campbell, District A

Jana Burris, District B

Bill Woolsey, District D

Perry Thompson Jr., District E

Debbie Cody, District F

Ken Autry, District I



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 members.

Meeting minutes are posted online at www.choctawelectric.coop. View videos of the meeting on SmartHub, or scan the bar code printed in CEC's monthly newsletter, *Inside Your Co-op*.



CEC Board of Trustees: Perry Thompson Jr.; Brent Franks; Jana Burris; Stacy Nichols; Debbie Cody; Mike Brewer; Ken Autry; Bill Woolsey; and Jarred Campbell.



Contact Your Trustee

Email addresses for CEC trustees are found online www.choctawelectric.coop. To contact your trustee by phone, please call CEC at 800-780-6486, or send email to customerservice@choctawelectric.coop.

DISTRICT ELECTIONS



WHY EVERY CO-OP

MEMBER NEEDS

TO VOTE

“It has been a privilege to represent Choctaw Electric Cooperative members in District D since 2015. I will continue to make fiscally responsible decisions to improve our electric cooperative. We have a great board of trustees, management, and staff and together we strive to offer reliable, affordable electric service to our members. I humbly ask for your continued support.”



— BILL WOOLSEY, DISTRICT D (UNOPPOSED)

“As your board member, my goal is to help create innovative ideas that will help Choctaw Electric provide sustainable service to our service area. I am currently the alternate Western Farmers Electric Cooperative representative for CEC. I would like to continue to serve as your voice on the board of trustees and be able to communicate a better understanding of how we work for you, the members. I appreciate your support serving as your representative for District E.”



— PERRY THOMPSON JR., DISTRICT E (UNOPPOSED)

“I have enjoyed serving on the Choctaw Electric Board of Trustees for three years and I feel I have met the challenges. I serve on the CEC Policy Committee to ensure policies and procedures are in place to guide operation of the cooperative. Your current board of trustees continues to make a positive impact on the communities we serve. It is the cooperative spirit that makes our communities strong. As your board member, I will continue to place service, communication, reliable and reasonable rates to our members as a priority. I would appreciate your support for the next three years.”



— DEBBIE CODY, DISTRICT F (UNOPPOSED)

Candidates for trustee in Districts D, E and F are running unopposed, but it is still **very important** for CEC members to vote. Why? Your ballot counts as **official registration** for the CEC Annual Meeting. Without a quorum of at least **700 members** registered at the meeting, CEC bylaws require the co-op to hold another annual election within 90 days. Help us avoid this **unnecessary expense** by returning your **mail-in ballot** by **September 24**, or register in person at the CEC Annual Meeting on September 25 at the McCurtain County Fairgrounds.

Thank you for your participation!

MEETING MINUTES

2020

The following minutes provide details of the Choctaw Electric Cooperative, Inc. Annual Meeting Of The Members held September 26, 2020 at the Larry Brinkley Event Center, Idabel, Okla.

■ CALL TO ORDER

President Brent Franks called the 80th Annual Meeting of Choctaw Electric Cooperative to order at 10:00 am. Upon call from President Franks, the members stood for the Pledge of Allegiance and Invocation. Members remained standing for the National Anthem, sang by Kaelin Clay, Senior at Idabel High School and one of the 2020 Youth Tour Winners.

Mr. Franks, representing District G introduced himself and the Choctaw Electric Trustees:

Stacy Nichols, Vice-President, District C
Mike Brewer, Secretary-Treasurer, District H
Bill Woolsey, District D
Perry Thompson Jr., District E
Debbie Cody, District F
Ken Autry, District I

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

George Burns, former Choctaw Electric Trustee was also acknowledged.

■ DECLARATION OF QUORUM

Mr. Brewer reported the bylaws stipulate that five percent of the cooperatives' membership is required for a quorum to conduct business at the annual meeting. Mr. Brewer announced the total number of members registered has exceeded 691 required. Therefore a quorum had been reached and the business meeting could proceed.

■ PROOF OF MAILING

Mr. Brewer 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 verifies that 13,900 pieces of mail containing the Official Notice were delivered to the U. S. Post Office and mailed on September 9, 2020

■ MINUTES OF 2019 ANNUAL MEETING

President Franks reported that the minutes of the business meeting conducted during the 2019 annual meeting were published in the September 2020 Annual Report issue of "Inside Your Coop" newsletter. President Franks received a motion from CEC member Jackie Miller to approve the 2019 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. Brewer presented the audited financial summary of the cooperative. During 2019, CEC Net Operating Income in 2019 totaled \$5,372,221 compared to \$4,354,828 in 2018. CEC assets have grown by \$2,009,476 over 2018. At the end of 2019, total assets were \$122,205,463 compared to \$120,195,987 in 2018. That amount reflects mostly poles, wires, transformers, meters, buildings, trucks and equipment to provide electric service. CEC long-term debt decreased another \$3,254,571 in 2019.

Mr. Brewer concluded his report by telling the crowd the financial summary confirms Choctaw Electric is in excellent financial condition. He also indicated he would be available to answer questions after the meeting concerning the financial report.

■ PRESIDENT'S REPORT

President Franks gave his annual report. Eighty years ago, Choctaw Electric Cooperative made it possible for southeast Oklahoma to have a connection with the rest of the world. Through electrification Choctaw Electric provided hope, opportunity and support of the local rural economy.

President Franks highlighted CEC programs available to members. He also reported on the Forest Heritage Center partnership lighting project. CEC partnered with Kiamichi Technology Center, state park officials and Western Farmers Electric Cooperative to replace aging light fixtures with new energy efficient lighting.

Your electric coop is financially stable and healthy for the next generation. CEC leads the way in economic growth in southeast Oklahoma.

■ CEO'S REPORT

Mr. Duncan welcomed members to the 80th Annual Meeting, those who were in the audience and those listening via radio in their vehicles.

CEC has faced its share of challenges, but its longevity suggests smart decision have been made along the way. The journey began in 1941 when the first section of line was built at a cost of \$149,000 and serving 250 members. Today CEC serves six counties, 3,637 miles of line 19,467 meters and we continue to grow.

In 2019 CEC cleared over 535 miles of right-of-way. By the end of 2020 approximately 2,200 miles of line cleared since 2017. Right of way maintenance is one of the most important responsibilities and one of the biggest expenses at a yearly cost of approximately \$2 million dollars.

Choctaw Electric and your board of trustees are being efficient with your money. We have paid down approximately \$25 million in debt since 2014, while growing our assets over \$2 million dollars from 2018. CEC has paid to our members over \$5.5 million in capital credits since 2016 and we have not increased our price for electricity.

Safety is CEC's number one priority. Staff works approximately 130,000 hours and drives over 720,000 miles each year. In 2020, CEC has not had any recordable or lost time accidents.

CEC has made a lot of contributions to this area and members should feel proud of how far the co-op has come and confident in where we are going.

At the conclusion of Mr. Duncan's report, two former board members who resigned board seats this year were recognized; George Burns and Joe Silk. Plaques were presented to Mr. Burns, and Mr. Silk, in acknowledgement of their commitment and challenging work as a CEC board of trustee. Mr. Silk was not present to receive his plaque.

Mr. Duncan also informed the membership of the CEC Member Advisory Committee that was formed and identified each member and the district they represented.

■ KEYNOTE SPEAKER

President Franks introduced Sid Sperry, Director of Public Relations, Communications and Research for the Oklahoma Association of Electric Cooperatives and

publisher of Oklahoma Living Magazine.

Mr. Sperry gave some historical background of electric cooperatives and why they were formed. He spoke about some of the challenges electric cooperatives faced during World War II. The oldest electric cooperative in Oklahoma was formed in 1936, Cimarron Electric Cooperative located in Kingfisher Oklahoma.

He has seen tremendous changes in the 40 years he has been part of electric coops and working in a variety positions throughout the years. Choctaw Electric is important to the areas we serve by being community minded and active in local communities, schools and towns. Choctaw Electric is forward minded and looking to the future.

In conclusion Mr. Sperry spoke about mutual Aid and cooperation among cooperatives. Cooperatives provide help to sister co-ops and aid during a major weather event.

There were 65 Oklahoma lineman and 850 linemen throughout the United States that went to Louisiana after Hurricane Laura. He acknowledged the 5 CEC lineman who helped restore power after the hurricane; Derek Baker, Jeremy Billingsley, Joseph Antu, Jeff Rector, and Destin Moore.

Before the announcement of election results President Franks and Mr. Duncan made a few remarks concerning adjustment made to the annual meeting due to the pandemic.

■ ANNOUNCEMENT OF ELECTION RESULTS

Frank Wolf, co-op attorney announced the Bylaw Amendments and Board of Trustee Election results.

Ballot Question

Where would you like Choctaw Electric Cooperative to hold the 2021 Annual Meeting?

1,118 – McCurtain County

795 – Choctaw County

480 – Pushmataha County

Trustee Election Results:

District A – Jarred Campbell - 254

District B – Jana Burris - 279

District C – Stacy Nichols - 200

District G – Brent Franks - 211

■ NEW BUSINESS

Mr. Franks asked for any new business to be discussed. There being no further business to discuss and no objection, the 2020 Annual Meeting was adjourned.

FINANCIAL HIGHLIGHTS

CEC net worth up
↑ \$4.2 Million
 Since 2019

	2020	2019
NET WORTH	\$126,441,880	\$122,205,463
LONG-TERM DEBT less current maturities	\$43,032,670	\$46,429,448
TOTAL UTILITY PLANT	\$133,566,054	\$129,529,236

Decrease in
controllable
expenses

▼ **4.2%**

Operations & Maintenance

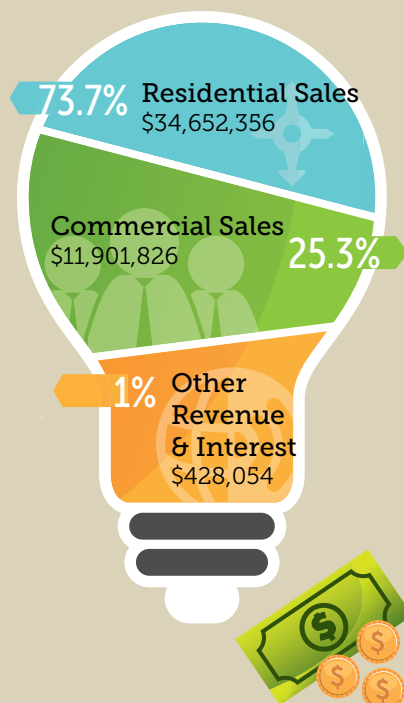
▼ **5%**

Customer Accts, Service
& Information

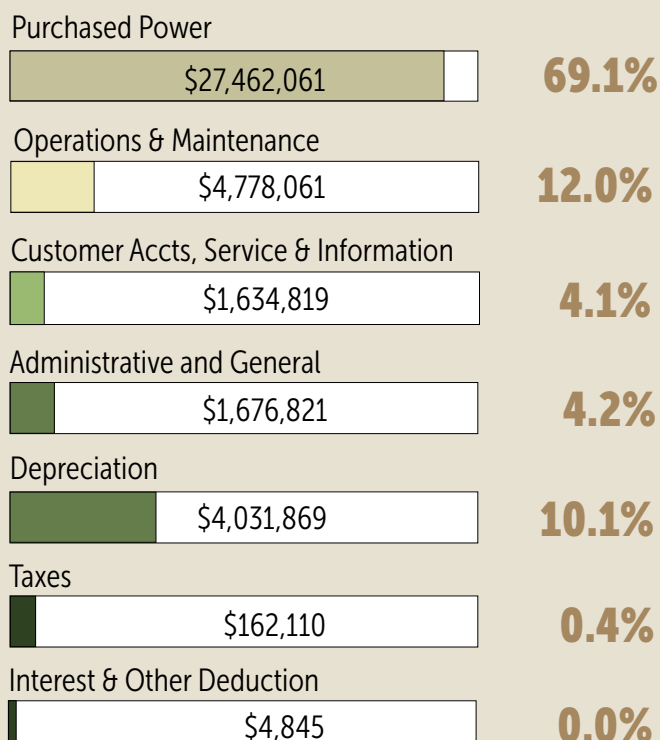
▼ **17%**

Administrative & General

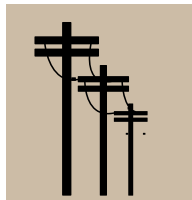
WHERE THE DOLLAR COMES FROM



WHERE THE DOLLAR GOES



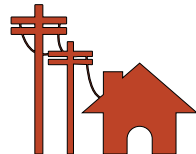
CEC SYSTEM AT A GLANCE



3,646
miles of line



14,232
members



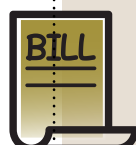
5.45
average # of CEC
meters per mile of line

Avg. Revenue Collections/Mile of Line

Electric Co-ops.....\$16,000/mile
Choctaw Electric Cooperative.....\$12,886/mile
 Investor-Owned Utilities.....\$75,500/mile
 Municipal utilities.....\$113,000/mile



19,757
Total number of
active meters



\$153.67
average CEC residential
bill per month



Average US residential
cost per kwh

= 13.7¢

Average residential cost per
kwh for CEC members

= 12.7¢.



60
total # of CEC
employees



329
meters per
employee



1,210 kwh
average residential use
per month

3%
growth in the number of meters.



Improving Reliability

2017 - 2020
CEC crews cleared

2,300
miles of line



FINANCIAL STATEMENTS

STATEMENT OF INCOME AND PATRONAGE CAPITAL

For the year ended December 31, 2020.

■ OPERATING REVENUES

Residential	\$34,652,356
Commercial and Industrial	11,901,826
Public Buildings and Other Authorities	102
Other Electric Revenue	<u>428,054</u>
Total Operating Revenues	<u>\$46,982,338</u>

■ OPERATING EXPENSES

Purchased Power	\$27,462,061
Distribution - Operation	1,990,237
Distribution - Maintenance	2,787,824
Customer Accounts	1,242,127
Customer Service and Information	392,692
Administrative and General	1,676,821
Depreciation	4,031,869
Taxes	162,110
Other Interest	4,827
Other Deductions	<u>18</u>
Total Operating Expenses	<u>\$39,750,586</u>

■ OPERATING INCOME - Before

Fixed Charges	\$7,231,752
FIXED CHARGES	
Interest on Long-Term Debt	<u>1,971,834</u>

■ OPERATING INCOME - After

Fixed Charges	\$5,259,918
G&T Capital Credits	\$750,025
Other Capital Credits	<u>411,652</u>
Total Capital Credits	<u>\$1,161,677</u>
NET OPERATING INCOME	<u>\$6,421,595</u>

■ NON-OPERATING MARGINS

Interest and Dividend Income	\$66,501
Unrealized Gain on Equity Investments	\$743,564
Realized Gain on Equity Investments	\$201,944
Other Non-Operating Income	<u>20,563</u>
	<u>\$1,032,572</u>

NET MARGINS	<u>\$7,454,167</u>
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BALANCE SHEET

For the years ended December 31, 2020 and 2019

■ ASSETS	2020	2019
UTILITY PLANT AT COST		
Electric Plant In Service	\$132,989,265	\$129,421,288
Construction Work In Progress	576,789	107,948
	\$133,566,054	\$129,529,236
Less: Accumulated Provision for Depreciation	<u>45,737,367</u>	<u>42,701,702</u>
	\$87,828,687	\$86,827,534
OTHER PROPERTY AND INVESTMENTS		
Investments in Associated Organizations	\$22,714,453	\$22,206,331
Notes Receivable	72,382	6,889
Other Investments	<u>28,522</u>	<u>28,350</u>
	\$22,815,357	\$22,241,570
CURRENT ASSETS		
Cash - General	\$4,157,319	\$2,783,064
Available-for-Sale Investments	5,369,254	4,484,613
Notes Receivable - Current Portion	20,600	56,686
Accounts and Notes Receivable (Less Allowance for \$150,340 in 2020 and Uncollectibles of \$134,477 in 2019)	2,840,842	2,898,270
Accrued Unbilled Revenue	2,496,491	2,188,098
Material and Supplies	745,545	688,148
Other Current and Accrued Assets	<u>167,785</u>	<u>37,480</u>
	\$15,797,836	\$13,136,359
TOTAL ASSETS	\$126,441,880	\$122,205,463
■ EQUITIES AND LIABILITIES		
LONG-TERM DEBT		
CFC Mortgage Notes Less Current Maturities	14,398,053	17,079,476
CoBank Mortgage Notes Less Current Maturities	<u>28,634,617</u>	<u>29,349,972</u>
	\$43,032,670	\$46,429,448
NON-CURRENT LIABILITIES		
Accumulated Post-Retiremt Benefit Obligation	<u>\$1,594,086</u>	<u>\$1,951,859</u>
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$3,391,731	\$3,253,280
Current Portion of APBO	170,492	222,356
Paycheck Protection Program Loan	1,475,500	
Accounts Payable - Purchased Power	2,568,208	2,345,558
Accounts Payable - Other	56,317	323,246
Consumer Deposits	275,103	234,547
Accrued Employee Benefits	620,989	592,713
Accrued Interest	109,757	110,324
Overcollected Power Cost	704,157	721,448
Other Accrued Expenses	<u>158,151</u>	<u>109,308</u>
	\$9,830,405	\$7,912,780
DEFERRED CREDITS	\$1,236,700	\$1,345,250
EQUITIES		
Memberships	\$72,230	\$70,275
Patronage Capital	65,035,209	59,466,118
Other Equities	6,720,846	5,652,776
Other Comprehensive Income (Loss)	<u>(1,080,266)</u>	<u>(623,043)</u>
	\$70,748,019	\$64,566,126
TOTAL EQUITIES AND LIABILITIES	\$126,441,880	\$122,205,463



Please remember to register and submit your ballot at the CEC Annual Meeting. Voting counts as registration at the meeting and helps ensure the required quorum necessary for CEC 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.



Choctaw Electric Cooperative

81st ANNUAL MEETING

Saturday, September 25, 2021
McCurtain Co. Fairgrounds, Idabel, OK

Register to win!

Submit your mail-in ballot to be eligible for the grand prize Hausner Storm Shelter.

+ Grand Prize: Storm Shelter

+ \$1,000 bill credit

+ (2) \$500 bill credits

+ plenty of other prizes

+ free gifts at registration!

SCHEDULE OF EVENTS

8:00am	Vendors open	
8:00-10:00am	Registration and Voting	
8:45-9:30am	Prize Drawings	
10:00 am	Final Call for Ballots	Frank Wolf, CEC Attorney
	Welcome & Call to Order	Brent Franks, President
	Invocation & Pledge of Allegiance	Brent Franks, President
	Declaration of Quorum	Mike Brewer, Secretary/Treasurer
	Reading of Official Notice of Meeting & Proof of Mailing	Mike Brewer, Secretary/Treasurer
	Minutes of 2020 Annual Meeting	Mike Brewer, Secretary/Treasurer
	Financial Report	Mike Brewer, Secretary/Treasurer
	President's Report	Brent Franks, President
	Manager's Report	Kooney Duncan, CEO
	Announcement of Election Results	Frank Wolf, CEC Attorney
	Other Business	Brent Franks, President
	Adjournment of Meeting	Brent Franks, President
	Grand Prize Drawing	Kooney Duncan, CEO

Program times are subject to change.

*Fun for the
whole family!*

- Bounce Houses • Valuable Prizes
- Free Refreshments • Booths and Displays