



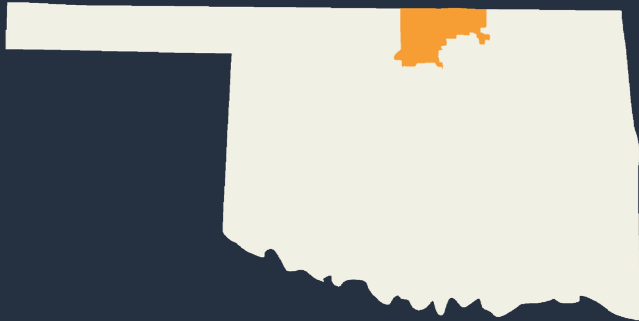
KAY ELECTRIC  
COOPERATIVE

**2023 ANNUAL  
REPORT**

[www.kayelectric.coop](http://www.kayelectric.coop)

## About Kay Electric Cooperative

Founded in 1937, Kay Electric Cooperative's mission is to provide safe, affordable and reliable power for our consumer-members. Our service territory includes 2,269 miles of line and more than 5,900 meters located in Kay, Grant, Noble, Osage and Garfield counties.



**KAY ELECTRIC COOPERATIVE**  
300 W. Doolin Ave. | PO Box 607  
Blackwell, OK 74631  
[www.kayelectric.coop](http://www.kayelectric.coop)





# Contents

---

- 4** – CEO & President Reports
- 6** – Board of Directors
- 7** – Capital Credits
- 8** – Income Statement
- 9** – Balance Sheet
- 10** – Annual Meeting 2024

On the front and back covers: Kay Electric's 2023 Drive-Thru Annual Meeting. Left: Willie Wiredhand greets members at Annual Meeting. Page 4: Construction materials in Kay Electric's yard.



## 2023 Year in Review

### CEO Jason Boesch

**N**ow in my fourth year as Chief Executive Officer at Kay Electric, it has been a real honor to have the opportunity. In just this handful of years, I've already seen an energy industry rapidly evolving, with more to come. Utilities like Kay Electric are doing our best to keep pace but do so in a reasonably balanced manner. At least that has been the approach we think is responsible.

The year 2023 signaled a return to normal after the COVID-related challenges of 2020 to 2022. While there are still some lingering effects from the pandemic prevalent throughout society, I am thankful that our most uncertain days are now in the past, allowing us a return to business as usual at Kay Electric. One remnant from COVID which has not left us is supply chain delays and inflated material costs. Our costs for poles, wires and transformers have doubled in this short stretch with no indication of a price retreat. Kay Electric prides itself on an economical, tight-run operation, but inflation to those extremes stretches our budget. Thankfully, these challenges have not impacted our service reliability, and we'll continue to work hard on your behalf to keep your service safe, reliable and affordable.

The power generation market which supplies distribution electric co-ops, such as Kay Electric, continues to see change and challenge. The February 2021 Storm Uri Polar Vortex event was a first-of-its-kind, black swan event at the time; it was quickly followed by an even higher usage event of Storm Elliott in December 2022. Both of those events were then topped again with Storm Gerri in January 2024. The generation market has many evolutions in its future with fossil fuel coal facing pressured retirements, added renewables, and more electric vehicle charging to join the grid.

Kay Electric continued its robust community support by encouraging area high school juniors to participate in the essay contest for a chance to win an all-expense-paid trip to Washington, D.C., with Youth Tour or to Steamboat Springs, Colorado, for Leadership Camp. The top eight essays in 2023 were awarded trips or cash prizes. First place went to Christian Widener from Blackwell High School and second place went to Carlene Johnson of Garber High School. Area eighth-graders were also included in an essay competition. Kira Widener, Lillie Lewer, Nyla Evans, and Sydnee Benson were awarded the trip to Hinton, Oklahoma's beautiful Canyon Energy Camp.

The K-UP charitable foundation awarded over \$7,800 in grant funds to area organizations, made available by Kay Electric member and miscellaneous donations. Members can elect to round up their monthly electric bill to the nearest dollar, with the extra funds donated to the K-UP Community Foundation.

At home, our inspection and maintenance programs continue to keep the system strong and reliable. Kay Electric crews logged 312,277 miles in our five-county service

territory to perform maintenance and work service orders. We inspected 5,115 poles in our annual pole inspection program, across our 2,269 miles of line and 50,955 poles, which identified 494 pole deficiencies for correction. Due diligence keeping the system in good order always pays for itself in the long run and keeps the lights on. Your Kay Electric employee workforce remains professional and dependable in serving you and keeping the power flowing.

We look forward to seeing you at Annual Meeting on Friday, April 12. This will again be a drive-thru style event held at the Kay Electric headquarters, 300 West Doolin in Blackwell, due to renovations at Blackwell High School. The trustees and employees at Kay Electric Cooperative thank you for allowing us to be your energy partner.

## **The Member-Focused Difference** President Max Hohmann

**A**s a not-for-profit electric cooperative, Kay Electric exists to serve its members. I value the cooperative model because it means working together toward a common goal. The Kay Electric board understands how the decisions we make affect you, the rates you pay, and the quality of service you receive. One of the seven cooperative principles is democratic member control. This separates us from other utility models, because each member has a vote, and members are elected to represent their district on the board of trustees that governs Kay Electric.

## KAY ELECTRIC BOARD OF DIRECTORS

**K**ay Electric Cooperative's service territory is divided into nine voting districts. A nine-member board of directors represents consumer-members in each district.

### **Kay Electric board officers are:**

President, Max Hohmann

Vice President, Verl Brorsen

Secretary/Treasurer, Ron Shoffner

Trustee positions are up for election every three years. In February, Districts 4, 5 and 6 held trustee elections with incumbent Trustees being re-elected. Any member may run for Trustee, according to qualifications listed in the co-op bylaws, Sec. 4.02. Trustees are required to go through a certification process and must stay informed about electric utility issues and trends. Contact Kay Electric Cooperative at 800-535-1079 or visit [www.kayelectric.coop](http://www.kayelectric.coop) for more information.



JAKE OLSEN, DIST. 1



CHAD OTTO, DIST. 2



RON SHOFFNER, DIST. 3



MAX HOHMANN, DIST. 4



MIKE LEBEDA, DIST. 5



BRADY HOSTETLER, DIST. 6



BART CARDWELL, DIST. 7

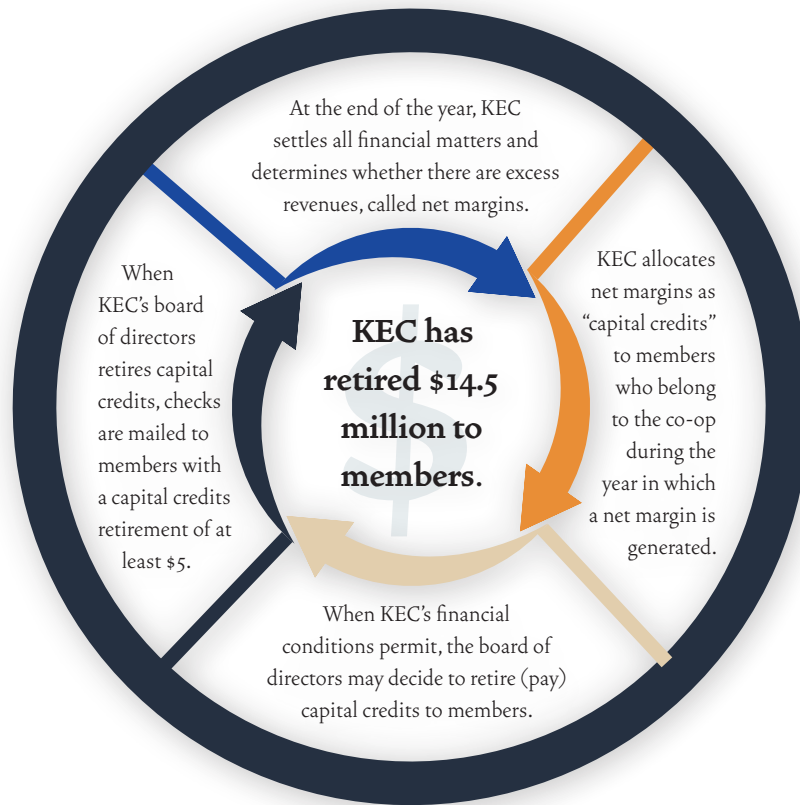


DR. TIM BLANTON, DIST. 8



VERL BRORSEN, DIST. 9

## CAPITAL CREDITS HOW DO THEY WORK?



## A BENEFIT OF MEMBERSHIP

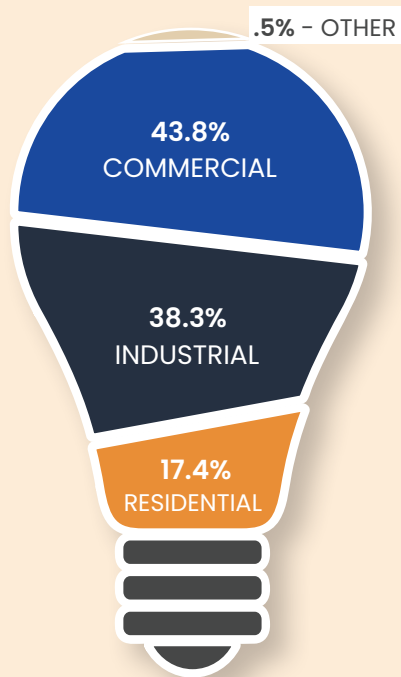
▶▶ Because electric co-ops operate at cost, any excess revenues—called net margins—are returned to members in the form of capital credits.

▶▶ KEC's board of directors is committed to retiring capital credits. The allocation and retirement of capital credits is one of the most unique and rewarding benefits of being a Kay Electric member.

▶▶ Since 2007, KEC's board has used a hybrid, first-in, first-out and a last-in, first-out retirement method so the maximum number of members receive some return of investment. KEC is currently at a rotation of approximately 12 years.

▶▶ Not all co-ops retire capital credits, and not all co-ops retire capital credits in a way that benefits the most members. It's one aspect of co-op membership that is unique to KEC.

## WHERE THE DOLLAR COMES FROM



In 2023, commercial sales made up \$17,278,062 of KEC's revenues. Industrial sales accounted for \$15,132,126. Residential sales totaled \$6,876,951. Other sources of revenue and interest made up \$178,637. KEC's total revenues were \$39,465,776.

## INCOME STATEMENT & BALANCE SHEET

- 70.7% - PURCHASED POWER
- 7.9% - ADMINISTRATION & GENERAL
- 7.7% - DEPRECIATION & AMORTIZATION
- 5.3% - INTEREST ON LONG-TERM DEBT
- 5.3% - OPERATIONS & MAINTENANCE
- 3.0% - CONSUMER & CUSTOMER SERVICE
- 0.1% - TAXES



## WHERE THE DOLLAR GOES

Purchased Power	\$26,969,936
Administration & General	\$3,015,481
Depreciation & Amortization	\$2,950,555
Interest on Long-Term Debt	\$2,008,869
Operations & Maintenance	\$2,025,779
Consumer & Customer Service	\$1,145,493
Taxes	\$8,702
<b>Total Expenses</b>	<b>\$38,124,815</b>
Surplus to Retained Earnings (Margins)	\$1,340,961
<b>Total Expenses &amp; Retained Earnings</b>	<b>\$39,465,776</b>



## REVENUES & EXPENSES

Total Revenues for Electric Sales \$39,465,776

### Expenses Controlled by Other Entities

Cost of Power \$26,969,936

Depreciation & Amortization \$2,950,555

Interest on Long-Term Debt \$2,008,869

Taxes \$8,702

**\$31,938,062**

### Expenses Controllable by KEC

Operations & Maintenance \$2,025,779

Consumer & Customer Service \$1,145,493

Administration & General \$3,015,481

**\$6,186,753**

**Total Expenses \$38,124,815**

**NOTES:** Total contributions from FEMA & customers include 2002 ice storm and represents value of utility plant not recorded on financial statements. The amount is \$57360,700 for 2023 and \$56,872,765 for 2022; represents Plant and Equity not booked.

The financial reports represent unaudited 2023 data. Kay Electric Cooperative books are currently being audited. As of the Annual Report publication date, an audited report has not yet been issued. Year 2022 has been audited.

These financial statements are presented for your information. Revenues and Expenses show the total income to Kay Electric Cooperative, along with classification of costs to operate the electrical system.

<b>What we own</b>	<b>2022</b>	<b>2023</b>
Utility Plant in Service		
Cost less Depreciation	\$66,699,744	\$71,883,808
<b>Total Utility Plant</b>	<b>\$66,699,744</b>	<b>\$71,883,808</b>
Investments in Associated Organizations (WFEC & Others)	\$17,951,407	\$19,610,527
Special Funds	\$4,974,021	\$5,247,564
Cash - General Funds	\$136,594	\$496,075
Accts. Receivables and Prepayments	\$4,096,490	\$3,770,634
Materials & Temporary Investments	\$2,771,576	\$2,260,861
<b>Total Current &amp; Accrued Assets</b>	<b>\$29,930,088</b>	<b>\$31,385,661</b>
<b>Total Assets</b>	<b>\$96,629,832</b>	<b>\$103,269,469</b>
<b>What we owe</b>		
Long-term Debt	\$40,244,350	\$44,577,517
Notes & Accounts Payable	\$6,689,856	\$7,126,784
Consumer Deposits	\$2,514,768	\$2,627,610
<b>Total Liabilities</b>	<b>\$49,448,974</b>	<b>\$54,331,911</b>
<b>Our net worth</b>		
Capital Credits	\$44,892,174	\$46,572,686
Memberships	\$234,895	\$235,370
Other Equities & Margins	\$2,053,789	\$2,129,502
<b>Total Equities</b>	<b>\$47,180,858</b>	<b>\$48,937,558</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$96,629,832</b>	<b>\$103,269,469</b>

## OFFICIAL NOTICE OF ANNUAL MEETING

The Annual Meeting of members of Kay Electric Cooperative will be held at the Kay Electric headquarters in Blackwell, Oklahoma, on Friday, April 12, 2024, as a drive-thru event. Registration will begin no earlier than 3:00 p.m., and continue until 7:00 p.m. The following matters will be voted on by all registered members:

1. Approval of Minutes of the 2023 Annual Meeting.
2. All other business that may properly come before this meeting.

In accordance with the bylaws of the cooperative, approved and adopted by the membership, no election of Trustees is required at this meeting for District 4, District 5 and District 6. The following persons have been declared elected as Trustee by the membership of the respective districts in which meetings were held this year.

District 4 - Max Hohmann  
District 5 - Mike Lebeda  
District 6 - Brady Hostetler

Dated this 1st day of April, 2024  
- Ron Shoffner, Secretary/Treasurer

## KAY ELECTRIC COOPERATIVE 2023 ANNUAL MEETING MINUTES

The Annual Meeting of Kay Electric Cooperative was held April 14, 2023, as a drive-thru and Facebook Live event at the Kay Electric headquarters. Members registered, attended and/or participated in accordance with requirements of the cooperative bylaws. A quorum was determined to be present. President Max Hohmann called the business meeting to order at 7 p.m.

Ron Shoffner, Secretary/Treasurer, presented the cooperative's current financial report and reported that the minutes from the 2022 Annual Meeting had been approved during the drive-thru balloting procedure.

CEO Jason Boesch then addressed the membership and recognized the Board, employees, senior staff and Minutemen and women thanking them for conducting and assisting for a successful drive-thru Annual Meeting.

Jon Ihrig, Attorney, addressed the membership and reported that at the meeting of District 1, District 2 and District 3, there were no contested nominations for the position of Trustee. Pursuant to the bylaws, Section 3.07, Jake Olsen from District 1, Chad Otto from District 2 and Ron Shoffner from District 3 were declared elected by the membership of their respective districts and retained their seats on the Board for an additional term.

Numerous prizes were also awarded and winners notified by phone at the end of the meeting. Grand prize winners were: Barry Cook winning the Stihl weed eater; Ron Kreger winning the John Deere shop heater; James Turk winning the John Deere mower, and Andy Mavis winning the John Deere gator. After the grand prize announcement, and no further business, Board President Max Hohmann adjourned the meeting.

- Ron Shoffner, Secretary/Treasurer

PLEASE JOIN US FOR

# Kay Electric's 2024 Drive-Thru Annual Meeting

Friday, April 12 | 3 to 7 p.m.

Kay Electric Headquarters  
300 W. Doolin Ave., Blackwell, OK

**Drive-thru procedure:** Enter the KEC parking lot at the designated area for the drive-thru event, registration, voting information, ballot and prizes. You must be present in the vehicle to vote! The drive-thru lane for registration will open NO EARLIER than 3 p.m. The drive-thru lane for registration will end at 7 p.m. SHARP. No access to the parking lot for registration or voting will be allowed after 7 p.m.

**Facebook Live business meeting:** Following the conclusion of drive-thru registration, Kay Electric will hold its annual business meeting, live streaming it via Facebook. Go to [www.facebook.com/KayElectricCooperative](https://www.facebook.com/KayElectricCooperative) to watch the meeting. Prize winners will be announced at the end of the meeting.

## Annual Meeting Prizes

Each member will receive a \$25 registration gift for attending Annual Meeting. In addition, each registered member will be automatically entered into the drawings for numerous prizes, as well our grand prizes (pictured below): a John Deere gator, a John Deere mower, a John Deere pressure washer and a Stihl weed eater. Drawings will be held on Facebook Live and the KEC website after 7 p.m. Winning members will be notified by phone.



**Each member in attendance will  
receive a \$25 registration gift!**



KAY ELECTRIC COOPERATIVE  
300 W DOOLIN AVE • P.O. BOX 607  
BLACKWELL, OK 74631

