



2022 Annual Report

KAY ELECTRIC COOPERATIVE

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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 5,909 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

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 14, 2023, as a drive-thru event. Registration will begin no earlier than 3 p.m. until 7 p.m. The following matters will be voted on by all registered members:

1. The minutes of the 2022 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 1, District 2 and District 3. The following persons having been declared elected as Trustee by the membership of the respective districts in which meetings were held this year.

District 1: Jake Olsen
District 2: Chad Otto
District 3: Ron Shoffner

- Ron Shoffner, Secretary/Treasurer
Dated this 10th day of April, 2023 🇺🇸



Thank you to our 2023 minutemen & minutewomen!

Doug & Pat Brown, Eric & Sandy Carter, Leon & Liz Chrz, Bill & Becky Cunningham, Jerrold & Kay Dark, Corbin & Brooke Dewitt, Tom & Lynda Dolezal, Doug & Radena Eisenhauer, Greg & Kayla Hohmann, Travis & Maegan Hulet, Lonnie & Suzann Ingram, Brian Lane, Wade & Lezlee Locke, Theresa McAninch, Bob & Debbie Payne, Kirt & Regina Sharp, Wayne & Wanda Vaden, Brandt & Blaine Ward, Shanon Ward, and Ned Webster.



Watch our virtual business meeting and prize drawings on April 14 at 7 p.m. Watch live on our website: www.kayelectric.coop or Facebook page: www.facebook.com/KayElectricCooperative.

Get the job done and done the right way.

Kay Electric weathered 2022 storms, similar to 2021. Supply chain shortages, spiking fuel costs, and inflation became a new normal during the year. Even with the increased costs of doing business, your electric cooperative continues to operate in an efficient manner. Kay Electric stayed true to its mission, delivering safe, reliable, and affordable electricity to you, our consumer-members. Your Kay Electric employee workforce remains professional and dependable at keeping the power on. They not only get the job done, but they get it done the right way.

The 2021 Storm Uri Polar Vortex event, with blistering cold days to last almost a full week, was eclipsed in total usage by the 2022 December Storm Elliott. Better market

supplies in our regional grid kept the power on this time. Our power provider, Western Farmers, is spreading Storm Uri high fuel costs over five years, and Kay Electric is now in its second year of shouldering half of that cost out of budgeted margins. You won't see many utilities with that type of collaborative approach to problem solving. We've done this while keeping your rates affordable from both a state and national perspective. The Energy Information Administration tracks electricity rates and that data clearly supports our fiscally responsible approach which hasn't had a residential rate increase in 13 years.

Kay Electric continued its robust community support by encouraging area high school juniors to

Residential Rates





participate in the essay contest for a chance to win an all-expense-paid trip to Washington, D.C., on the Youth Tour or to Steamboat Springs, Colorado for Leadership Camp. The top eight essays written on electric vehicles were awarded scholarships and 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 of Blackwell, Lillie Lewer, Sydnee Benson and Nyla Evans from Garber and Lyrick Horn and Kenna Kilian from Medford were awarded the trip to Hinton, Oklahoma's beautiful Canyon Camp for Energy Camp.

The K-UP Charitable Foundation awarded over \$18,000 in grant funds to area organizations, made available by Kay Electric members and miscellaneous donations. Members can elect to round up their monthly electric bill to the nearest dollar, with the extra funds donated to K-UP.

At home, our inspection and maintenance programs continue to keep the system strong and reliable. Kay Electric crews logged 307,113 miles in our five-county service territory to perform maintenance and work service orders. We inspected 6,584 poles in our annual pole inspection program, across our 2,266 miles of line and 49,274 poles, which identified 193 pole deficiencies for correction. The old maxim "an ounce of prevention is worth a pound of cure" continues to be true. Due diligence to keep the system in good order always pays for itself in the long run and keeps the lights on.

We look forward to seeing you at our annual meeting on Friday, April 14. 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 serve your energy needs. 🙏

Board President Max Hohmann and CEO Jason Boesch

Kay Electric Cooperative

2022 Annual Meeting Minutes

The Annual Meeting of Kay Electric Cooperative was held April 8, 2022, 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's 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 2019 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 with a successful, first-ever drive-thru Annual Meeting.

Jon Ihrig, Attorney, addressed the membership and reported that at the meeting of District 8 and District 9, there were no contested nominations for the position of Trustee. Pursuant to the Bylaws, Dr. Tim Blanton from District 8 and Verl Brorsen from District 9 retained their seats on the Board for an additional term. He then recognized Kent McAninch, Trustee representing District 7, who served

on the Board for 37 years and had decided to retire from the Board. Two nominees were selected for election to this position. The two nominees for District 7 Trustee were Bart Cardwell and Andrew McCann. The Credentials Committee had certified the results of the ballots with Bart Cardwell receiving the most votes, and thereby elected.

Mr. Ihrig announced that pursuant to Bylaws Section 3.07, "Nomination and Election of Trustees" in Districts 8 and 9, each incumbent was properly nominated and with no further nominations made, such candidates were declared elected as Trustee without further approval. Those nominated and elected for Trustees were:

District 7: Bart Cardwell
District 8: Dr. Tim Blanton
District 9: Verl Brorsen

Numerous prizes were also awarded and notified by phone at the end of the meeting ending with Richard Reese winning the John Deere pressure washer; Morton Brothers winning the John Deere mower, and Cindy Sebor winning the John Deere Gator. After the grand prize announcement, Board President Max Hohmann adjourned the meeting.

- Ron Shoffner, Secretary/Treasurer 



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 BORSEN, DIST. 9

Kay Electric Board of Directors

Kay 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 Borsen; and Secretary/Treasurer, Ron Shoffner. Trustee positions are up for election every three years.

In February, Districts 1, 2 and 3 held

Trustee elections with incumbent Trustees being re-elected. Any member may run for Trustee, according to qualifications listed in the co-op By-laws, 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 for more information. 

Income Statement

WHERE THE DOLLAR COMES FROM

Commercial Sales	\$19,323,130
Industrial Sales	\$17,987,728
Residential Sales	\$7,725,399
Other Revenue & Interest	\$113,400
Total Revenue	\$45,149,657

WHERE THE DOLLAR GOES

Purchased Power	\$33,196,156
Operations & Maintenance	\$1,839,639
Consumer & Customer Service	\$1,077,824
Administration & General	\$2,668,219
Taxes	\$79,255
Interest on Long-Term Debt	\$1,730,822
Depreciation & Amortization	\$2,707,807
Total Expenses	\$43,299,722
Surplus to Retained Earnings (Margins)	\$1,849,935
Total Expenses & Retained Earnings	\$45,149,657

REVENUES & EXPENSES

Total Revenues for Electric Sales \$45,149,657

Expenses Controlled by Other Entities

Cost of Power	\$33,196,156
Depreciation & Amortization	\$2,707,807
Interest on Long-Term Debt	\$1,730,822
Taxes	\$79,255

Total Controlled Expenses \$37,714,040

Expenses Controllable by KEC

Operations & Maintenance	\$1,839,639
Consumer & Customer Service	\$1,077,824
Administration & General	\$2,668,219

Total Controllable Expenses \$5,585,682

Total Expenses \$43,299,722

2022 REVENUE



42.8%



39.8%



17.1%



0.3%

TOTAL REVENUE

\$45,149,657

2022 EXPENSES



76.7% PURCHASED POWER

6.2% DEPRECIATION & AMORTIZATION

6.2% ADMINISTRATION & GENERAL

4.2% OPERATIONS & MAINTENANCE

4.0% INTEREST ON LONG-TERM DEBT

2.5% CONSUMER & CUSTOMER SERVICE

TOTAL EXPENSES

\$43,299,722

Balance Sheet

WHAT WE OWN - ASSETS

	2021	2022
Utility Plant in Service Cost less Depreciation	\$61,903,139	\$66,699,744
Total Utility Plant	\$61,903,139	\$66,699,744
Investments in Associated Organizations (WFEC & Others)	\$17,286,290	\$17,951,407
Special Funds	\$5,282,470	\$4,974,021
Cash - General Funds	\$722,228	\$136,594
Accts. Receivables and Prepayments	\$4,642,113	\$4,096,490
Materials & Temporary Investments	\$2,045,558	\$2,771,576
Total Current & Accrued Assets	\$29,978,659	\$29,930,088
Total Assets	\$91,881,798	\$96,629,832

WHAT WE OWE - LIABILITIES & EQUITIES

Long-term Debt	\$40,100,170	\$40,244,350
Notes & Accounts Payable	\$4,215,771	\$6,689,856
Consumer Deposits	\$2,345,919	\$2,514,768
Total Liabilities	\$46,661,860	\$49,448,974

OUR NET WORTH - MEMBERS' EQUITY

Capital Credits	\$43,053,060	\$44,892,174
Memberships	\$232,900	\$234,895
Other Equities & Margins	\$1,933,978	\$2,053,789
Total Equities	\$45,219,938	\$47,180,858
Total Liabilities & Equity	\$91,881,798	\$96,629,832

NOTES: Total contributions from FEMA & customers include 2002 ice storm and represents value of utility plant not recorded on financial statements. The amount is \$56,872,765 for 2022 and \$56,313,221 for 2021; represents Plant and Equity not booked.

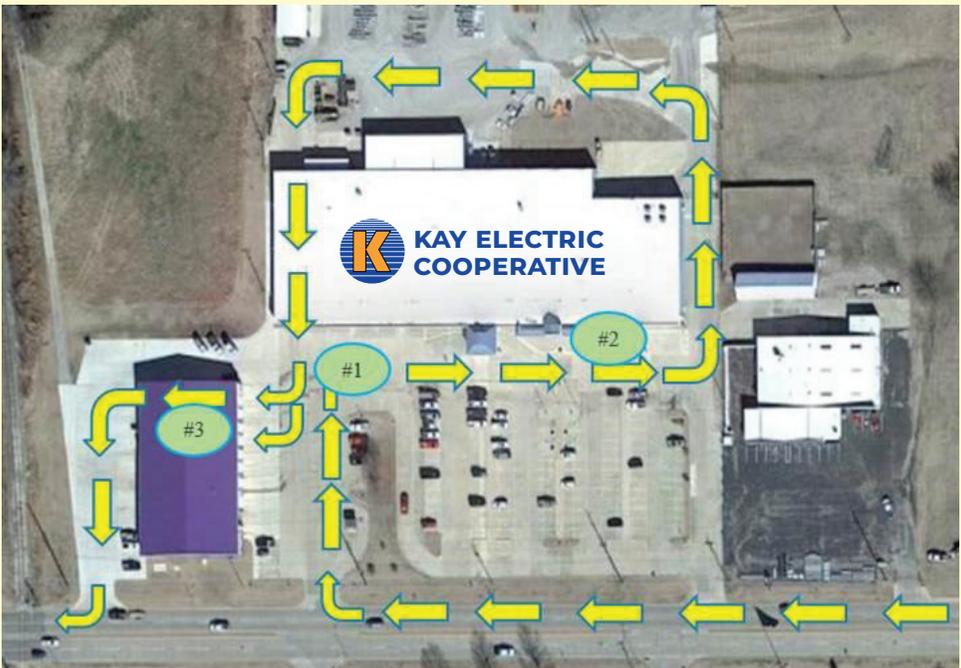
The financial reports represent unaudited 2022 data. Kay Electric Cooperative books are currently being audited. As of the Annual Report publication date, an audited report has not yet been issued. Year 2021 has been audited.

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.

PLEASE JOIN US FOR

Kay Electric's 2023 Drive-Thru Annual Meeting

Kay Electric Headquarters
300 W. Doolin Ave., Blackwell, OK
Friday, April 14 - 3 to 7 p.m.



Drive-thru procedure

Enter the KEC parking lot at the designated area for the drive-thru event, registration, voting information, ballot and prizes. (See map above.) 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. 🚫

Each member receives
a \$20 attendance gift!



John Deere Gator



Cash prizes & gift cards

Stihl Weed Eater



John Deere Shop Heater



John Deere Mower

Prizes, prizes and more prizes!

Upon registration, each member will receive an attendance gift. In addition, each registered member will be automatically entered into the drawings for numerous door prizes, as well our grand prizes (pictured above). Drawings will be held on Facebook Live and the KEC website after 7 p.m. Winning members will be notified by phone. 



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