

KILOWATT



An Oklahoma Living Supplement

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July, 2007

Kiwash Electric Cooperative, Inc. Annual Report 2006

68th Annual Meeting
Tuesday, July 17, 2007
Cordell High School
Auditorium



Your Touchstone Energy® Partner
The power of human connections

Oklahoma Music Celebration to perform at KEC's 68th Annual Meeting

Oklahoma Music Celebration, an official Centennial Project for the state of Oklahoma will perform at KEC's 68th Annual Meeting. The group will honor Oklahoma musicians from Woody Guthrie to Bob Wills to Patti Page to Roger Miller to Merle Haggard to Reba McEntire, Vince Gill, Garth Brooks, Toby Keith, Leon Russell and Carrie Underwood, and others, in a high-energy polished tribute to the incredible contributions Oklahomans have made to the music world.

"Cara is a marvelous singer," said veteran entertainer Norma Smotherman of Erick, who performed with McKay in several productions. "She has so much personality...and a wonderful stage presence."

Coming from a musical family, McKay has been performing as long as she can remember. Her family reunions were filled with music. She began playing piano at six and started formal vocal training at 12. Her vocal instructor had performed at the Metropolitan Opera. She has performed in numerous musicals and plays at community theaters, including "The Music Man," "The Foreigner," "The Sound of Music" and "A Christmas Carol."

She recently starred in two "Honky Tonk Angel" productions and won a Best Character Actress for playing Louise in "Always...Patsy Cline" in Clinton. Her voice can be heard on commercials and programs on 107 FM, 1420 AM, 100.3 FM, and 97.7 FM.

Casey Dawn McKay, who portrayed Brigitta, did a spectacular job," said reporter Chris Cooper in the Altus Times (3/15/02), after Casey performed in a college production of "Sound of Music." "The 11-year-old was full of energy, but had total control over her body movements, voice and facial expressions. McKay is a veteran actress who had been performing since she was four. Some of her other credits include "The Music Man," "Rumplestilskin," "Meet Me in St. Louis," and "A Christmas Carol."

What's a four-year-old actor to do after he's accused on national television of being a scene-stealer? Adam McKay is still stealing the show from older performers, often as not.

After Adam performed in a Shortgrass Theater production of "The Sound of Music," his grandmother in Lubbock happened to see a woman from Dallas discussing on an Oprah Winfrey show the very small boy in a Hobart, OK., community theater production who stole the show with his yodeling. Adam has a way of drawing attention.

Though a youngster himself, Adam loves cutting loose on hits of yesteryear like "Heartbreak Hotel," written by Oklahoman Mae Boren Axton, and "Kansas City," associated with Oklahoma band leader Hootie McShann. Oklahoma Music Celebration's show will begin at 6:30 p.m. at the Cordell High School Auditorium at KEC's Annual Meeting on Tuesday, July 17, 2007.



Notice of Annual Meeting

An Annual Meeting of the members (Stockholders) of Kiwash Electric Cooperative, Inc., will be held at the Cordell High School Auditorium, Third Street and Massingale Drive, Cordell, Oklahoma at 7:00 p.m. on Tuesday, July 17, 2007 for the following purposes:

- Introduction of elected trustees.
- Receiving and considering reports of officers.
- Proposal to Revise By-laws

Dated this 30th day of June, 2007

Signed: Ralph Cunningham, President
SEAL
Signed: Jack Sawatzky, Secretary

**The Cordell Memorial Hospital
will conduct a health fair for
Kiwash Electric Cooperative members
and guests at
Kiwash Electric Cooperative's
68th Annual Meeting,
Tuesday, July 17, 2007.**

**The health fair will begin at 5:30 p.m.
at the Cordell High School Auditorium
and will conclude at 6:30 p.m.**

**On the cover – Foreman Mike
Miller and Bob Thompson work
on electrical lines.**

Magical Michael will perform at KEC's 68th Annual Meeting

Amazing Magical Michael will perform at KEC's 68th Annual Meeting. He will be highlighted during the evening meal at the Washita County Activity Center. His show, which will combine a unique style of magic and comedy, is fit for all ages!

Humble Beginnings

Born in Budapest, Hungary, the only son of migrant gypsy parents, hero was raised in the back of a rickety old fortune-teller's wagon. He learned at an early age that the gypsy way of life was a desperate, hand-to-mouth existence in which he would have to fend for himself if he were to survive.



Humble Beginnings - Part Deux

Born in Johnstown, Pennsylvania, Michael was a shy boy until his mother sent away for an inexpensive beginner's magic set for his ninth birthday. After practicing night and day - and an occasional afternoon - Michael performed his first magic show at the tender age of ten. The rest is history....

A Legend In His Own Mind

Since his first encounter with magic, Michael has performed before thousands. He has been in the entertainment industry, in one form or another, for over 25 years. Throughout the many areas of his show-business career, magic has always been a driving force. Michael's magic spans every phase of the art - from close-up to stage, from mentalism to escape, from dinner magic to street magic.

Resident Alien

After performing on the east coast for over 25 years, Michael moved to Oklahoma and brought his magic and comedy to the heartland of our country. An honors graduate of Southern Nazarene University, with a degree in journalism, Michael lives with his wife, Wanda, in Oklahoma City - mostly because they're married and figured they should probably live in the same town... for convenience.

Less Is More

With a lifetime of experience in the many facets of magical entertainment; Michael's focus is to maintain an act that will fit any venue. Michael's talent and wisdom - ok, forget the wisdom part - are honed to perfection and suitable for audiences of all ages. Michael is a magician of the ages. Just ask him - he'll tell you.

Meeting of the Members Kiwash Electric Cooperative, Inc. 68th Annual Meeting Tuesday, July 17, 2007

Agenda

- 4:30 p.m. Annual Meeting Meal Begins and concludes at 6:45 pm
5:30 p.m. Health Fair at the Cordell High School Auditorium
6:00 p.m. Entertainment in Washita Activity Center – Amazing Magical Michael
6:30 p.m. Entertainment in High School Auditorium – The Oklahoma Music Celebration
7:00 p.m. Welcome – Mr. Ralph Cunningham, President of the Board of Directors
America the Beautiful – Oklahoma's own Sandi Patty, Courtesy of Oklahoma Centennial Commission
Invocation – Gene Thieszen, Pastor at Herold Mennonite Church, Bessie
Introduction of Guests - Mr. Dennis Krueger, General Manager
Video – "The Power to Make a Difference"
Business Meeting – Mr. Ralph Cunningham Kiwash President
Call to Order
Notice of Meeting and Business Agenda:
Request for a motion to consider and vote on the approval of the Notice of Meeting and Affidavit of Mailing as they appeared in the July edition of the monthly newsletter, Kilowatt.
Request for a motion to consider and vote on the approval of the 2006 Annual Meeting Minutes as it appeared in the July edition of the monthly newsletter, Kilowatt.
Request for a motion to consider and vote on the approval of the Financial Statement as it appeared in the July edition of the monthly newsletter, Kilowatt.
State the results of the District Meeting Elections for the Board of Directors in District numbers 1, 5 and 7.
Consider and vote - Shall the following sentence be deleted from Article VIII, Section 2 of the By-Laws of Kiwash Electric Cooperative, Inc?
"In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Cooperative shall equal at least forty per centum (40 percent) of the total assets of the Cooperative."
Motion to Adjourn the Business Portion of the meeting.
Video – "Oklahoma Rising" an Oklahoma Centennial Anthem performed by Vince Gill, Courtesy of Oklahoma Centennial Commission
Manager's Comments: Dennis Krueger
Youth Tour Moment: Lisa Willard, Director of Marketing
Cash Prize Drawings of three \$50.00 winners per District
Adjournment

Certificate of Secretary

I, Jack Sawatzky, do hereby certify that I am the duly elected, qualified and acting Secretary/Treasurer of the Kiwash Electric Cooperative, Inc., (hereinafter called the "Cooperative,") and the keeper of its records, that the attached and foregoing is a true and correct copy of the original minutes entered in the minute book of the Cooperative of the annual meeting of the members thereof convened and held pursuant to and in accordance with the laws of the State of Incorporation of the Cooperative and the Articles of Incorporation and By-Laws of the Cooperative on the 22nd day of May, 2006; that at said meeting, a quorum of the members of the Cooperative were present in person; that said meeting was held after notice thereof duly given to all of the members of the Cooperative in accordance with the Laws of the aforesaid State and the Articles of Incorporation and By-Laws of the Cooperative; that the copies of said notice and said meeting and of my affidavit as Secretary with respect to the mailing of said notice annexed to the aforesaid copy of said minutes are true and correct copies of the original of said notice and of said affidavit.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of this Cooperative this 22nd day of May, 2006.

Signed: Jack Sawatzky, Secretary/Treasurer

TREASURER'S REPORT And Statement of Condition for 2006

The financial records of Kiwash Electric Cooperative, Inc. were audited at the close of the year ending December 31, 2006, by the Certified Public Accounting Firm of Bolinger, Segars, Gilbert & Moss, LLP.

It was the auditor's opinion that the financial statements fairly present, in all material respects, the financial position of the Cooperative. A condensed financial statement is on the two following pages for your information.

Jack Sawatzky
Secretary/Treasurer

STATEMENT OF INCOME & EXPENSE

OPERATING REVENUE	<u>2006</u>	<u>Percent of Total</u>
Farm & Residential	\$5,821,710	50%
Commercial	5,617,465	48%
Power Cost Adjustment	138,703	1%
Other Revenue	76,745	1%
TOTAL	\$11,654,623	100.00%

EXPENSES CONTROLLED BY OTHERS		
Purchased Power	\$8,254,142	72%
Depreciation	541,717	5%
Taxes	223,583	2%
Interest	478,998	4%
TOTAL	\$9,498,440	82%

EXPENSES CONTROLLED BY KEC		
Operations & Maintenance	\$884,908	8%
Consumer Accounts	401,28	3%
Administrative & General and Other Deductions	743,542	6%
TOTAL	\$2,029,730	18%
TOTAL EXPENSES	\$11,528,170	100.00%
OPERATING INCOME	\$126,453	
NON-OPERATING INCOME	228,383	
NET MARGINS	\$354,836	

BALANCE SHEET

December 31, 2006 and 2005

ASSETS

WHAT WE OWN	UTILITY PLANT	2006	2005
	Electric Plant in Service	\$21,104,545	\$20,158,593
	Construction Work in Progress	575,296	907,098
	Less: Accumulated Depreciation	8,511,063	8,282,342
	Net Utility Plant	13,168,778	12,783,349
	INVESTMENTS IN ASSOCIATED COMPANIES	2,369,795	2,252,931
	CURRENT ASSETS		
	Cash & Temporary Investments	1,496,406	571,297
	Accounts Receivable	1,078,516	1,237,056
	Notes Receivable - current portion	44,500	59,450
	Material and Supplies	253,154	270,448
	Other Current & Accrued Assets	241,564	271,041
	Total Current Assets	3,114,140	2,409,292
	Deferred Debits	124,472	141,125
	TOTAL ASSETS	\$18,777,185	\$17,586,697

LIABILITIES & EQUITIES

WHAT WE OWE	LONG TERM DEBT		
	RUS	\$9,258,512	\$7,716,595
	CFC	1,284,688	1,318,353
	Liability from past service cost	238,289	253,304
	Less: Current Maturities of LT Debt	437,800	413,400
	Total Long Term Debt	10,343,689	8,874,852
	CURRENT LIABILITIES		
	Accounts Payable	892,812	1,353,084
	Current maturities of long-term debt	437,800	413,400
	Consumer Deposits	59,860	56,890
	Other Current & Accrued Liabilities	26,875	30,901
	Total Current Liabilities	1,417,347	1,854,275
	Deferred Credits	5,646	192,488
OUR NET WORTH	EQUITIES		
	Membership Fees	29,470	28,930
	Patronage Capital	7,747,793	7,495,899
	Other Equities	-766,760	-859,747
	Total Equities	7,010,503	6,665,082
	TOTAL LIABILITIES AND EQUITIES	\$18,777,185	\$17,586,697

Serving our Member's Needs



Marketing Department – Left to Right, Ranae Thiessen, Lisa Willard, Michele Kauk



General Manager
Dennis Krueger



Finance Department – Seated Left to Right, Lisa Dailey and Wendy Putman Standing Left to Right, Gene Smith and Brad Jones



Operations Department – Left to Right, Dewayne Hurliman, Mike Beach, Rick Wiest, Jerry Black and Roy Dewees



Construction Crew – Left to Right, Josh Pitman, Travis Malone, Robert Parsons, David Gray and Manny Macias



District #2 Maintenance Crew – Left to Right, Larry Dowty and Gary Kluckner



District #1 Maintenance Crew – Left to Right, Johnny Jones



District #6 Maintenance Crew – Left to Right, Mike Miller and Mark Lawson

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**ELECTRIC
COOPERATIVE, INC.**



District #8 Maintenance Crew – Left to Right, Brad Hardwick and Bob Thompson

Request for By-Law Change is Being Requested by the Kiwash Board of Directors

Every so often the elected Board of Directors need to review and consider the direction the founding membership set in the 1930's, which has been modified only slightly over its 69 years of existence, to see if the decision made in the '30's still applies in the year 2007. Kiwash is a cooperative, which is a distinctive type of organization that is governed and owned by those who participate in its growth and prosperity; thus, it is owned by the people who purchase electricity from it. A cooperative is also known for its unique form of sharing margins (profits) through a patronage capital or capital credit program.

When Kiwash was founded 69 years ago, the mortgage agreement with the Rural Electrification Administration had a stipulation that the cooperative could not retire capital credits unless the equity level of the borrower was 40 percent or above. The founders of Kiwash Electric Cooperative, Inc. used this percentage when the bylaws were presented to the membership for their approval. Since that time our lending institutions have realized that the financial integrity could be maintained with an equity level lower than 40 percent and have relaxed that requirement, but our bylaws have never been changed to reflect that change.

One clause in Article VII, Section 2 under the section heading of "Patronage Capital in Connection with Patronage Business" does indeed dictate to your Board of Directors whether or not to consider patronage capital allocation to the membership. The specific clause in question prevents the retirement of capital credits unless the Cooperative's capital is at least forty percent of the total assets of the Cooperative. The Board of Directors is requesting that the Membership consider voting this sentence out of the By-Laws and allow the Board the opportunity to consider issuing capital credit checks on an annual basis.

The Board of Directors of Kiwash Electric Cooperative will ask the membership on Tuesday, July 17, 2007 at the Annual Business Meeting to remove and strike the below stated sentence (in bold type) out of the By-Laws in its entirety:

ARTICLE VII
Disposition of Revenues and Receipts
"Non-Profit Operation"

Section 2. Patronage Capital in Connection with Patronage Business. Fourth paragraph. The proposed alteration is to exclude this sentence from the By-Laws:

"...In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Cooperative shall equal at least forty per centum (40 percent) of the total assets of the Cooperative."

Article XII – "Amendments" states, "The By-laws may be altered, amended or repealed by the members at any regular or special meeting, providing the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal."

The Board of Directors believes the sentence previously stated has hampered their ability to issue capital credit checks and also believes that this sentence is an outdated phrase for this day and time. The Board of Directors and KEC's lending institutions will continue to monitor the financial integrity of the Cooperative and base future decisions on thorough examination of the financial requirements before issuing capital credits. Please consider the Board of Directors recommendation to eliminate this sentence from the By-Laws as you vote at the Annual Meeting.

NOTICE OF PROPOSED CHANGE TO THE BY-LAWS OF KIWASH ELECTRIC COOPERATIVE

Shall the following sentence be deleted from Article VIII, Section 2 of the By-Laws of Kiwash Electric Cooperative, Inc?

"In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Cooperative shall equal at least forty per centum (40 percent) of the total assets of the Cooperative."

Minutes of the 67th Annual Meeting

The 67th Annual Meeting of the members of the Kiwash Electric Cooperative, Inc., was held at the Cordell High School Auditorium, Cordell, Oklahoma on May 22, 2006, with Mr. Ralph Cunningham, President of the Cooperative presiding chairman.

A special health fair was held during registration, which was sponsored by Cordell Memorial Hospital and Dr. Dave Macarty Family Eye Center. Blood pressure checks were available to everyone.

At 6:30 p.m., Brandi Beth Morris. Brandi's powerful voice was enjoyed by all ages.

General Manager, Dennis Krueger introduced VIP guests and recognized Kiwash Electric Cooperative employees.

Next, a video entitled "The Power of Partnering" was shown. The video showcased several of the different partnerships that KEC has formed. These partnerships have resulted in economic development for communities as well as expanding businesses and attracting new businesses.

Next, Miss Oklahoma 2005, Jennifer Warren spoke. She talked about her life changing experience as Miss Oklahoma as well as what it means to set goals and to live your dreams.

Mr. Ralph Cunningham introduced all the Board of Directors and their spouses as well as the company attorney, Mr. Mark Wesner. During this introduction he told where each of the nine directors serves and the year they began serving on the board.

Next, Mr. Cunningham declared a quorum of members was registered and present, and that the meeting was officially open for the following transactions of business.

Next, Mr. Travis declared a quorum of members was registered and present, and that the meeting was officially open for the transaction of business. Mr. Travis requested a motion to approve the 2005 Annual Meeting Minutes, Notice of Meeting and Affidavit of Mailing and advised that both of these documents were included in the monthly publication, the Kilowatt, and sent to each member of Kiwash Electric. The motion of acceptance of these documents was approved unanimously.

Mr. Cunningham then stated the results of the District Meeting Elections for the Board of Directors in District numbers 3, 8 and 9.

Mr. Krueger then took a few minutes to recognize the retired employees of Kiwash and thanked them for the work they had done to build a quality business.

Next, a video was shown highlighting the Cooperative Connections Card Program and the benefits that are available to the members through this program. Lisa Willard, Director of Marketing introduced each of the 2006 Youth Tour winners, Rebeca Roberson and Desirae Sarver.

The highlight of the evening was the prize drawings.

The following were the winners of the cash and prize drawings.

William Barrick, Arapaho	\$100	Christine Mandrell, Dill City	\$ 50	Mrs. Archie Baird, Cordell	\$ 25
Milburn Walker, Clinton	\$100	Bennie Waters, Rocky	\$ 50	Elton Chirstian, Cordell	\$ 25
W.R. Lehman, Weatherford	\$100	Don Godfrey, Lone Wolf	\$ 50	Grant Griffith, Rocky	\$ 25
Ed Sweeney, Thomas	\$100	Jerry Schmidt, Arapaho	\$ 25	James Fletcher, Cordell	\$ 25
Leland Robertson, Putnam	\$100	Claude Snider, Clinton	\$ 25	Walter Swart, Cordell	\$ 25
C.L. Hostetter, Jr., Burns Flat	\$100	Chapel Hill Church, Clinton	\$ 25	Robert Fischer, Lone Wolf	\$ 25
Jesse W. Parker, Dill City	\$100	Gossen Farms, Inc., Corn	\$ 25	Colony Country Jamboree, Clinton –	
Allen Diffendaffer, Rocky	\$100	Dannie Kliewer, Weatherford	\$ 25	Two lawnchairs provided by Western Farmers	
Mrs. Gib Stockton, Hobart	\$100	M.R. Vogt, Corn	\$ 25	Electric Cooperative	
Don Cannon, Cordell	\$ 50	Karen Payne Miller, Thomas	\$ 25	Gary Duvall, Foss – \$300 Credit on Electric Bill	
Glenn Dickey, Weatherford	\$ 50	Putnam Senior Citizen, Putnam	\$ 25	Kids	
Charles McCarthey, Weatherford	\$ 50	Lanny Whitacre, Putnam	\$ 25	Ages 5 -8	
James Miller, Custer City	\$ 50	Leon Dobson, Putnam	\$ 25	Brooke Fletcher, Cordell	Ipod
Carl Shepherd, Arapaho	\$ 50	Eldred Schneberger, Foss	\$ 25	Ages 9-12	
Pat Schneberger, Foss	\$ 50	Larry Weaver, Little Field, TX	\$ 25	Denton Williams, Cordell	Ipod
				Ages 13-17	
				Thomas Whittacre, Putnam	Ipod

At the conclusion of the drawing, the meeting adjourned.

AFFIDAVIT OF MAILING

I, Jack Sawatzky do hereby certify that I am the duly elected, qualified and acting Secretary of the Kiwash Electric Cooperative, Inc., (hereinafter called the Cooperative) and the keeper of its records, that the attached and foregoing is a true and correct copy of the Notice of the Annual Meeting of the members, pursuant to, and in accordance with, the Laws of the State of Incorporation of the Cooperative and the Articles of Incorporation and By-laws of the Cooperative, and said Notice was addressed to each member of the Cooperative, with the address of the member as it appears on the records of the Cooperative and that said Notices were deposited in the United States mail at its Post Office in the City of Cordell on the 6th day of July, 2007.

Signed: _____
Secretary