

Kiwash Electric Cooperative



ANNUAL REPORT

2014

A supplement to Oklahoma Living



CADDO **KIWASH**
together

Should Kiwash Electric and Caddo Electric consolidate to form one electric cooperative? Remember to vote on August 10 at the Kiwash Electric Cooperative Annual Meeting.

Answering Your Questions About Consolidation

BY DENNIS KRUEGER
GENERAL MANAGER



Consolidation with another electric cooperative is a huge issue for the Kiwash membership. Many of you are asking tough

questions, and I want to provide answers so everyone can gain better knowledge of the issues.

Consolidation boils down to a simplified statement: the Kiwash management and Board of Directors are offering members a proactive opportunity to reduce costs and ensure a financially stronger electric cooperative. Here are a few questions that have come to light so far:

Why can't I vote by mail or proxy on this matter?

The board of directors are following the 1939 Rural Electric Cooperative Act Title 18 O.S. §437.7 subpart (g) that states, "Each member shall be entitled to one vote on each matter submitted to a vote at a meeting. Voting shall be in person." Your directors believe this is the most lawful method to hold this election and this is the format they will follow.

VOTE!

August 10 • Cordell High School

Will Kiwash members still have fair representation on the new, CKenergy Electric Cooperative board of trustees?

Yes, you will. The Caddo Electric board of directors is strikingly similar to that of your co-op. Their board members are farmers, ranchers, and small business people, just like your Kiwash board. They are rural people with rural, western Oklahoma values. The new CKenergy Electric Cooperative will operate as a twelve member board of directors. A minimum of three Kiwash directors will serve as voting board members and the remainder as one-year consultants. Remember, Caddo Electric has roughly four times the number of members as Kiwash, and board representation will reflect this fact.

Is the board of directors considering consolidation because they are unwilling to seek a new CEO after my retirement?

No. Consolidation offers a unique cost-saving opportunity that is very appealing to your directors. They hope it's as appealing to the membership. Should the referendum fail, the potential to save \$20 million-plus dollars over the next 10 years will fail with it, and the search for a new CEO would begin.

What happens to Kiwash members' capital credits and electric rates?

If the measure passes in August, beginning January 1, 2016 all capital credit accounts and existing electric rates will transfer to the new entity, CKenergy Electric Cooperative.

Who decides if the consolidation will take place?

The member-owners of both cooperatives will ultimately decide. All necessary information will be presented, and members will have the opportunity to vote for or against consolidation at their respective co-op annual meetings. Both Caddo Electric and Kiwash Electric intend to keep members as well informed as possible so they can make an educated decision. Caddo Electric members will vote on August 7 in Anadarko. Kiwash members will vote on August 10 at the Cordell High School auditorium.

The Kiwash Annual Meeting gives you the opportunity to voice your opinion by casting a vote. I hope you and every other Kiwash member will take advantage of it by voting on August 10. In the meantime, keep asking questions. I am more than happy to answer them.

LEADERSHIP



Jack Sawatzky



Robert Travis



John Schaufele



Rex Eagan

Would your co-op leadership change if Caddo Electric and Kiwash Electric consolidate?

Eventually, your co-op's new service territory would be divided into new districts to allow for fair representation for all members.



Jevon West



Marvin Hankins



BOARD OF TRUSTEES

PRESIDENT

JACK SAWATZKY, District 3

VICE PRESIDENT

ROBERT TRAVIS, District 2

SECRETARY/TREASURER

JOHN SCHAUFELE, DISTRICT 5

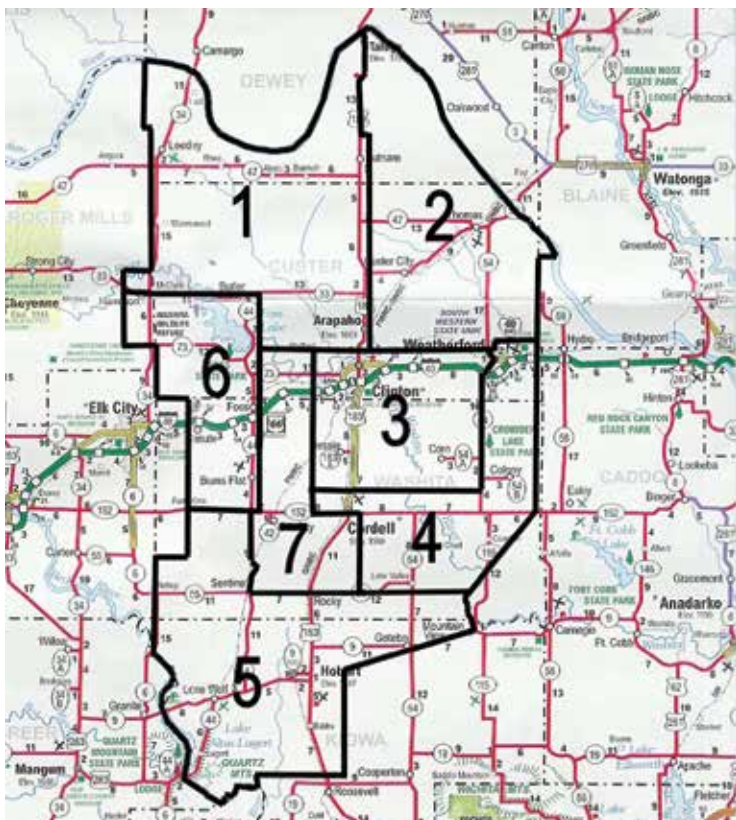
ASST. SECRETARY/TREASURER

REX EAGAN, DISTRICT 1

DIRECTORS

MARVIN HANKINS, District 4

JEVON WEST, District 6



Kiwash Electric Service Territory

Kiwash Electric Cooperative serves 6,400 members over its 2,900 mile electric system. Kiwash Electric service territory encompasses six counties including Washita, Kiowa, Custer, Dewey, Roger Mills and Blaine. To ensure fair representation for all co-op members, the service area is divided into seven voting districts. Members in each district elect one trustee to represent them on the Kiwash Electric board of trustees.

Certificate of Secretary

I, John Schaufele, 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 Bylaws of the Cooperative on the 11th day of August, 2014; 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 Bylaws 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 20th day of July, 2015.

Signed: John Schaufele, *Secretary*

OFFICIAL 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 p.m. on Monday, August 10, 2015 for the following purposes:

- Introduction of elected trustees.
- Reading of all notices.
- Receiving and considering reports of officers.
- Consideration of previous minutes.
- Any other business.

Dated this 20th day of July, 2015.

Signed: Jack Sawatzky, *President*
 Signed: John Schaufele, *Secretary*

AFFIDAVIT OF MAILING

I, John Schaufele, 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 20th day of July, 2015.

Signed: John Schaufele, *Secretary*

Minutes of the 75th Annual Meeting

The 75th Annual Meeting of the members of the Kiwash Electric Cooperative, Inc., was held at the Cordell High School Auditorium, Cordell, Oklahoma on August 11, 2014, with Mr. Jack Sawatzky, President of the Cooperative presiding as chairman.

Mr. Sawatzky welcomed KEC members and welcomed the entertainer, Threefold Chord.

Pat Garling of the Bessie Peace Lutheran Church gave the invocation.

Mr. Krueger introduced the guests in attendance and recognized the Kiwash Electric employees.

Mr. Sawatzky recognized retired Board of Director, Leslie Hinds. He presented a plaque to Mr. Hinds as a token of appreciation for his years of service.

Next, Mr. Sawatzky called the 75th Annual Business Meeting to order and introduced each Board of Director and their spouses. During the introductions, Mr. Sawatzky recognized Virginia Walker. She will retire as of September 1, 2014.

Mr. Sawatzky introduced KEC's Attorney, General Manager and their spouses. He also thanked the Kiwash employees for another successful year.

Mr. Sawatzky then declared a quorum of members was registered and present, and that the 2014 Annual Meeting was officially open for the transaction of business.

Mr. Sawatzky requested a motion to approve the Notice of Meeting and Affidavit of Mailing and advised that both of these documents were included in the monthly publication, *Kilowatt*, and sent to each member of Kiwash Electric. A motion was made and seconded, which was approved unanimously.

Next, Mr. Sawatzky requested a motion to approve and vote on the approval of the 2013 Annual Meeting Minutes as it appeared in the August edition of the monthly newsletter. A motion was made to approve the 2013 Annual Meeting Minutes as presented and seconded, which was approved unanimously by the membership.

At this time, Mr. Sawatzky requested a motion to approve and vote on the 2013 Financial Statement as it appeared in the August edition of the monthly

newsletter, *Kilowatt*. A motion was made to approve the 2013 Financial Statement as presented. The motion was seconded, which was approved unanimously.

At this time, Mr. Sawatzky announced that re-elected to the District #2 board seat was Mr. Robert Travis and re-elected to the District #6 board seat was Mr. Jevon West. Mr. Travis and Mr. West have been elected for a three year term.

A motion was then made to adjourn the business portion of the meeting, which was approved unanimously.

Next, Mrs. Willard recognized Youth Tour Winners, Kaylee Shipp and Kolton Kardokus. Kaylee was present and spoke briefly about her Youth Tour experience.

Next, the winners of the kid's prizes were awarded as well as the COPA/ACRE credit and cash and prize drawings.

The following were the winners of the kid's prizes, COPA/ACRE and cash and prize drawings.

Southwest Distributing, Clinton	\$250
Will & Moeta Davis, Mountain Park	\$125
Roy Shepherd, Clinton	\$ 50
Lyle Miller, Weatherford	\$250
Perry Mast, Weatherford	\$125
W R Lehman, Weatherford	\$ 50
Claude Snider, Clinton	\$250
Michael Steigman, Clinton	\$125
Zane Bergen, Weatherford	\$ 50
Cloud Chief Homemakers,	\$250
James Warner, Weatherford	\$125
James Prize, Cordell	\$ 50
Bruce Hanlin, Lone Wolf	\$250
Claude Watkins, Cordell	\$125
James Etris, Cordell	\$ 50
Dean Luttrell, Hammon	\$250
Dennis Greteman, Foss	\$125
Goeringer LLC, Bessie	\$ 50
Emma Bingham, Burns Flat	\$250
Clarence Turney, Rocky	\$125
Gayle Goodman, Hobart	\$ 50
Jeff Schmidt, Rocky	\$50 Gift
Card Dirk Webb, Cordell	\$50 Visa Card
J.C. Whitacre, Putnam	\$250 Bill Credit
William Barrick, Arapahoe	\$250 Bill Credit
Dale Roberts, Rocky	\$500 Grand Prize
Dick/Snow	\$250 Grand Prize
Isaiah Snider, Clinton	Samsung Tablet
Stetson Turney, Rocky	Samsung Tablet

Meeting adjourned.

Please have fun — and remember to vote!



LIVE MUSIC



CASH PRIZES



FREE MEAL

AGENDA

Monday, August 10, 2015 • Cordell High School Auditorium

- 4:30–6:00 p.m. Meal Served at Washita County Activity Center
- 6:15 p.m. Entertainment – Threefold Chord
- 7:00 p.m. Welcome – Jack Sawatzky, *President of the Board*
 Invocation – Buck Nicholson, *Pastor, Stafford Baptist Church*
 Introduction of Guests – Dennis Krueger, *General Manager*
 Youth Tour Moment – Lisa Willard, *Director of Communications*
 Business Meeting – Jack Sawatzky, *President of the Board*
 Call to Order

- Introduction of Board Members
- Request from the Secretary/Treasurer as to a Quorum
- Notice of Meeting and Business Agenda:
 1. Request for a motion with second to consider and vote on the approval of the Notice of Meeting and Affidavit of Mailing as they appeared in the August edition of the monthly newsletter, *Kilowatt*.
 2. Request for a motion with second to consider and vote on the approval of the 2014 Annual Meeting Minutes as it appeared in the August edition of the monthly newsletter, *Kilowatt*.
 3. Request for a motion with second to consider and vote on the approval of the 2014 Financial Statement as it appeared in the August edition of the monthly newsletter, *Kilowatt*.
 4. State the results of the District Meeting elections for the Board of Directors in Districts 3, 4, and 5.
 5. Discussion on the proposed consolidation of Caddo Electric Cooperative and Kiwash Electric Cooperative with an open microphone session.
 6. Proceed with the voting of the membership on the issue of consolidation under the name of CKenergy Electric Cooperative, Inc.
 7. Motion to adjourn business portion of the meeting.

Video

Annual Meeting Drawings following the balloting

- Kid's Prize Drawings
- Cash Prize Drawings Per District - (1) \$250; (1) \$125; and (1) \$50 prize
- Grand Prize Drawing - (1) \$1,000 and (1) \$750 Winner

Adjournment

The financial records of Kiwash Electric Cooperative, Inc. were audited at the close of the year ending December 31, 2014, by an independent CPA firm. 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 printed here for your information.



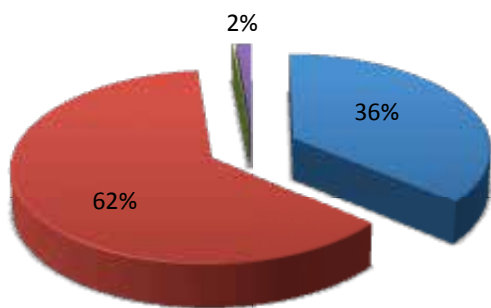
— John Schaufele, Secretary-Treasurer

STATEMENT OF INCOME & EXPENSES

For The Years Ending December 31, 2014 & 2013

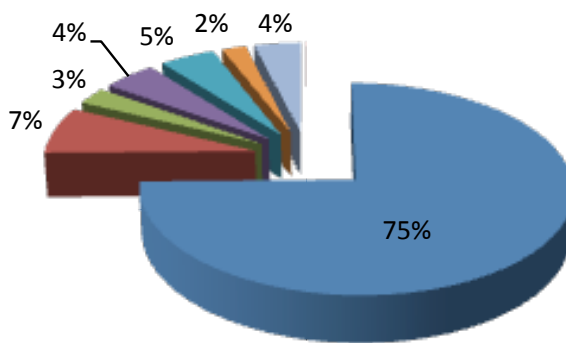
	2014	2013	
WHAT WE RECEIVED	Operating Revenue		
	Farm and Residential	\$7,972,656	\$7,069,062
	Commercial and Industrial	13,733,119	11,766,761
	Power Cost Adjustment	(42,744)	(2,148)
	Other Operating Revenue	297,600	225,463
	Total Operating Revenue	\$21,960,631	\$19,059,138
HOW IT WAS SPENT	Operating Expenses		
	Purchased Power	\$16,148,386	\$14,020,201
	Operations and Maintenance	1,595,145	1,546,066
	Consumer Accounts	575,559	560,515
	Administrative and General	987,566	1,053,464
	Depreciation and General	1,012,598	1,401,820
	Taxes	435,636	376,644
	Interest Exp	848,808	757,589
	Other Deductions	4,920	1,059
	Total Operating Expenses	\$21,608,618	\$19,717,358
WHAT WE HAVE LEFT	Our Margins		
	Operating Margins and Patronage Capital	\$352,013	\$(658,220)
	Non-Operating Margins	1,297,644	770,107
	Net Margins	\$1,649,657	\$111,887

Where the Dollar Comes From



- Farm and Residential
- Commercial and Industrial
- Power Cost Adjustment
- Other Operating Revenue

Where the Dollar Goes



- Purchased Power
- Operations and Maintenance
- Consumer Accounts
- Administrative and General
- Depreciation and General
- Taxes
- Interest Expense



BALANCE SHEET

For The Years Ending December 31, 2014 & 2013

	2014	2013	
WHAT WE OWN	ASSETS		
	Electric Plant In Service	\$36,542,400	\$34,742,546
	Construction Work In Progress	689,695	30,509
	Less: Accumulated Depreciation	10,675,871	10,250,968
	Net Utility Plant	\$26,556,224	\$24,522,087
	Investments In Associated Companies	6,969,651	5,870,901
	Cash and Temporary Investments	2,709,932	2,305,608
	Accounts and Notes Receivable	2,273,694	2,255,801
	FEMA Related Receivable	34,717	34,717
	Material and Supplies	381,804	366,928
	Other Current and Accrued Assets	349,892	487,243
Deferred Charges	703,479	796,709	
	TOTAL ASSETS	39,979,393	
WHAT WE OWE	LIABILITIES & EQUITY		
	Long Term Debt	\$21,758,152	\$20,499,367
	Notes Payable - CFC	3,464,714	2,373,148
	Consumer Deposits	45,490	51,015
	Accounts Payable	1,692,181	1,988,060
	Deferred Credits	205,156	355,916
	Other Current and Accrued Liabilities	174,289	151,782
	TOTAL LIABILITIES	\$27,339,982	
OUR NET WORTH	Membership Fees	\$30,385	\$31,235
	Patronage Capital and Other Equities	\$12,609,026	\$11,189,471
	Total Net Worth	\$12,639,411	\$11,220,706
	TOTAL LIABILITIES & NET WORTH	\$39,979,393	

\$2 million Total margins paid to members since inception.

\$345,085 Total margins returned to members in 2014.

Total Cost of Purchased Power

\$16,148,386 in 2014

75%

PERCENT OF EVERY MEMBER DOLLAR IS PAID TO WFEC TO COVER THE COST OF WHOLESALE POWER.

\$5,190,844 in 2004

Total Meters

5,925 6,455
YR 2004 YR 2014

Miles of Line

2,801 2,994
YR 2004 YR 2014

Connections

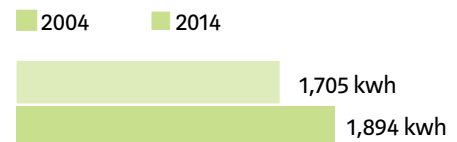
86 123
YR 2004 YR 2014

Utility Plant

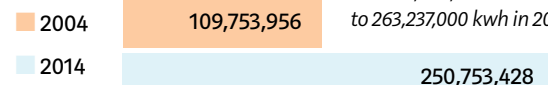
\$20,220,123
YR 2004

\$37,232,095
YR 2014

Average Residential Kwh Usage

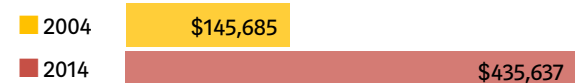


Total Kilowatts Sold



Total kwh sold increased from 16,468,222 kwh in 2004 to 263,237,000 kwh in 2014..

Taxes Paid





WORKING FOR YOU

Your Kiwash Electric Cooperative Team



CONSTRUCTION

Brian Wenninger, Derek Findley, Michael Hartley, Drew Davis, Clay Pickel, and Robert Parsons



ADMINISTRATIVE & MARKETING

Linda Robison, Dennis Krueger and Lisa Willard



FINANCE

Wendy Putman, Dwayne Hurliman, Michele Kauk and Michelle Ainsworth



OPERATIONS

▲ Jerry Black, Roy Dewees, Mike Beach and Stephen Duerr

◀ Mike Miller and Rick Wiest. Not pictured is Brad Claussen.



MAINTENANCE DIST. 2

Mark Lawson and Kyle Eldridge



MAINTENANCE DIST. 8

Chris Bowles and Brad Hardwick



MAINTENANCE DIST. 6

Tyler Mitchell and Manny Macias



MAINTENANCE DIST. 1

B.J. Carter and Johnny Jones