



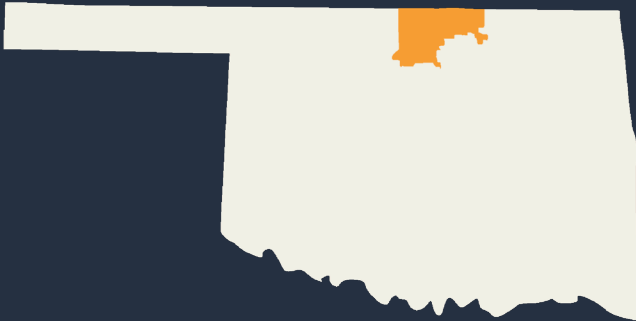
KAY ELECTRIC
COOPERATIVE

**2024 ANNUAL
REPORT**

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 2,267 miles of line and 5,955 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





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On the front and back covers: A double rainbow stretches across the sky behind rural electric lines. Left: Kay Electric employee Brad Meador at Annual Meeting 2024.

Turning Opportunities To Action

CEO Jason Boesch & President Max Hohmann



Kay Electric began 2024 with robust strategic planning to implement a reasonable rate increase and solidify our firm business foundation. COVID inflation years necessitated the rate increase after a long period of stable rates. Kay Electric prides itself on being economical, efficient, effective and a good steward of member resources. Rate increases are never taken lightly, but the time had come for responsible action.

The 2024 year ended with a new billing cycle consolidation implemented in December. Residential and small commercial accounts have historically been billed on two cycles each month. The consolidation combined Cycle 1 and Cycle 2 billing into a single due date of the 25th each month. This simplifies our operations and allows for greater efficiency. Members with multiple accounts in the past may have had separate billing due dates but those are now streamlined. We are also able to process a number of accounting and engineering

functions more efficiently as well after the consolidation action.

U.S. power demand is forecast to average 2.4% growth through 2030 due to new demand sectors like data centers, electric vehicles and manufacturing. Kay Electric is in the power distribution business, not generation, but we do routinely monitor and advise our power supplier Western Farmers Electric Cooperative with common sense and practical input regarding demand growth and keeping a prudent balance of traditional base load versus renewable sources. We all still need power when solar panels are dark and wind turbines are windless.

Kay Electric continued its strong community support by encouraging area high school juniors to participate in the youth contest for a chance to win an all-expense-paid trip to Washington, D.C., with NRECA Youth Tour or to Steamboat Springs, Colorado, for Cooperative Youth

Leadership Camp. The top eight students in 2024 were awarded trips and cash prizes. First place went to Jackson Weibling from Garber High School and second place went to Brylen Liberton of Ponca City High School, winning the Washington, D.C., trip. Third place went to Natalie Newland from Newland Homeschool and fourth place went to Zoe Sterling from Medford High School, winning the Steamboat Springs trip. Area eighth-graders were also included in the youth competition. Brynn Liberton, Kara Meyers, Jacie Schneeberger and Emmalyn Grantz were awarded the trip to Energy Camp in Hinton, Oklahoma.

The K-UP Community Foundation awarded \$21,207 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.

The Kay Electric inspection and maintenance programs continue to keep the system strong and reliable. Our crews logged 312,164 miles in our five-county service territory to perform maintenance and work service orders. We inspected 5,673 poles in our annual pole inspection program, across our 2,267 miles of line and 50,935 poles, which identified 701 pole deficiencies for correction. Due diligence keeping the system in good order always pays for itself in the long run. Your Kay Electric employee workforce remains professional and dependable in serving you to keep the power flowing.

Kay Electric Annual Meeting 2025 will be held on Friday April 4 from 3 to 7 p.m. The drive-thru style event hosted at the Kay Electric Headquarters at 300 West Doolin Ave. in Blackwell continues to draw exponentially greater member numbers each year. The Trustees and employees at Kay Electric Cooperative thank you for allowing us to be your energy partner.

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 Brorsen

Secretary/Treasurer, Ron Shoffner

Trustee positions are up for election every three years. In February, Districts 7, 8 and 9 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 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



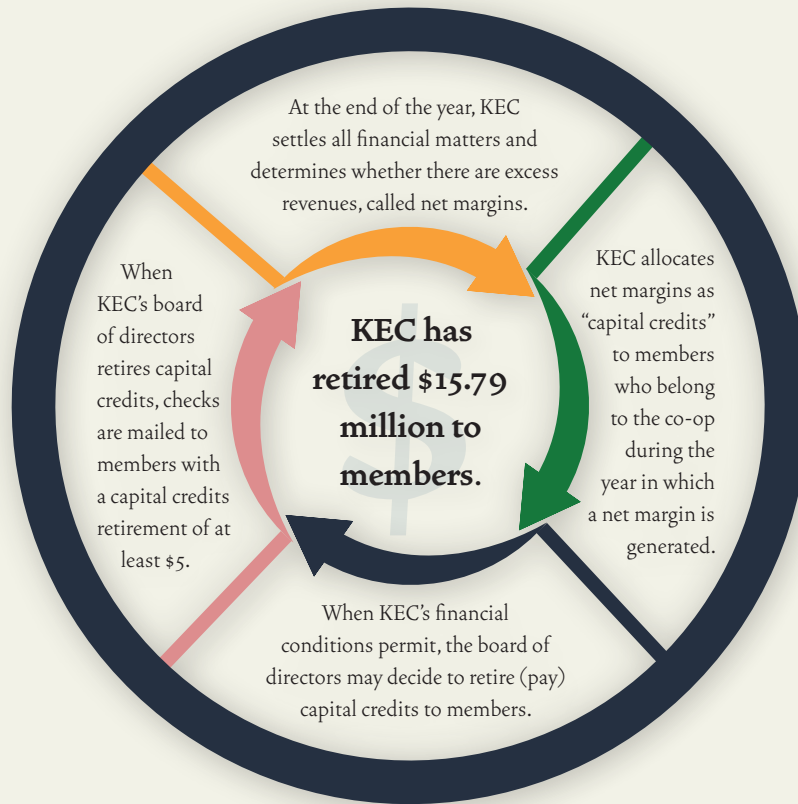
DR. TIM BLANTON, DIST. 8



VERL BRORSEN, DIST. 9

CAPITAL CREDITS

HOW DO THEY WORK?



A BENEFIT OF MEMBERSHIP

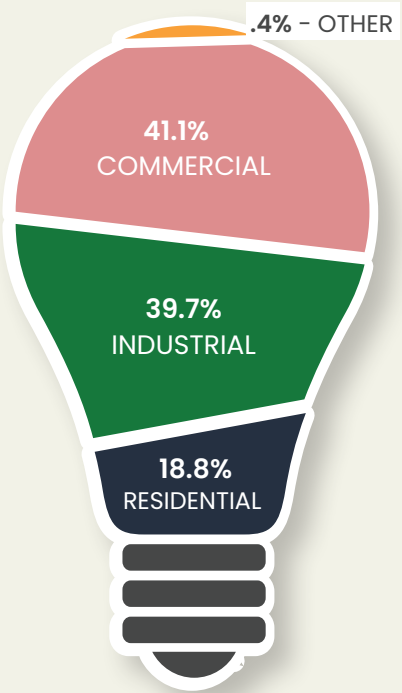
▶▶ Because electric co-ops operate at cost, any excess revenues—called net margins—are returned to members in the form of capital credits.

▶▶ 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.

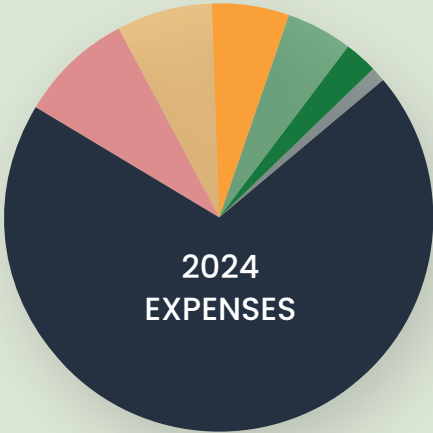
WHERE THE DOLLAR COMES FROM



In 2024, commercial sales made up \$16,304,999 of KEC’s revenues. Industrial sales accounted for \$15,761,328. Residential sales totaled \$7,458,784. Other sources of revenue made up \$166,203. KEC’s total revenues were \$39,691,314.

INCOME STATEMENT & BALANCE SHEET

- 68.5% – PURCHASED POWER
- 8.3% – DEPRECIATION & AMORTIZATION
- 7.7% – ADMINISTRATION & GENERAL
- 6.1% – INTEREST ON LONG-TERM DEBT
- 6.0% – OPERATIONS & MAINTENANCE
- 3.3% – CONSUMER & CUSTOMER SERVICE
- 0.1% – TAXES



WHERE THE DOLLAR GOES

Purchased Power	\$26,038,579
Depreciation & Amortization	\$3,163,283
Administration & General	\$2,915,425
Interest on Long-Term Debt	\$2,320,658
Operations & Maintenance	\$2,281,569
Consumer & Customer Service	\$1,267,997
Taxes	\$17,639
Total Expenses	\$38,005,150
Surplus to Retained Earnings (Margins)	\$1,686,164
Total Expenses & Retained Earnings	\$39,691,314

REVENUES & EXPENSES

Total Revenues for Electric Sales	\$39,691,314
Expenses Controlled by Other Entities	
Cost of Power	\$26,038,579
Depreciation & Amortization	\$3,163,283
Interest on Long-Term Debt	\$2,320,658
Taxes	\$17,639
	\$31,540,159
Expenses Controlled by KEC	
Operations & Maintenance	\$2,281,569
Consumer & Customer Service	\$1,267,997
Administration & General	\$2,915,425
	\$6,464,991
Total Expenses	\$38,005,150

NOTES: Total contributions from FEMA & customers include 2002 ice storm and represents value of utility plant not recorded on financial statements. The amount is \$57,360,700 for 2023 and \$57,994,837 for 2024; represents Plant and Equity not booked.

The financial reports represent unaudited 2024 data. Kay Electric Cooperative's books are currently being audited. Due to Annual Report publishing dates an audited report has not yet been issued. Year 2023 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.

What we own	2023	2024
Utility Plant in Service		
Cost less Depreciation	\$71,883,808	\$75,515,826
Total Utility Plant	\$71,883,808	\$75,515,826
Investments in Associated Organizations (WFEC & Others)	\$19,610,527	\$20,950,053
Special Funds	\$5,247,564	\$5,468,003
Cash – General Funds	\$496,075	\$254,205
Accts. Receivables and Prepayments	\$3,770,634	\$4,021,384
Materials & Temporary Investments	\$2,260,861	\$1,625,238
Total Current & Accrued Assets	\$31,385,661	\$32,318,883
Total Assets	\$103,269,469	\$107,834,709
What we owe		
Long-term Debt	\$44,577,517	\$48,712,226
Notes & Accounts Payable	\$7,126,784	\$5,661,179
Consumer Deposits	\$2,627,610	\$2,413,481
Total Liabilities	\$54,331,911	\$56,786,886
Our net worth		
Capital Credits	\$46,572,686	\$48,438,992
Memberships	\$235,370	\$237,270
Other Equities & Margins	\$2,129,502	\$2,371,561
Total Equities	\$48,937,558	\$51,047,823
Total Liabilities & Equity	\$103,269,469	\$107,834,709

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 4, 2025 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 2024 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 7, District 8 and District 9. The following persons have been declared elected as Trustee by the membership of the respective Districts in which meetings were held this year.

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

Dated this 24th day of March, 2025
- Ron Shoffner, Secretary/Treasurer

KAY ELECTRIC COOPERATIVE 2024 ANNUAL MEETING MINUTES

The Annual Meeting of Kay Electric Cooperative was held April 12, 2024, 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 2023 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 4, District 5 and District 6, there were no contested nominations for the position of Trustee. Pursuant to the Bylaws, Section 3.07, Max Hohmann from District 4, Mike Lebeda from District 5 and Brady Hostetler from District 6 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: Andrew Marshall winning the Stihl weed eater; Porsha Paschal winning the John Deere power washer; Joel Dyer winning the John Deere mower, and Alissa Emery 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 2025 Drive-Thru Annual Meeting

Friday, April 4 | 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.

Business meeting via Facebook: Following the conclusion of drive-thru registration, Kay Electric will hold its annual business meeting via Facebook and the KEC website. Go to www.facebook.com/KayElectricCooperative or <https://kayelectric.coop> to watch the meeting. Prize winners will be announced at the end of the meeting.

Annual Meeting Prizes

Each member will receive a registration gift of \$25 for attending the Annual Meeting. In addition, each registered member will be automatically entered into the drawings for numerous prizes, as well as our grand prizes (pictured below): a John Deere zero turn mower, John Deere Gator, Milwaukee M18 fuel string trimmer set, Milwaukee M18 leaf blower set, and a Milwaukee M18 wet/dry vacuum. Drawings will be held on Facebook and the KEC website after 7 p.m. Winning members will be notified by phone.



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



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