

Aug. 2024 • Vol. 73 • Num. 08

# SWRE POWER SOURCE

*A Supplement to Oklahoma Living*



## 2023 ANNUAL REPORT

# WIN A GRILL & SAVE ON YOUR BILL!

## *Plan to attend your SWRE Annual Meeting.*

Southwest Rural Electric invites its members to participate in the cooperative's 87<sup>th</sup> Annual Meeting on August 12, 2024 from 5 p.m. to 7 p.m. at Western Oklahoma State College in Altus, Oklahoma and Orbison Park in Vernon, Texas. Members can participate in the double drive-thru event from the comfort of their vehicles.

### **IMPORTANT! WHAT DO I BRING?**

Active members will receive a specially-marked envelope around the first of August that will include the official meeting notice, the proposed bylaw revisions, and the 2023 Annual Meeting Minutes. Notices will be mailed to the address we have on file. We encourage you to review the proposed bylaw revisions and previous meeting minutes before attending the drive-thru event to expedite registration and voting.

Please bring the official meeting notice and a proper government ID to register at the meeting. Proper identification will be enforced to ensure bylaw requirements are met. Members that are registering must be an authorized officer on the account (account holder), or the account's official notice must be signed by the authorizing officer and be properly notarized in the "Designation of Representative" section. Registration and voting will not be available to unauthorized agents.

### **WHAT ARE WE VOTING ON?**

Members will be voting on the proposed bylaw revisions (see the CEO's letter on the following pages for more information) and the 2023 Annual Meeting Minutes.

### **WHAT CAN I EXPECT?**

Co-op employees will be stationed at each location to direct traffic and to help members register and vote. Once a member hands their official meeting notice to an employee, the QR code on the notice will be scanned, allowing the employee to register the member. Then, the registered member will be given an electronic ballot to cast their vote.

### **GIVEAWAYS AND THE PRIZE DRAWING**

Registered members will receive a door prize bag at the drive-thru and a \$25 Energy Credit on their next electric bill (limit one bag and credit per registered membership).

All registered members will be entered into the prize drawing for a chance to win 21 additional District Energy Credits, various prizes donated by co-op vendors, and the grand-prize Traeger 34 Pro Series Grill. The virtual prize drawing will be held LIVE on Southwest Rural Electric's Facebook page on Wednesday, August 14 at 2 p.m. Winning members will be contacted after the prize drawing.





# 87<sup>TH</sup> ANNUAL MEETING

AUGUST 12, 2024 | 5 P.M. - 7 P.M.

# DOUBLE DRIVE-THRU

WESTERN OKLA. STATE COLLEGE & ORBISON PARK  
2801 N. MAIN ST., ALTUS, OK & 4400 SAND RD., VERNON, TX

## REGISTER & RECEIVE:

**Door Prize Bag**  
(LIMIT ONE PER MEMBERSHIP)

**\$25 Energy Credit on  
Your Next Electric Bill**  
(LIMIT ONE PER MEMBERSHIP)

## REGISTER & ENTER TO WIN:

**21 Additional District  
Energy Credits**

**Various Prizes Donated  
by Co-op Vendors**

**THE GRAND PRIZE:  
Traeger 34 Pro Grill**



**VIRTUAL PRIZE DRAWING  
"LIVE" ON FACEBOOK  
AUGUST 14 @ 2 P.M.**



**Members will receive a special mailing in  
August with the official Annual Meeting  
notice and registration card.**

# BYLAW REVISION PROPOSAL - A LETTER FROM YOUR CEO -

*By Jeff Simpson, Chief Executive Officer*

Dear member,

The Southwest Rural Electric board of directors continuously seeks opportunities to better serve you, the member/owners.

Out of necessity during the COVID-19 pandemic, SWRE adjusted the format of Annual Meeting in 2021 from a traditional in-person event to a drive-thru. In 2022, we hosted our second drive-thru event and conducted a voluntary survey of all members who attended (the survey received 183 responses). Not only had member attendance increased, but 57.38% of the members who attended and participated in the survey indicated that they preferred the drive-thru meeting and virtual prize drawing format. In 2023, we hosted our third drive-thru event, shattering our previous attendance record of 405 registered members with 626 registered members. Overall, we've seen a 64% attendance increase since our last traditional in-person Annual Meeting in 2019. Time and time again, the membership continues to tell us that drive-thru is their preferred way to participate in Annual Meeting.

Since SWRE first turned the lights on in 1937, the co-op has hosted Annual Meeting in the month of August. In fact, this is written in the cooperative bylaws. For your consideration, we are proposing moving Annual Meeting to the month of October. The main motivation for this change is to continue providing outdoor drive-thru events for the membership, while protecting the health and safety of our employees. As you are well-aware, August is the hottest month of the year in southwest Oklahoma and north Texas. We are proposing to move Annual Meeting to October for a better chance at scheduling the event on a fair-weather day. October also happens to be National Co-op Month – a fitting time to celebrate our membership and the cooperative business model!

The second proposed change to the bylaws would move the trustee (board member) filing period from the month of August to the month of October. This is consistent with the timing of the trustee filing period now. No other changes are to be made to the trustee filing process.

The proposed changes are highlighted in red on the following pages for you to review before Annual Meeting this August. These changes, if approved by the membership, would go into effect in 2025. A complete copy of the bylaws is available online at [SWRE.com/Bylaws](https://www.swre.com/Bylaws) or at SWRE headquarters in Tipton, Oklahoma.

A great deal of time, effort and thoughtful consideration has been given to these revisions. I encourage you to reach out to me or any board member with questions about these proposed revisions to the bylaws, as you, the member/owners, will be voting by ballot at the Annual Meeting on August 12, 2024, to approve these items. This right to vote and participate in the business of the cooperative is Co-op Principle #2: Democratic Member Control.

# BYLAW REVISION PROPOSAL

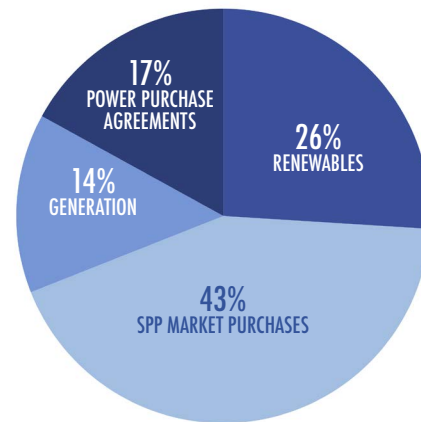
The proposed changes have been highlighted in red below. A full copy of the bylaws is available at [SWRE.com/Bylaws](http://SWRE.com/Bylaws). Members present at the 2024 Annual Meeting will vote electronically to approve these revisions.

## SECTION 1 OF ARTICLE III

I. **The annual meeting of the members of the cooperative shall be held during the month of August October of each year.** The date, time and place of the meeting shall be set by the board of trustees. The meeting shall be within the service area of the Cooperative. Date, time and place of the meeting shall be designated in the notice of meeting. The purpose of the meeting is for receiving the reports for the previous fiscal year and transacting such other business as may legally come before the meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the cooperative.

## SECTION 3 OF ARTICLE IV

IV. Notice of Candidacy. Any member of a district desiring to be a candidate for election as Trustee from that district shall file during normal office hours with the Secretary of the Cooperative written notice, on a form provided by the Secretary, of their candidacy and intention to stand for election to the office of Trustee from their district. **The filing period shall be held on the last consecutive Monday, Tuesday, and Wednesday of the Month of August October.** All candidates meeting the requirements of Section 4, Article IV shall be certified by the Secretary as candidates. Only persons filing written notice of their candidacy and intention to stand for election shall be eligible for election at said meeting. If no member files such written notice of candidacy and intention to stand for election with the Secretary within the time prescribed above, then the office shall be declared vacant by the Board of Trustees at their next regular meeting and said office shall be filled by vote of the Board at such meeting, without regard to any provisions herein regarding nominations and election of Trustees.



## FUEL DIVERSITY

Western Farmers Electric Cooperative (WFEC), SWRE's power supplier, owns and operates a diverse power generation fleet consisting of gas and coal generation, in addition to solar and wind facilities. WFEC also has power purchase agreements for wind, solar, natural gas and hydroelectric generation. The percentages listed represent an average of WFEC's kWh input into the Southwest Power Pool (SPP) Market for 2023. All kWhs are then purchased from the market at SPP's blend of power.

Source: WFEC 2023 Annual Report

## GOING THE EXTRA MILE FOR YOU.

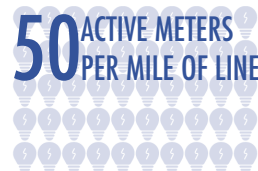
Cooperatives maintain more miles of infrastructure with significantly less revenue per mile compared to municipalities and other utilities in Oklahoma. Meters per mile of line makes a difference in revenue! More meters equals more revenue. While municipalities can generate \$80K-\$120K of revenue per mile of line, Oklahoma cooperatives average \$13,850 per mile of line.

Source: Oaec Archived Co-op Impact Quick Facts

### SWRE (CO-OP) LINE DENSITY



### MUNICIPALITIES



### INVESTOR-OWNED



### SWRE MEMBERSHIP VS. METERS



# FINANCIAL REPORT

## Balance Sheets

December 31, 2023 and 2022

ASSETS	2023	2022
<b>Utility plant: (Note 2)</b>		
Electric plant in service - at cost	\$ 73,792,904	\$ 70,966,190
Construction work in progress	864,446	906,049
	<b>74,657,350</b>	<b>71,872,239</b>
Less accumulated provision for depreciation and amortization	12,217,835	11,841,823
<b>Net utility plant</b>	<b>62,439,515</b>	<b>60,030,416</b>
<b>Other assets:</b>		
Investments in associated organizations (Note 3)	9,366,937	8,478,655
Long-term recoverable storm URI costs	843,295	1,250,316
<b>Total other assets</b>	<b>10,210,232</b>	<b>9,728,971</b>
<b>Current assets:</b>		
Cash and cash equivalents	3,265,313	3,547,991
Accounts receivable - less allowance for doubtful accounts		
2023 - \$354,678; 2022 - \$158,339	2,084,135	2,577,917
Accounts receivable - FEMA	272,227	281,690
Accounts receivable - misc	536,292	625,906
Short-term recoverable storm URI costs	408,400	399,813
Other current and accrued assets	84,609	93,188
<b>Total current assets</b>	<b>6,650,976</b>	<b>7,526,505</b>
Deferred charges (Note 11)	-	33,822
<b>TOTAL ASSETS</b>	<b>\$ 79,300,723</b>	<b>\$ 77,319,714</b>
<b>LIABILITIES and MEMBERS' EQUITY</b>		
<b>Equities and margins:</b>		
Memberships	\$ 39,215	\$ 39,665
Patronage capital (Note 4)	31,466,484	30,048,230
Other equities (Note 5)	794,584	491,503
Accumulated other comprehensive gain	2,655,317	2,870,390
<b>Total equities and margins</b>	<b>34,955,600</b>	<b>33,449,788</b>
<b>Long-term liabilities:</b>		
Long-term debt less current maturities (Note 6)	36,204,258	35,794,797
Long-term accounts payable to associated organization (Note 13)	843,307	1,251,706
Other non-current liabilities (Note 9)	3,031,662	2,895,134
<b>Total long-term liabilities</b>	<b>40,079,227</b>	<b>39,941,637</b>
<b>Current liabilities:</b>		
Current maturities of long-term debt (Note 6)	1,590,873	1,419,000
Accounts payable to associated organization (Note 13)	408,400	399,813
Accounts payable	1,480,889	1,289,934
Consumer deposits	141,405	134,645
Other current and accrued liabilities	644,329	684,897
<b>Total current liabilities</b>	<b>4,265,896</b>	<b>3,928,289</b>
<b>TOTAL LIABILITIES and MEMBERS' EQUITY</b>	<b>\$ 79,300,723</b>	<b>\$ 77,319,714</b>

## Statements of Revenue and Patronage Capital

For the Years Ended December 31, 2023 and 2022

	2023	2022
<b>Operating revenues</b>	<b>\$ 20,985,793</b>	<b>\$ 23,054,115</b>
<b>Operating expenses:</b>		
Cost of power	11,708,024	14,101,873
Distribution expense - operation	554,643	1,301,988
Distribution expense - maintenance	1,907,418	1,776,904
Consumer accounts	632,546	529,829
Customer service and information	510,632	517,731
Administration and general	1,359,548	1,615,123
Depreciation	1,785,333	1,680,192
Interest on long-term debt	1,355,421	1,182,329
Taxes	364,963	238,116
Other interest and deductions	17,956	62,159
<b>Total operating expenses</b>	<b>20,196,484</b>	<b>23,006,244</b>
<b>Net operating margins</b>	<b>789,309</b>	<b>47,871</b>
<b>Nonoperating margins:</b>		
Interest income	108,728	44,588
Other income	102,489	357,727
Other income	(20,580)	-
<b>Net nonoperating margins</b>	<b>190,637</b>	<b>402,315</b>
<b>Net operating and nonoperating margins</b>	<b>979,946</b>	<b>450,186</b>
Other cooperative capital credits	1,046,426	509,457
<b>Net margins for year</b>	<b>2,026,372</b>	<b>959,643</b>
Patronage capital - beginning of year	30,048,230	29,088,587
Retirement of Capital Credits	(608,118)	-
<b>Patronage capital - end of year</b>	<b>\$ 31,466,484</b>	<b>\$ 30,048,230</b>

## Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

	2023	2022
<b>Net margins for the year</b>	<b>\$ 2,026,372</b>	<b>\$ 959,643</b>
<b>Other comprehensive income:</b>		
Current year actuarial gain on APBO	-	818,619
Amortization of actuarial gain	(215,073)	(113,056)
<b>Comprehensive income</b>	<b>\$ 1,811,299</b>	<b>\$ 1,665,206</b>

Financial statements were prepared by Karen Rivet (SWRE).

Independent audit completed on March 20, 2024 by:

**Briscoe, Burke & Grigsby LLP**  
CERTIFIED PUBLIC ACCOUNTANTS



# \$41,650

## CHARITABLE GRANTS DISTRIBUTED IN 2023

- Altus Animal Welfare
- Altus Salvation Army
- Cyclone Education Foundation
- First Methodist Church of Vernon Mission Kitchen
- Grace Child Development Center
- Great Plains Literacy Council
- Jackson County EMS
- Navajo Public Schools – Elementary Library
- Nehemiah Initiative of Altus
- Operation C.A.R.E. of Jackson County
- Southern Kiowa County Food Pantry
- SWOK Community Action Group – Head Start
- SWOK Community Action Group – Safe Haven
- Tillman County Food Bank Foundation
- Tipton Public Schools – Elementary Reading
- Tipton Public Schools – High School English
- Tipton Public Schools – Special Education
- Vernon Meals on Wheels
- Warren Senior Citizens
- Wilbarger Co. Child Welfare Board
- Wilbarger St. Church of Christ Food Pantry

# \$6,000

## EMERGENCY DONATIONS MADE IN 2023 TO MEMBERS IN NEED

## 2024 FOUNDATION BOARD OF DIRECTORS

OKLAHOMA

Mike Geiger  
Vice President

Nikki Killhoffer  
Secretary

Lacey Oxford

TEXAS

Layne Chapman  
President

Toby Kitchens

### Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022  
Increase (Decrease) in Cash and Cash Equivalents

	2023	2022
<b>Cash flows from operating activities:</b>		
Net margins	\$ 2,026,372	\$ 959,643
Adjustments to reconcile net income to net cash provided by operating activities:		
Postretirement benefit accruals and amortization	20,310	126,377
Investment patronage allocated	(1,046,426)	(509,457)
Depreciation	1,882,888	1,747,194
Amortization	33,822	135,290
<b>(Increase) Decrease in:</b>		
Investment in associated organizations	158,144	273,918
Accounts receivable	493,782	(210,471)
Accounts receivable - FEMA	9,463	126,599
Accounts receivable - misc	89,614	(440,335)
Recoverable storm URI costs	398,434	392,795
Materials and supplies	-	509,784
Other current and accrued assets	8,579	9,785
<b>Increase (Decrease) in:</b>		
Accounts payable	190,955	(1,025,306)
Consumer deposits	6,760	(20,470)
Postretirement healthcare benefits	(98,855)	(85,006)
Other current and accrued liabilities	(40,568)	(50,135)
<b>Net cash from operating activities</b>	<b>4,133,274</b>	<b>1,940,205</b>
<b>Cash flows from investing activities:</b>		
Extension and replacement of plant	(3,989,592)	(3,682,711)
Plant removal cost	(338,382)	(288,793)
Material returned to stock from retirements	35,987	1,995
<b>Net cash from investing activities</b>	<b>\$ (4,291,987)</b>	<b>\$ (3,969,509)</b>
	2023	2022
<b>Cash flows from financing activities:</b>		
Memberships and other equities	\$ 302,631	\$ 24,544
Advances on long-term debt	2,000,000	5,500,000
Payments to association organizations	(399,812)	(391,405)
Payments on long-term debt	(1,418,666)	(1,720,366)
Retirements of patronage capital	(608,118)	-
<b>Net cash from financing activities</b>	<b>(123,965)</b>	<b>3,412,773</b>
<b>Net change in cash and cash equivalents</b>	<b>(282,678)</b>	<b>1,383,469</b>
Cash and cash equivalents at beginning of year	3,547,991	2,164,522
<b>Cash and cash equivalents at end of year</b>	<b>\$ 3,265,313</b>	<b>\$ 3,547,991</b>

### Supplemental disclosures of cash flow information:

#### Cash paid during the year for:

Interest	\$ 1,336,052	\$ 1,281,011
Income taxes	-	-

### Disclosure of accounting policy:

For purposes of the statement of cash flows, the Cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.



# DISTRICT MEETINGS

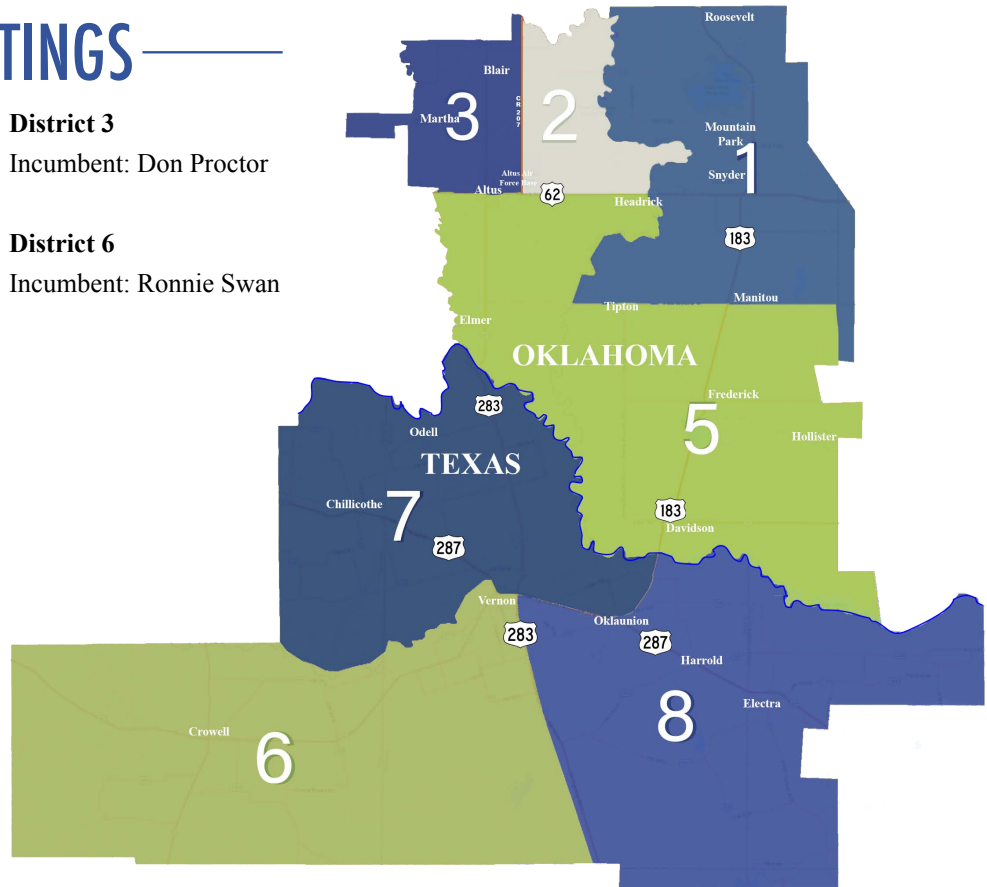
District meetings are also held each year for members to discuss issues and/or elect representatives to the SWRE Board of Directors. Only members living within the district can vote during a district meeting. A district meeting is held for each district every third year in September. Notification of time and location of the meetings will be mailed to SWRE members in these districts as specified in the SWRE Bylaws.

## TRUSTEE FILING PERIOD

The district filing period for trustees is the last consecutive Monday, Tuesday and Wednesday in the month of August (August 26-28). Members in these districts have the opportunity to file as a candidate for trustee during the filing period. Qualifications, filing requirements and selection procedures for SWRE directors are stipulated in the SWRE Bylaws which are available at [SWRE.com/Bylaws](http://SWRE.com/Bylaws) or by request at the SWRE office.

**District 3**  
Incumbent: Don Proctor

**District 6**  
Incumbent: Ronnie Swan



# THE CREW THAT POWERS YOU

## BOARD OF DIRECTORS

Don Ellis.....District 1  
Dan Lambert.....District 2  
Don Proctor, *Secretary*.....District 3  
Dan Elsener, *Vice President*.....District 5  
Ronnie Swan, *President*.....District 6  
Dan White.....District 7  
Carl Brockriede.....District 8

## MANAGEMENT

Jeff Simpson - Chief Executive Officer

## EMPLOYEES

James Auldrige - TX District Lineman  
David Ball - OK District Lineman  
Kelby Boyd - OK Journeyman Lineman  
Shasta Brooking - Accountant  
Rebecca Chambless - Director of Marketing  
Darryl Cryer - GIS Mapping Technician  
Michelle Elkins - Dispatcher  
Justin Faulkner - TX Apprentice Lineman  
Calvin Flood - Warehouse Coordinator  
Lori Flores - Billing Specialist  
Rece Gribble - OK Apprentice Lineman  
Erin Hendricks - Member Service Rep.  
Barry Holt - Manager of Mem. Services  
Austin Huff - Construction Foreman  
Keith Jonas - Meter Technician

Chandler Lingle - Technology Specialist  
Justin Marsh - TX District Lineman  
Jim McPherson - Project Manager  
Justin Nash - OK Journeyman Lineman  
Jeremiah Overman - OK Journeyman Lineman  
Chris Petty - Office Manager & Admin. Asst.  
Rick Risinger - Staking Technician / Lineman  
Karen Rivet - Manager of Finance & Acct.  
Chris Schreiner - OK Apprentice Lineman  
Cory Schur - TX Apprentice Lineman  
Gerard Simpson - OK District Lineman  
Shane Spinks - Right-of-Way Specialist  
James Stephens - TX Journeyman Lineman  
Tyler Weathers - Meter Technician, Lineman  
Mike Wolfe - Operations Manager



# SWRE

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TIPTON, OK 73570

MEMBER SERVICES: 1-800-256-7973  
24/7 BILL PAY LINE: 1-833-890-9510  
OUTAGE HOTLINE: 1-833-590-0353