



Southwest Rural Electric Association, Inc.

EMPOWERED BY MEMBERS, DRIVEN BY INNOVATION

ANNUAL REPORT

Served by those we serve...



SWRE Employees:

Pictured L to R: (Back Row)- Ken Simmons, Bob Reid, Austin Huff, Mike Wolfe, James Stephens, Calvin Flood, James Auldridge, Kelby Boyd, Keith Jonas, Chandler Lingle. (Second Row)- Tyler Weathers, Justin Marsh, Jimmy Westover, Jim McPherson, Al Davis, Gabe Guerra, Barry Holt, Jack Mitchell. (Front Row)- Keith Bonham, Johnnie Partida, Gina McNeil, Haley Hoover, Vikki McLaughlin, Chris Petty, Cyndi Moelling, Becca McPherson, Gerald Simpson, David Ball
Not pictured: Traci Balderas, Rick Risinger

SWRE Board:



Don Ellis
President
District 1



Ronnie Swan
Vice President
District 6



Don Proctor
Secretary
District 3



Dan Lambert
District 2



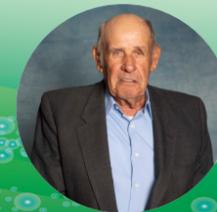
Carl Brockriede
District 8



Dan Elsener
District 5



Dan White
District 7



Jimmy Holland
District 9

*District 4, vacant

**YOU'RE INVITED:
2019 Annual Meeting**

AUGUST 29, 7PM
WESTERN OKLAHOMA STATE COLLEGE AUDITORIUM

Members of Southwest Rural Electric Association will meet in Altus on Thursday, August 29, for the organization's 82nd Annual Meeting.

The event will be held at the Western Oklahoma State College Auditorium, 2801 N. Main Street, Altus, Oklahoma.

Because SWRE is a cooperative, its customers are also its members. All SWRE members from throughout the co-op's service territory in Texas and Oklahoma are encouraged to attend.

Registration will begin at 2:00 p.m. and conclude at 6:55 p.m.

Annual meeting gifts will be given to all members at registration. All SWRE members who register at this year's meeting will receive a \$25 credit on their SWRE utility bill (One credit per membership).

Since registration will open at 2 p.m., even those members who register during the afternoon but cannot stay for the meeting will receive the gift items, including the \$25 bill credit.

SWRE's charitable foundation, Operation Round Up, will be offering food for a small donation to the

foundation. WOSC Shooting Sports will be serving the food that will be available from 4-5:30 p.m.

The event will begin with cowboy movies shown inside the auditorium from 2pm and continue until the beginning of the live entertainment at 6 p.m. The Altus-based band, "Higher Ground" will be performing an hour long show.

The SWRE business session will begin promptly at 7:00 p.m.

Immediately following the brief business meeting, a drawing will be held with more than 100 prizes to be given away, including a programmable thermostat, a GoPro kit, a drone and much more! Please note: prizes were incorrectly listed in the previous edition of this newsletter, the traditional \$500 energy certificate will not be offered in lieu of the grand prize 2014 4WD half-ton Ford Supercab.

Members must be present at the drawing to claim the prizes.

The drawing prizes will include 46 energy certificates that can be applied toward SWRE utility bills.

District Meetings

SWRE members who receive electric service in Districts 1 and 7 will hold district meetings this fall.

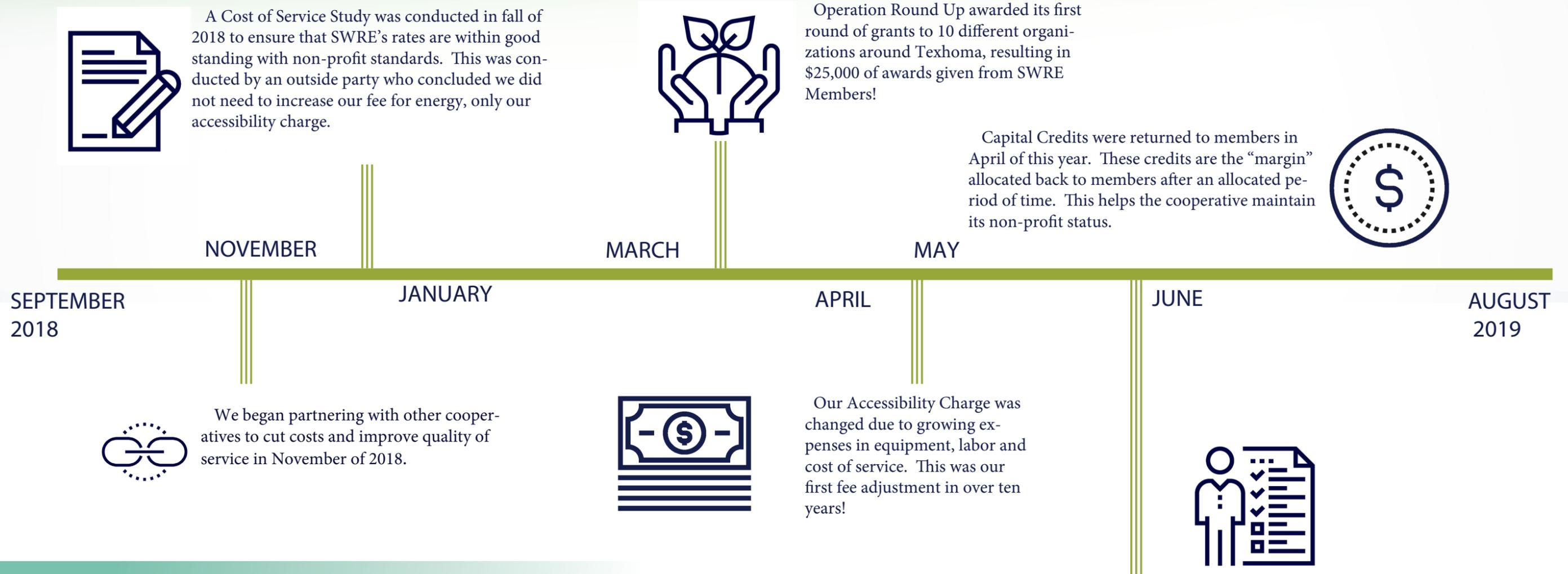
DISTRICT #1:
Board Member: Don Ellis

September 19, 2019, 6:30 p.m.
Senior Citizen Center
401 South Main St
Roosevelt, OK

DISTRICT #7:
Board Member: Dan White

September 16, 2019, 6:30 p.m.
Northside School
18040 Highway 287
Vernon, TX

2018-2019 IN REVIEW



Innovation & Change

Our cooperative has been rapidly changing over the past twelve months. From implementing new technologies, to using innovation and cooperation to cut costs and deliver better service to our members, rest assured we have been actively serving you every step of the way.

Bill Cycle Changes were implemented in May of 2019. In order to more efficiently manage time and expense, all members were moved from three billing cycles to one billing cycle.

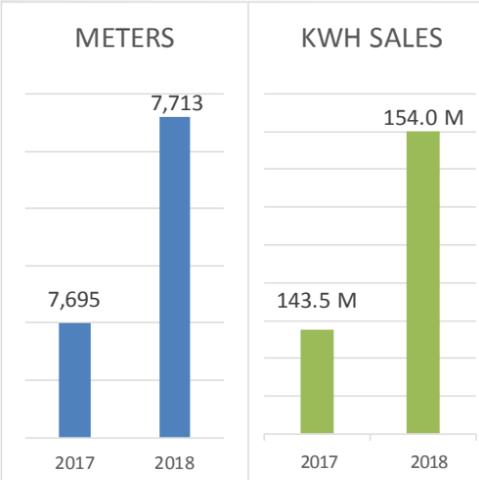
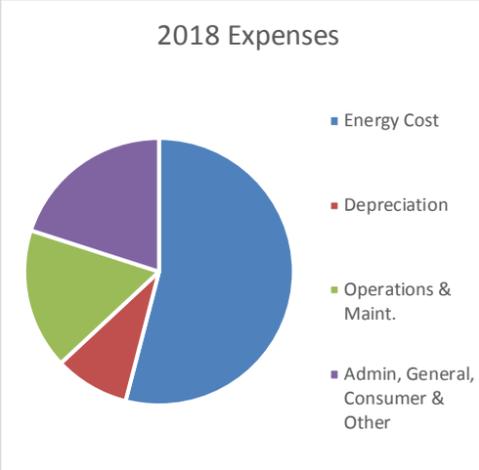
Financial Report

SWRE By-Law Updates to be Considered

CEO Message

Operating Statement		2017	2018
REVENUES			
Residential Sales		\$ 6,323,477	\$ 6,861,660
Seasonal Sales		1,440,001	1,454,906
Commercial Sales		6,593,772	6,644,731
Irrigation Sales		1,653,948	2,164,615
Other Sales		294,126	304,670
Other Rev & Income		522,070	487,203
TOTAL REVENUE		\$ 16,827,394	\$ 17,917,785
COST OF ELECTRIC SERVICES			
<u>Expenses Controlled by Other Entities</u>			
Cost of Power		\$ 8,837,578	\$ 9,442,204
Depreciation & Amortization		1,477,646	1,528,467
Interest Expense		1,265,090	1,265,055
TOTAL		\$ 11,580,314	\$ 12,235,726
<u>Expenses Controlled by SWRE</u>			
Operation & Maintenance		\$ 3,164,029	\$ 3,069,316
Consumer Accounts		945,544	857,922
Administrative & General		1,112,833	1,349,286
TOTAL		\$ 5,222,406	\$ 5,276,524
TOTAL COST ELECTRIC SERVICES		\$ 16,802,720	\$ 17,512,250
TOTAL MARGINS		\$ 24,674	\$ 405,535

Balance Sheet		2017	2018
ASSETS			
Utility Plant		\$ 54,775,299	\$ 56,268,805
Other Property & Investments		7,566,535	7,662,012
<u>Current Assets</u>			
Cash & Temp Cash Investments		555,735	472,633
Receivables		2,319,143	2,175,267
Materials		225,381	239,444
Prepayments		66,555	87,936
Other current & Accrued Assets		4,552	5,418
TOTAL		\$ 3,171,366	\$ 2,980,698
Deferred Debits		711,135	574,980
TOTAL ASSETS		\$ 66,224,335	\$ 67,486,495
LIABILITIES & CAPITAL			
Total Margins & Equities		\$ 27,723,808	\$ 28,145,239
Long-Term Debt		36,048,429	35,145,901
Current Liabilities		2,452,165	4,195,355
TOTAL LIABILITIES & CAPITAL		\$ 66,224,402	\$ 67,486,495



As you are aware, the SWRE Board of Trustees continuously seeks opportunities to better serve you, the member/owners. As a part of this effort, the Board of Trustees periodically reviews membership data including the apportionment of districts. As a result, the Board of Trustees is recommending a reduction in the number of districts served from nine to seven as well as the reapportionment of each of the seven districts. This recommendation requires a By-Law amendment that must be approved by you the member/owners, by vote at our Annual Meeting in August.

I always want to try to answer the “why” question. So, why make this change? First, advances in technology and communication systems allow for a smaller board size without jeopardizing individualized representation or the overall quality of governance. Second, the average number of board members for electric cooperatives our size across the region and country is seven. Finally, these changes align with the Board of Trustees’ ongoing mission of maintaining the lowest possible rates.

As I’m sure you can imagine, a great deal of time, effort, and thoughtful consideration has been given to this process to ensure equitable representation

of the membership, including the number of members per district and geographic boundaries. You should feel confident that your Board of Trustees, Staff and Management will continue to represent you and your needs with the same commitment you have come to expect.

These By-Law updates will be presented to the membership during SWRE’s Annual Meeting. A quorum of SWRE’s membership is required to make any amendment, therefore I sincerely hope you will make every effort to attend the Annual Meeting, exercise your rights as a member/owner, and vote in support of this By-Law amendment recommendation.

The Annual Meeting will be held at Western Oklahoma State College in Altus, Oklahoma, on August 29, 2019. For more details on the schedule for the annual meeting see page 3.

The proposed updates are shown in red on the following page. The complete SWRE By-Laws are available on www.swre.com or at the main office in Tipton, Oklahoma. //

Ken Simmons
Manager/CEO



Manager/CEO, Ken Simmons

Board of Trustees

- Don Ellis, Pres.District 1
- Ronnie Swan, Vice Pres.District 6
- Don Proctor, Sec.District 3
- Dan LambertDistrict 2
- Ray WalkerDistrict 4
- Dan ElsenerDistrict 5
- Dan WhiteDistrict 7
- Carl BrockriedeDistrict 8
- Jimmy HollandDistrict 9

Southwest Rural Electric

P.O. Box 310
700 North Broadway
Tipton, OK 73570-0310
1-800-256-7973

SWRE News is published monthly for distribution to members of Southwest Rural Electric Association. SWRE is an equal opportunity provider and employer.

Bill Pay Options:

SWRE App
www.SWRE.com
1-855-980-6821, Automated Line
1-800-256-7973, Tipton Office

Outage Reports:

1-800-256-7973
www.swre.com
SWRE App

SWRE By-Law Updates to be Considered

ARTICLE IV TRUSTEES

SECTION 1 OF ARTICLE IV GENERAL POWERS

I. The business and affairs of the cooperative shall be directed by a board of **seven** trustees who shall exercise all of the powers of the cooperative except such as are by law, the articles of incorporation or these bylaws conferred upon or reserved to the members.

SECTION 2 OF ARTICLE IV VOTING DISTRICTS

I. The territory served or to be served by the cooperative shall be divided into **seven** districts, each of which shall contain approximately the same number of members. Each district shall be represented by one trustee. The **seven** districts shall be as follows:

A. District No.1: Beginning at the southeast corner of Section **36**, Township 1 North, Range 16 West of the Indian Meridian, thence West **22** miles to a point on the Northfork of the Red River; thence upstream in a generally northern direction to a point at the southern boundary of Section 36, Township 5 North, Range 19 West I.M.; thence north approximately one-half mile to the northern boundary of the SWRE service area; thence easterly and southerly along those respective SWRE boundaries to the point of beginning.

B. District No.2: Everything west of the North Fork of Red River, east of a line beginning at the north-west corner of Section 2, Township 4 North, Range 20 West of the I.M. and extending south **15** miles to the south-west corner of Section **14**, Township 2 North, Range 20 West I.M.; thence

east approximately **10.5** miles to the North Fork of the Red River.

C. District No.3: All of the SWRE service area west and north of a line described as follows: Beginning at the northeast corner of the Southeast Quarter of Section 15, Township 4 North, Range 20 West; thence south **12.5** miles to the southeast corner of Section **15**, Township 2 North, Range 20 West; thence West approximately 7.25 miles to the Salt Fork of the Red River.

D. District No.4: **Reapportioned**

E. District No.5: All of the remaining SWRE service areas in Oklahoma not included in Districts 1 through 3, inclusive, further described as **all of the SWRE service area in Oklahoma south and east of a line** described as follows: Beginning at **the Northeast corner of Section 1, Township 1 South, Range 16 West I.M.**; thence west **22.5** miles; thence North upstream on the Northfork of Red river to Northwest corner of Section 21, Township 2 North, Range 18 West; thence West **17.5** miles to the Saltfork of Red River; thence South along Salt Fork to Red River: thence South and East along Red River to Eastern boundary in Oklahoma.

F. District No. 6: Everything **West and South of a line** beginning at a point on the intersection of the South boundary of **cooperative territory 1 mile south of the intersection of CR 1763 and U.S. Highway No.183**; thence **North along the Centerline of U.S. Highway No 183 to the Centerline of U.S. Highway No 287**; thence **west along the U.S. Highway No 287 to a point on the Pease River**; thence **Westerly along the Pease River to the Western Boundary in Texas.**

G. District No.7: Everything **West and North** of a line described as

follows: Beginning at a point where the south bank of Red River intersects with U.S. Highway 183; thence **Southerly along the U.S. Highway No.183 to the U.S. Highway No. 287 intersection**; thence **westerly along the U.S. Highway No. 287 to a point on the Pease River**; thence **Southwesterly along the Pease River to the western boundary of** the cooperative in Texas.

H. District No.8: **Everything East and South of a line beginning at a point on the intersection of the South boundary of cooperative territory 1 mile south of intersection of CR 1763 and U.S. Highway No.183**; thence **North along the Centerline of U.S. Highway No 183 to the Centerline of U.S. Highway No 287**; thence **East along U.S. Highway No.287 to the intersection of U.S. Highway No. 183**; thence **North to the Red River**; thence **East along the Red River to the Eastern boundary of the cooperative in Texas.**

I. District No.9: **Reapportioned**

II. Not less than 60 days before any district meeting of members at which trustees are to be elected, the board of trustees shall, if such action is considered necessary or desirable by it, reapportion the various districts following in so far as possible county and township lines in doing so.

SECTION 3 OF ARTICLE IV ELECTION OF TRUSTEES BY DISTRICTS

I. Trustees shall be divided into three groups. Trustees representing district 1 and 7 shall be elected in a given year. Those trustees representing Districts 2, 5 and 8 shall be elected in the next succeeding year. Those trustees representing districts 3 and 6 shall be elected in the next subsequent year and thereafter in that sequence.