

**CHOCTAW ELECTRIC COOPERATIVE, INC.**  
**P. O. Box 758 – Hugo, Oklahoma 74743**

**Regular Meeting Minutes of the Board of Trustees**

The regular meeting of the Board of Trustees of Choctaw Electric Cooperative (CEC) was held in the Board Room of the Cooperative in Hugo, Oklahoma on July 25, 2017.

**1. CALL TO ORDER by President. Invocation and Pledge of Allegiance**

The following Trustees were present:

Brent Franks, District G	Stacy Nichols, District C
Joe M. Silk, District B	Bill Woolsey, District D
Mike Brewer, District H	Norman Ranger, District F
George Burns, District A	Ken Autry, District I
	Becky Franks, District E

There being a quorum present, President Brent Franks presided and called the meeting to order at 9:00 a.m.

Co-op Attorney, Frank Wolf, with Rabon, Wolf and Rabon law firm, was present. Choctaw Electric Cooperative staff present: CEO Kooney Duncan, Chief Financial Officer, Tiffany Hempsted, Utility Engineer, Jacob Johnson, Executive Assistant, Jennifer Boling, Director of Public Relations, Jia Johnson, and Member Services Representative, Brad Kendrick.

Stacy Nichols gave the invocation. President Brent Franks led the pledge of allegiance.

**2. Introduction of Guests**

Scott and Rebecca Redlin. Mr. Redlin is a candidate for District G Board of Trustees. Mr. Duncan introduced Jacob Johnson who filled the position of CEC Utility Engineer. Mr. Johnson has been with Choctaw Electric over 11 years. His education, utility background, knowledge and dedication makes him highly qualified to fill this position. In addition, Mr. Johnson has the respect of CEC employees.

**3. Consent Items**

Mr. Burns made a motion to approve the following consent items:

- June 27, 2017 Regular Board Meeting minutes
- June 2016 Write-Off for uncollected accounts.

Mr. Woolsey seconded the motion and it was affirmatively voted upon by all.  
The Motion carried.

#### **4. Department Reports**

The following Department reports were given by Choctaw Electric Cooperative CEO and General Manager, Kooney Duncan:

##### **Operations**

- a) Working on a load forecast study for WFEC.
- b) Ran an Arc Flash Study for Tyson Foods.
- c) Prioritizing the Construction Work Plan.
- d) The WFEC portion of the Hochatown substation upgrade is complete. CEC is obtaining estimates for tying in the developments.

##### **Service and Construction**

- a) Right-of-Way spraying program is successful. Receiving positive feedback for in-house ROW spraying in the Miller, Jumbo and Darwin areas.
- b) A construction crew left a development work site with approximately 3 weeks left to complete. Mr. Duncan contacted the contractor who in turn resolved the issue by provided another crew to complete the job.
- c) The contractor approved at the June Board meeting for the Eagle Mt. Phase II project withdrew their bid. It became necessary to make an additional bid proposal for this project. This will be discussed further under Action Item 9b.
- d) Construction crews replaced 23 bad poles, worked 1,988 outages.

At this point of the Service and Construction Department report, Mr. Brewer ask Mr. Johnson about possible causes of blinks. Mr. Johnson explained that wind, animals, and brush can be part of the cause of blinks and CEC is in the process of installing indicators to isolate blinks, however CEC will begin investigating blink issues at the consumer's home.

After some discussion, Mr. Duncan continued the Department Reports.

- e) Right of Way being cut in Hochatown. However due to visitor traffic congestion and tourism, work will not take place in Hochatown on Fridays. In 3 months, the entire Hochatown sub ROW area should be complete.

- f) Hotspots, poles and ROW will take priority over yard light repairs. CEC worked 466 cases not including Right-of-Way.
- g) Lee Inspection has completed Nashoba Sub. A total of 2,314 poles have been inspected, 271 bad poles and 3 hazard poles that have been replaced. Lee Inspection is working on Bethel Sub Feeder #1.

There was a Lee contractor identification request. Lee Inspections have magnetic signs on the door identifying them as a “CEC Contractor”, in addition contractor employees will be wearing green shirts.

### **Staking**

- a) Over 47 jobs staked and 49 jobs released for construction
- b) A cost estimate was given for the Jay Hodge Dodge project in Hugo.
- c) The Craig Road project is complete.
- d) The KITX radio tower 3 phase overhead is complete.

### **Safety and Technical Operations**

- a) It has been 100 days since the last lost time accident.
- b) Over 2000 outages were worked over the weekend. Employee morale and commitment was great. The servicemen were organized and worked together to get power restored. Outage restoration updates were given to Jia Johnson throughout the night to keep members informed through Facebook postings.

### **Customer Service and Billing**

- a) There were 1527 Cut-off notices mailed and Courtesy calls made. The Call Center created 1241 service orders and 917 Contact Tracking cases made.
- b) Prepaid accounts are on the increase. The total number is 544.
- c) Kiosk payments are growing. Year to date 455 payments totaling \$33,130.27. Kiosk payment centers in the Clayton and Smithville will be considered in the future.
- d) Online total collections for June was \$11,369.25 for 65 accounts.

### **Member Services**

Mr. Duncan introduced Brad Kendrick with the Member Services department to present the

Cooperative Energy Efficiency Pilot Program. This program is a partnership with WFEC and Precise Building Performance.

CEC members submit a request and Precise Building Performance conducts an extensive energy audits in their home. The test includes a blower door test, duct sealing and insulation. These tests will measure airtightness, airflow, air leakage, insulation, and integrity of the homes duct work.

When the audit is complete, Precise Building Performance will give the member recommendations for making their home more energy efficient and an approximate cost savings after improvements are complete. Some recommendations included, weather stripping around doors, caulking windows, and additional insulation.

CEC member testimonials to the program have been positive. Overall this has been a very successful program.

## **5. Financial Report**

### **Form 7**

Tiffany Hempsted gave a Form 7 Financial presentation of Sales and Power Statistics. The Form 7 Summary for Year to Date Actual vs. Budget, Year to Date Cost of Power and Gross Margins, Year to Date Expenses and Year to Date Capital and Margins was reviewed.

- The year to date revenue from electric sales for June 2016 \$3,442,652 and June 2017 3,659,319.
- WFEC year to date cost of power; June 2016 \$0.0654, June 2017 \$0.0572.
- Number of members; 2016 18,534, 2017 18,810 a difference of 276.
- 2017 Average Budgeted and Actual Revenue and Cost of Power
  - Revenue Budget: \$0.097394 Actual: \$0.104917
  - Cost of Power Budget: \$0.060016 Actual \$0.057205
- Equity Ratio – As a percent of assets
  - Total Margins and Equities \$54,961.075
  - Total Assets \$116,952,054
  - Equity Ratio 47.0%
- Distribution Equity Ratio
  - Total Margins and Equities \$54,961,075
  - Investments in Assoc. Org. – Patronage Capital \$18,769,081
  - Total Assets \$116,952,054

- Equity Ratio 36.9%
- Equity Ratio – As a percent of total capitalization
  - Total Margins and Equities \$54,961,075
  - Total Long-Term Debt \$53,438,022
  - Equity Ratio 50.7%

CFC 2016 KRTA (Key Ratio Trend Analysis) is 5 years of data based on groupings across the nation. Per the financial trend, Choctaw Electric Cooperative is where it should be.

### **WFEC Power Bill**

Mr. Duncan reviewed the power cost. Anticipated due to an R16 Rate Study members could see a decrease in purchased power.

### **Review of Check Register**

Mrs. Franks questioned some charges on the register. Specific information was obtained during lunch and given when the meeting was back in session.

- \$9,000 – This was for the gas card used for fueling service trucks
- \$14,000 – Graham International for repairs
- \$8,000 – Annual inspection of all CEC vehicles
- \$964 – Small claims action, (a presentation will follow during the CEO report)

Mr. Ranger made a motion to accept the Financial Report, WFEC Power Bill and check register. The motion was seconded by Mr. Silk and it was affirmatively voted upon by all. The motion carried.

When motion was completed Mr. Franks expressed the need to consider a revised Agenda with specific items noted as “Action Items” or “Review Items”. The Finance Reports should be “Reviewed Items” rather than “Action Items” and a motion is not required.

Revisions to the agenda will be made by the next board meeting.

## **6. Attorney’s Report**

The Bylaw amendments have been reviewed and comply with the bylaw requirements for submission and can be put to the members for a vote at the Annual Meeting.

Mr. Wolf advised the additional report needed to be discussed during Executive Session.

## 7. CEO's Report

Board Meeting Updates:

Mr. Duncan provided a presentation on CEC Line Extension Policy:

- January 2016 line extension changes were reviewed by the Board and approved.
- May 2016 the need for economic justification in determining the member's investment in line extension was discussed.
  - CEC constructs up to 300 feet of single phase primary or secondary overhead with no contribution required.
  - Up to 150 feet of underground service with no contribution from the member.
  - Additional footage is calculated using Schedule 1:

Base charge of \$1,500      Cost Per Ft. \$7.50      Single phase overhead

Base charge of \$2,100      Cost Per Ft. \$14.00      Single phase Underground

- Contribution due could be reduced using 2:

Total Supported Investment

Investment Allocated to Capacity Requirement

Total Supported Investment

This is the current Line Extension Policy being used.

- Line Loss for June 2017 – 6.26%. The 12 months' average is 4.08%

Current activities:

- Attended WFEC committee meeting.
- Capital credit: 256 June re-issues \$29,670.13, Year to Date 651 \$81,452.52

41 June Estates \$60,821.13, Year to Date \$210,085.04

- Peak Notification. 1<sup>st</sup> called July 13, 2017. WFEC can call multiple Peak' Days, only the highest 3 will be used to calculate the annual average which will be averaged with the past 2 years highest 3 days.

- Peak notifications on Facebook, Webpage radio and Smarthub.

- Smarthub is an excellent tool for our members to become familiar with. We are going to diligently promote the app and educate our members in using it.
- Our Flex Track sustained damage during one of the major outages that took place due to the storm in the Ft. Towson area. Flooding and high water washed out a portion of road causing the trailer with the Flex Track to tip over the side. Fortunately, there were no injuries. CEC has a \$100,000 cap for a rental. CEC has insurance coverage for a replacement of a flex track.
- The National Forest Easement issue is ongoing. Working with a person out of the Little Rock National Forest Service.
- In-house Right-of-Way spray equipment purchases are complete. Actual cost:
  - 2 Polaris Rangers 6x6 \$26,228
  - 2 14 ft. Utility Trailers \$4,430
  - 2 Rozell Spray Rigs \$6,130
  - 1 Heavybilt Mfg. 535 Sprayer \$6,475
  - Additional equipment \$450
  - Actual Equipment Total \$43,713 Estimate Equipment Total \$41,323
  - 5.8% increase

Equipment bought local was the Polaris Rangers from Antlers Motorsports and the trailers were purchased from Diamond T trailers. The actual cost for chemical will be determined by next month's board meeting.

Mr. Duncan advised within approximately 2 years the future of CEC ROW control in our system will be maintaining side cutting.

- Purple Wave Auction results:

WW 20 ft. Cargo trailer	2011 Dodge 550 with Bucket
Purchased \$4,700 in 2005	Purchased \$90,000 approximate
Auction Est. \$4,000	Auction Est. \$20,000
Actual \$4,100	Actual \$24,000
4% Commission	4% Commission

Mr. Duncan thought the auction process was an excellent tool to use. There are some additional items that are being considered for the next auction.

- Small Claims Action.

For Choctaw County, the total Fees were \$1,564 that included \$964 filing fee, process service fee \$600. CEC was awarded \$8,188.28 in total judgments. Payment arrangements were made with defendants for a total of \$5,036.52 to be collected is \$5,036.52.

In McCurtain County 28 accounts will be filed for Small Claims actions in July. The total possible judgment is \$18,604.18.

The total potential judgment in Pushmataha County is \$10,064.28 for 15 accounts. These will be filed for an August court date.

Our court costs are being assigned to the total amount due for collections. The need for collections is declining.

Mr. Wolf, Choctaw Electric Cooperative Attorney, advised the statute of limitation for collections is five years from the time the CEC members signed the service agreement. Mr. Franks requested a cost analyses on the time spent processing collections for small claims action.

- Department visits. The first scheduled department visit will take place in Dispatch, after all board business is complete.

The Customer Service department will be called on during the August board meeting.

The purpose of the scheduled department visits is for Board members to see the function and operational aspects of each department.

After the CEO Report, Mr. Duncan opened the floor for questions or discussion from the Board.

Mr. Autry requested information regarding Smarthub being down in the Antlers area, Sunday July 23<sup>rd</sup>. and 24<sup>th</sup>. In addition, Mr. Autry expressed his concerns with the outage map on the CEC web page needing to be improved.

Mr. Silk expressed revising the language on the cost of service procedure. This is regarding an issue with construction of a commercial property in his district; the most effective way to



resolve the problem would be a simpler description for construction of 3-phase commercial vs. development. Mr. Silk also requested and information sheet bullet pointing the main details for construction of 3-phase commercial and development.

Mr. Ranger commented on how much he appreciates Choctaw Electric and there have been no problems in his district.

Mr. Burns announced that PSO is proposing to have a significant rate increase.

Mr. Franks stated that the monthly board meetings have improved and going better.

## **8. Executive Session –Legal Matters and Contracts**

At 12:42 pm, Mr. Ranger made a motion to enter executive session.

Mr. Burns seconded the motion. The Motion was carried.

Mr. Duncan was asked to remain during Executive Session.

At 1:45 pm, Mr. Nichols made a motion to exit executive session.

Mrs. Franks seconded the motion and affirmatively voted upon by all.

The motion was carried. The meeting was reconvened in regular session.

## **9. Action Items**

### a) Contribution in Aid, Lost Creek West

Bid packets for the 46-lot development were e-mailed and posted June 23, 2017 to 4 potential bidders. The bid deadline was July 20, 2017. The total project estimate is \$164,324.26.

Construction-in-Aid has been paid by the developer. The successful bid went to Higher Power, for the construction project. Mr. Duncan recommended that we award the bid to the contractor and move forward with the project.

Mr. Brewer made a motion that CEC move forward with the Lost Creek West construction using the contractor Higher Power.

The motion was seconded by Mr. Woolsey and affirmatively voted upon by all.

The motion carried.

b) Eagle Mtn. Phase II – Revision

Patriot Solutions submitted the winning project proposal for the Eagle Mtn. Phase II, 90-lot construction project. On June 27 Patriot Solutions was approved as the contractor for Eagle Mtn. Phase II. Patriot has withdrawn their bid; they are no longer doing underground utility construction.

Choctaw Electric moved quickly for emergency bids on this project. There were four bids emailed and posted. Higher Power, won the Emergency bid for the completion of the construction project. Construction-in-Aid has been received. Mr. Duncan recommended the bid acceptance for Patriot Solutions be amended and accept the emergency bid from Higher Power to move forward with the project.

Mr. Burns made a motion to accept the emergency bid from Higher Power and move forward with the Eagle Mtn. Phase II construction project.

The motion was seconded by Mr. Ranger and affirmatively voted upon by all except Mr. Brewer who abstained.

The motion carried

## **10. OAEC Report**

There was nothing to report.

## **11. WFEC Report**

Mr. Burns gave a brief report on PCA and how the cost is determined. Some of the determining factors are fuel cost, variation in the market, and environmental.

WFEC R-16 rate for Transmission Demand Charge is now \$2.50 per kilowatt. The Distribution Demand Charge for R-16 is \$1.60 per kilowatt.

## **12 Old, New Business**

### **Old, New Business**

- a) Mrs. Franks raised the issue of billing fixed charges on solar accounts. Mrs. Franks indicated that these accounts are not being billed fixed charges, meter charge, PCA cost etc. This issue has been discussed before and needs to be corrected. Mr. Duncan

assured Mrs. Franks the solar charges will be corrected and he will have answers at the next board meeting.

- b) Mr. Burns requested “Call to Order” be brought up to date with current Resolutions, and the Organizational Chart.
- c) Mr. Ranger requested the CEC Employee Directory be made current and distributed to Board Members.
- d) Board Members briefly discussed reviewing the Strategic Plan and condensing it to fit the needs of the co-op.
- e) Mr. Brewer expressed an interest in scheduling a Policy Committee Meeting. Mr. Duncan informed the board a report was compiled for Policy, Terms and Conditions and Operating Procedure with side by side comparison. The report will be helpful for revisions. No action was taken.
- f) Board Members requested e-mail and hard copies of the letter to the Governor voicing their dissatisfaction about the criminal charges and sentencing for Terry Matlock, after corrections have been made by the cooperative attorney, Mr. Wolf.
- g) Mr. Franks presented the Annual Meeting Gift Bag. Mr. Burns requested that the Annual Meeting be on the Agenda for discussion next month.
- h) Mr. Brewer recommended the co-op pay membership dues for Mr. Duncan’s participation in local civic duties. The cost is approximately \$35. No discussion and no action taken.
- i) The board discussed the fact of other members being 100 years old or more and recognizing them at the Annual Meeting. The Member Services Department will coordinate this effort and work out details for recognition.
- j) The board business concluded and the board members proceeded to the Dispatch area to see the function and operational aspects of the department.

Toby Johnson and Scott Knight demonstrated, and discussed:

- The general duties of dispatch
  - phone calls and call logs
  - screens used
  - emergency locates,

- work orders
- connects, disconnect, billing and meter changes
- System Operation with SCADA, Fleetmatics, Mapping, CRC, OMS, NISC, Onjive, ABS
- Outage process
- Safety of our crews

The board commended Mr. Johnson and Mr. Knight on their accountability as dispatchers. The board expressed how informative this was and gave them a better understanding of the dispatch area.

After returning to the board room CRC after hours' system was discussed. Mr. Duncan informed the board there are some issues with CRC that need to be resolved.

k) Mr. Nichols made a motion to enter the agreement with Terry Hinson for the geological study. Seconded by Mr. Ranger. The motion was affirmatively voted upon by all. The motion carried.

Board Expenses Reported July 1, 2017 to July 27, 2017

Mike Brewer	\$550.00
George Burns	\$64.20
Joe Silk	\$614.20
Norman Ranger	\$607.78
Bill Woolsey	\$582.10
Becky Franks	\$576.75
Ken Autry	\$601.90
Stacy Nichols	\$652.72
Brent Franks	\$582.10

### 13. Adjourn

At 3:56 pm, Mr. Brewer made a motion to adjourn. Mr. Nichols seconded the motion and affirmatively voted upon by all. The motion carried.

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President

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Date

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Secretary/Treasurer

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Date