



2025 Annual Report

Neighbors Helping Neighbors

EMPOWERING OUR COMMUNITIES

A message from Board President Brian DeMarcus and CEO Jennifer Meason

Every day, our employees work to keep the lights on and our communities strong — and this year marks 87 years of that commitment for Cotton Electric Cooperative. Since our founding, we've built on the foundation of seven Cooperative Principles that ensure we remain democratic, equitable and community-focused.

Being Good Stewards

Because we're a co-op, we operate differently than other utilities. Cotton Electric's decisions are made locally, by nine trustees who live in the same communities you do and care about seeing those communities thrive.

We take our duties personally, looking out for the best interests of the membership — because you are our friends and neighbors. Since 1938, we've joined together to accomplish more than any of us could alone.

Members' economic participation and financial stewardship are essential to our cooperative principles and our strategic priorities. No matter the size of the meter being served, we work to ensure that everyone pays their fair share.

When you pay your electric bill each month, your money stays here — to pay for the electricity used and to make improvements to our local system that strengthen service reliability. In 2025, we replaced 1,069 poles, cleared, trimmed or treated 1,492 miles of line as part of our vegetation management program, and upgraded 35.22 miles of distribution line.

After expenses were paid, margins were allocated back to you in the form of capital credits. The average capital credit allocation for the 2025 fiscal year to General Service accounts (farm and residential meters) was \$69.82.

Here For You

Accessibility for our members is key. Whether you need to pay a bill or ask a question, we want to offer

options. We continue to operate offices in Duncan and Walters, where you can conduct business in person or over the phone Monday through Friday, 8 a.m. to 5 p.m. Outage calls are answered 24/7 and can also be reported through the SmartHub app or by text message through the TextPower program.

Beyond our local offices, we schedule opportunities throughout the year to engage with you — at local fairs, district meetings and our upcoming annual meeting. Our annual member survey is another chance to gather your feedback on co-op programs and services, so we can plan and adjust for the future. Our success lies in your satisfaction, which is why we value these opportunities to listen to what you have to say.

We also believe it's important to keep you informed about the co-op's activities, projects and available services. Since 1957, The Current has been the nation's only full-size newspaper produced monthly by an electric cooperative. According to your survey responses, it continues to be a preferred way to stay informed — alongside our growing presence on social media and at cottonelectric.com.

Lending a Hand

Part of being a good neighbor is helping those in need, and you've answered the call. Thanks to your generosity and participation in the Operation Round Up program, more than \$1.7 million has been distributed to people and organizations in need across our service area since the program began in 2004.

We exist to serve you, and to deliver the quality, reliable, friendly service you expect and deserve. While we've grown over the years, the principles that guide us haven't changed. Cotton Electric was built by our members, for our members — and we look forward to seeing you at this year's Annual Meeting.



(left) Cotton Electric CEO Jennifer Meason visits with Cotton Electric Board President Brian DeMarcus at the Coffee with Cotton event in District 4.

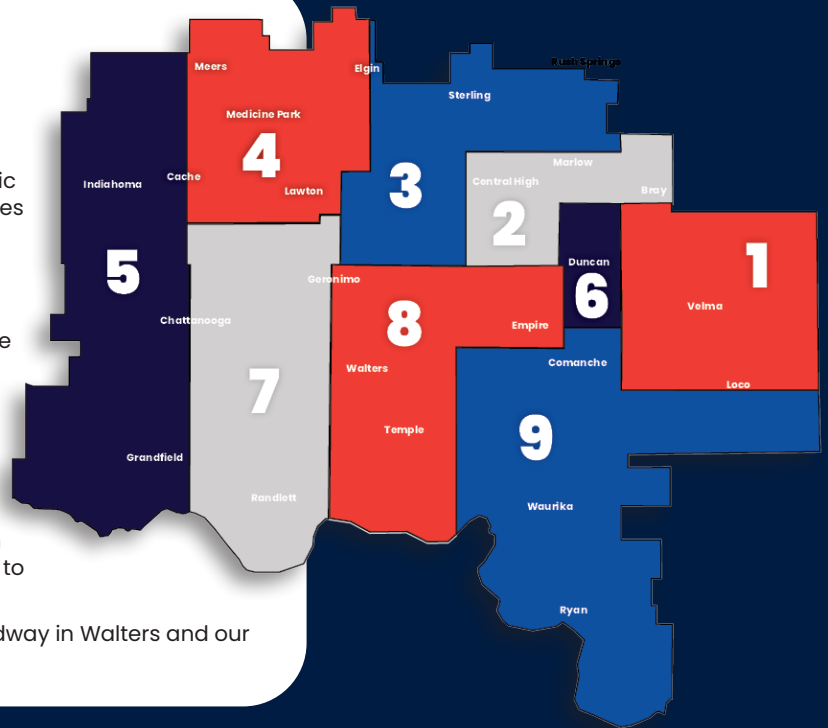
(above) Cotton Electric Board President Brian DeMarcus visits with a member at the Coffee with Cotton event in District 4.

YOUR CO-OP

Cotton Electric Cooperative provides electric service to more than 23,000 meters in eight counties of southwest Oklahoma. Cotton Electric was organized in 1938 to provide electric services to rural areas at a time when other utilities did not consider it economically feasible. Over the course of more than 87 years, the cooperative has steadily grown while continuing to meet the changing needs of its members. Our service territory covers more than 3,000 square miles.

Cotton Electric members not only own the cooperative's electric system but also have an active voice in its operation and business decisions. To support members, the cooperative offers a wide range of services, including after-hours assistance from a dispatcher who is always on duty to respond to unexpected problems.

Our headquarters is located at 226 North Broadway in Walters and our branch office at 1101 West Oak in Duncan.



YOUR BOARD OF DIRECTORS



Shan Files
DISTRICT 1



Ken Layn
DISTRICT 2



Nichole Scott
DISTRICT 3



Brian DeMarcus
DISTRICT 4



Clifford Dunham
DISTRICT 5



Todd Clark
DISTRICT 6



Steve Robinson
DISTRICT 7



Tony High
DISTRICT 8

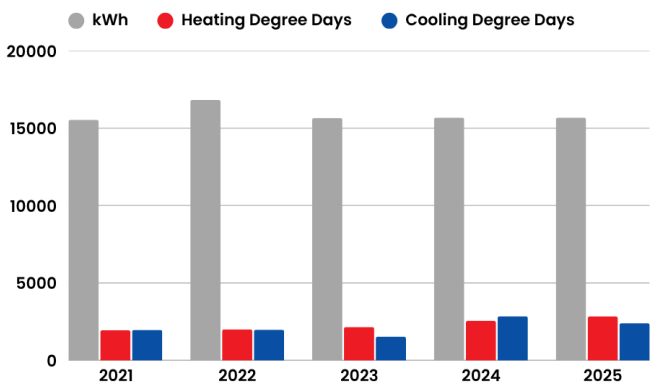


Dell Farris
DISTRICT 9

Cotton Electric Cooperative's Board of Trustees has a fiduciary responsibility for the governance of the cooperative and its subsidiary, serving to oversee and shape policy and keep the co-op and its subsidiary on a steadfast, focused course.

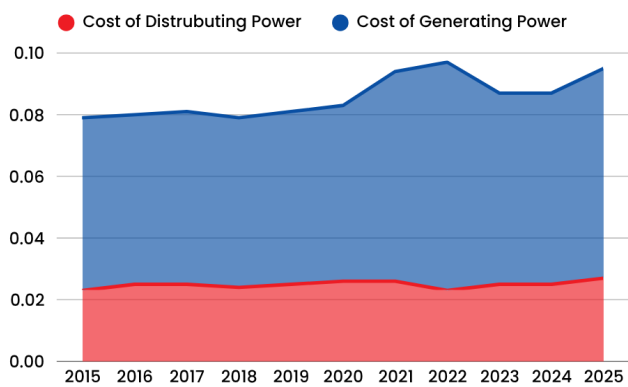
Your trustees are a dedicated, experienced group of professionals who share in an abiding loyalty for, and commitment to, the members throughout our eight-county service area. They act on behalf of you - our members - carrying out their principal responsibility to evaluate and create policies to ensure your cooperative provides safe, affordable and reliable service; all while adhering to our core value: to strengthen the communities we serve.

ANNUAL AVERAGE FARM/RESIDENTIAL kWh CONSUMED



\$164
AVERAGE MONTHLY
RESIDENTIAL/FARM BILL

ANNUAL TOTAL AVERAGE COST PER KWH PURCHASED



\$1,297
AVERAGE MONTHLY
EXPENSE PER MILE



Cotton Electric Director of Safety and Loss Control Braylin Dowlen explains the dangers of electricity at a live line demonstration.

190,439

HOURS WORKED BY
COTTON ELECTRIC EMPLOYEES
82 FULL-TIME | 2 PART-TIME |
4 SUMMER HIRE

16,780

MEMBERS AT YEAR-END

77%

ACCOUNTS REGISTERED
TO SMARTHUB

5,288

MILES OF LINE

1,832

POLES INSTALLED

4.53

METERS SERVED PER
MILE OF LINE

23,930

METERS

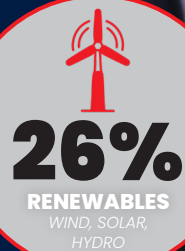
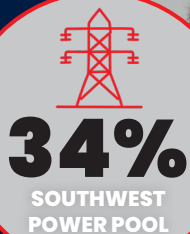


SCAN THE QR CODE TO LOGIN
TO SMARTHUB

Left to right : Cotton Electric Apprentice Lineman Cody Fishgrab, Journeyman Lineman Kyle Linthicum, Journeyman Lineman Quaid Ogletree and Part-time Line Operations Summer Help Cooper Loftin consult with Crew Chief Zack Smith before starting a job.

OUR ENERGY MIX

Cotton Electric Cooperative's power is generated by Western Farmers Electric Cooperative



Cotton Electric Journeyman Lineman Shayne White assists a student in a pole climbing exercise at Lineman Demo Day.

OUTAGE OVERVIEW

99.90%

AVERAGE SYSTEM RELIABILITY

2,245

OUTAGES

15,018

OUTAGE PHONE CALLS
RECEIVED

945

OUTAGES CAUSED BY
WEATHER

192

OUTAGES CAUSED BY
ANIMALS

841,225,709

KILOWATT-HOURS SOLD

209,571

KILOWATTS PEAK DEMAND | FEBRUARY 2025

244.43

KILOWATTS PEAK GENERATION
AT SOLAR SITE | APRIL 20, 2025

434.51

MEGAWATT HOURS PRODUCED
AT SOLAR SITE IN 2025

Cotton Electric Journeyman Lineman
Kyle Linthicum works on getting a new
pole installed and connected.



2025 OPERATING EXPENSES

72%
**Cost of
Wholesale
Power**

11%
**Operations/
Maintenance**

3%
Interest

2%
**Member Billing
& Collection**

6%
Depreciation

3%
**Administrative
& General**

2%
Taxes

1%
**Member Services,
Information &
Sales**

FIVE-YEAR OPERATING STATISTICS

As of December 31, 2025

	2021	2022	2023	2024	2025
Total Revenue	\$72,967,532	\$90,236,776	\$80,100,035	\$79,655,366	\$84,217,667
Cost of Purchased Power	52,169,580	65,550,204	54,252,215	55,398,812	59,096,661
Taxes	1,409,951	1,747,517	1,583,454	1,544,036	1,636,346
Operating Expense per Mile	13,762	16,418	14,461	14,744	15,560
Operating Income per Mile	13,976	17,184	15,214	15,082	15,926
Average Farm/Residential Annual Bill	1,862	2,188	1,921	1,859	1,965
Average Number of Meters Billed	22,915	23,278	23,550	23,744	23,930
Miles of Line Energized	5,221	5,251	5,265	5,281	5,288
Density per Mile	4.39	4.43	4.47	4.50	4.53
New Services Connected	478	562	434	416	401
Services Retired	149	141	190	179	160

CONSOLIDATED BALANCE SHEETS

As of Dec. 31, 2025 and 2024

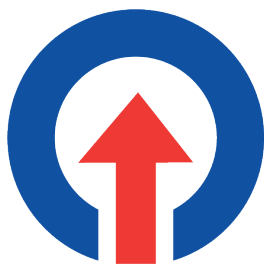
ASSETS	2025	2024
Utility Plant		
Electric Plant in Service	182,160,097	174,268,548
Construction Work in Progress	414,671	1,086,832
Total Utility Plant, at cost	184,574,768	175,355,380
Less Accumulated Depreciation	(51,116,101)	(48,307,403)
Net Utility Plant	131,458,667	127,047,977
Non-utility plant		
Non-utility Plant	968,088	963,127
Less Accumulated Depreciation	(544,097)	(449,932)
Total Non-utility Plant	423,991	513,195
Other Property & Investments		
Investment in Associated Organizations	42,625,683	41,205,387
Long-term Recoverable Storm URI Costs	-	1,964,396
Total Other Investments	42,625,683	43,169,783
Current Assets		
Cash & Cash Equivalents	2,642,529	2,512,697
Accounts Receivable Less Doubtful Accounts	917,850	1,364,727
Unbilled Revenue	6,402,204	6,237,726
Short-term Recoverable Storm URI Costs	1,964,393	1,923,084
Materials & Supplies	3,472,898	3,665,094
Other Current & Accrued Assets	193,249	575,120
Total Current Assets	15,593,123	16,278,448
Deferred Debits	331,503	300,000
Total Assets	190,432,967	187,309,403
LIABILITIES & MEMBERS' EQUITY	2025	2024
Equities and Margins		
Memberships	112,725	113,210
Patronage Capital	93,635,235	90,097,692
Accumulated Other Comprehensive Income	1,479,402	1,690,562
Other Equities	15,351,940	15,248,548
Total Equities & Margins	110,579,302	107,150,012
Long-term Debt		
Long-Term Debt less Current Maturities	54,899,493	54,533,414
Other Non-Current Liabilities	5,820,557	5,553,133
Long-Term Accounts Payable to Associated Org.	-	1,964,396
Total Long-term Liabilities	60,720,050	62,050,943
Current Liabilities		
Current Maturities of Long-Term Debt	2,514,000	2,290,000
Current Maturities of APBO	412,000	407,000
Line of Credit	3,100,000	1,945,000
Accounts Payable to Associated Organization	1,964,395	1,923,084
Account Payable	5,821,572	6,413,674
Consumer Deposits	3,023,251	2,913,963
Other Current & Accrued Liabilities	1,493,049	1,384,796
Total Current Liabilities	18,328,267	17,277,517
Deferred Credits & Income Taxes	805,348	830,931
Total Liabilities & Equity	190,432,967	187,309,403

CONSOLIDATED STATEMENT OF REVENUE, PATRONAGE CAPITAL & COMPREHENSIVE INCOME

REVENUE	2025	2024
Operating Revenues	86,928,576	82,103,453
Operating Expenses		
Cost of Power	59,096,661	55,398,812
Distribution Expense - Operations	3,202,385	3,400,213
Distribution Expense - Maintenance	5,759,641	5,449,348
Consumer Accounts	1,657,651	1,509,539
Customer Service & Information	261,230	261,783
Sales Expense	674,203	677,489
Administrative & General	3,120,307	2,960,244
Depreciation	5,400,873	5,325,381
Taxes	1,636,346	1,544,036
Interest	2,118,394	2,046,064
Cost of Goods Sold	1,524,383	1,356,162
Other Interest & Deductions	261,165	163,692
Total Operating Expenses	84,713,239	80,092,763
Net Operating Margins	2,215,337	2,010,690
Other Income		
Interest Income	104,605	143,965
Other Income (Expense)	(342,355)	22,646
Total Other Income	(237,750)	166,611
WFEC & Other Capital Credits	1,617,394	3,181,281
Net Margins Before Income Taxes	3,594,981	5,358,582
Provision for Income Taxes	(867)	(8,988)
COMPREHENSIVE INCOME		
Net Margins for the Year	3,594,114	5,349,594
Other Comprehensive Income		
Amortize Loss (Gain) on APBO	67,137	26,465
Current Gain on APBO	(278,297)	534,170
Comprehensive Income	3,382,954	5,910,229
PATRONAGE CAPITAL		
Patronage Capital Beginning of Year	90,097,692	85,226,696
Transfer to Other Equities	(41,187)	(378,954)
Retirement of Capital Credits	(15,384)	(99,644)
Patronage Capital End of Year	93,635,235	90,097,692



Cotton Electric Member Services Representative Stephanie Christman welcomes and registers a member at the 2025 Annual Meeting.



COTTON ELECTRIC CHARITABLE FOUNDATION

Cotton Electric Cooperative members have long demonstrated their commitment to helping neighbors and strengthening local communities. Through Operation Round Up (ORU), participating members voluntarily round their monthly electric bills up to the nearest dollar, with the spare change supporting worthwhile causes throughout the cooperative's service area. Those funds are administered by the Cotton Electric Charitable Foundation (CECF).

Since the program began in 2004, CECF has awarded more than 700 grants to organizations working to improve the quality of life across southwest Oklahoma. In 2017, the foundation reached a significant milestone, surpassing \$1 million in total grants awarded. The generosity of Cotton Electric members continued to fuel the program's growth, and in 2026, grant awards exceeded \$1.7 million. All grant recipients are located within the Cotton Electric Cooperative service territory.

During the 2025-26 fiscal year, CECF awarded 28 grants totaling \$82,486.84. The foundation's fiscal year runs from July 1 through June 30. Those grants supported projects and organizations that are making a meaningful difference in communities throughout the service area.

"Public safety is important to everyone in our communities," said Brian DeMarcus, president of Cotton Electric Cooperative's Board of Trustees and a CECF Board Director. "One of the things I appreciate most about Operation Round Up is that our members are directly helping local first responders. Since 2004, more than \$90,000 has been invested in police, sheriff, fire and emergency services across our service area. This year, those contributions helped several fire departments purchase equipment they can put to use right away as they protect and serve our communities."

Several grants also supported local schools and youth-serving organizations. These contributions help provide opportunities, resources, and assistance for children and families throughout the Cotton Electric service area.

"Every Operation Round Up grant tells a story of neighbors helping neighbors," said Jennifer Meason, Cotton Electric Cooperative CEO and a CECF Board Director. "The generosity of our members has supported schools, first responders, youth organizations and many other local projects that strengthen our communities. We are proud to help make those efforts possible."

The CECF Board of Directors meets quarterly to review grant applications and consider funding requests.

For more information about Operation Round Up or grant opportunities, visit www.cottonelectric.com/grant-applications.

AMVETS Post 11 was a 2026 CECF grant recipient for an HVAC replacement.



CECF BOARD OF DIRECTORS



Cindy Zelbst
PRESIDENT



Carter Waid
VICE-PRESIDENT



Polly Krasser
SECRETARY/TREASURER



Brian DeMarcus
DIRECTOR



Jennifer Meason
DIRECTOR

2025-2026 CECF GRANT RECIPIENTS

2025			2026		
3Q	Chattanooga Feeds Our Warriors	\$3,500.00	1Q	AmVets Post Eleven	\$3,000.00
3Q	Chisholm Trail Arts Council	\$1,000.00	1Q	Town of Chattanooga	\$5,000.00
3Q	Indiahoma Public School	\$2,500.00	1Q	*Grandfield Senior Citizens Center	\$3,000.00
3Q	Jefferson County Free Fair	\$1,942.00	1Q	Marlow Fire Department	\$2,500.00
3Q	Tri-County Coop (Walters Public Schools)	\$1,030.00	1Q	Second Chance Ranch	\$1,200.00
3Q	Velma-Alma Elementary School	\$2,000.00	1Q	Walters Volunteer Fire Department	\$3,500.00
3Q	Waurika EMS District Association	\$1,170.00	2Q	Camp Lu-Jo KISMIF, Inc.	\$5,000.00
3Q	Waurika Senior Citizens Center	\$2,500.00	2Q	Christians Concerned	\$4,000.00
3Q	Wichita Mountains Prevention Network	\$1,000.00	2Q	Indiahoma Community Food Bank	\$2,500.00
4Q	Bray-Doyle Schools	\$8,534.87	2Q	MIGHT CDRC	\$1,500.00
4Q	Duncan Area Literacy Council	\$2,241.00	2Q	Safe Center	\$5,000.00
4Q	Duncan Community Residence	\$4,750.00	2Q	Velma-Alma Elementary School	\$4,102.37
4Q	Empire Elementary Schools	\$1,516.60	2Q	Vizavance (fka Preventative Blindness Oklahoma)	\$1,500.00
4Q	The FISTA Foundation	\$4,500.00	2Q	Waurika Public Schools	\$2,500.00

*contingent

Total distribution FY2025-2026

\$82,486.84

STATEMENTS OF FINANCIAL POSITION

For the Years Ended June 30, 2026 and 2025

*unaudited

BALANCE SHEET

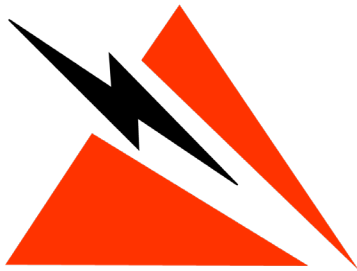
ASSETS	2026*	2025
Current Assets		
Cash	\$79,629	\$76,451
Accounts Receivable		
Contributions Receivable	\$5,872	\$5,973
Prepaid Expenses	\$2,481	\$1,697
Total Assets	\$87,983	\$84,121
LIABILITIES & NET ASSETS		
Liabilities		
Accounts Payable	-	-
Deferred Credit	\$8,450	\$5,330
Total Liabilities	\$8,450	\$5,330
Net Assets		
Restricted Net Assets	\$5,000	\$5,000
Unrestricted Net Assets	\$74,533	\$73,791
Total Equity	\$79,533	\$78,791
Total Liabilities & Equity	\$87,983	\$84,121

STATEMENT OF ACTIVITIES

OPERATING ACTIVITIES	2026*	2025
Revenues & Support		
ORU Contributions	\$70,537	\$71,507
In Kind Contributions	\$3,071	\$3,371
Golf Tournament Income	\$35,040	\$33,191
Total Revenues & Support	\$108,648	\$108,069
EXPENSES		
Program Activities		
Charitable Disbursements	\$77,987	\$72,239
Total Program Activities	\$77,987	\$72,239
Supporting Activities		
Donated Labor	\$3,071	\$3,371
Accounting	\$4,500	\$2,500
Misc. Operating Expenses	\$501	\$289
Total Supporting Activities	\$8,072	\$6,160
Fundraising Activities		
Golf Tournament Expenses	\$21,746	\$17,882
Total Fundraising Activities	\$21,746	\$17,882
Total Operating Expenses	\$107,804	\$96,281
Change in Net Assets	\$843	\$11,788
Beginning-of-Year Net Assets	\$78,791	\$67,003
End-of-Year Net Assets	\$79,634	\$78,791

Statements audited annually

The financial statements for Cotton Electric Charitable Foundation as of and up to the years ended June 30, 2025, have been audited by Briscoe, Burke & Grigsby, LLP, an independent accounting firm. Copies of the complete audited financial statements are on file at the cooperative's headquarters in Walters.



CESI

HIGH VOLTAGE TEST LAB



Cotton Electric Services, Inc. Supervisor Eric Woods inspects a rubber sleeve.

YOU CAN RELY ON **CESI**

Established in 1984, Cotton Electric Services, Inc. (CESI) specializes in high-voltage testing, repairing and selling personal protective equipment to electric providers nationwide. It is an independent, for-profit subsidiary of Cotton Electric Cooperative.

Safety is the first priority and the primary reason the CESI test lab exists. Employees use state-of-the-art cleaning and dielectric testing procedures to ensure personal protective equipment meets national standards.

CESI tests items used every day by lineworkers, such as gloves, blankets, sleeves, line hose, hot sticks, and other protective equipment. The staff cleans and then scrutinizes each item for visual signs of wear and tear before subjecting them to electrical testing.

The testing facility has exceeded the strictest standards established by the Association of North American Independent Laboratories for Protective Equipment Testing (NAIL for PET) and maintains its NAIL for PET accreditation for protective equipment testing through an in-house audit by an independent inspector every three years.

If items do not pass the tests and must be discarded, CESI serves as a supplier and distributor for replacements. An on-site warehouse holds an extensive inventory of products to provide customers with materials they need at an affordable cost.

**SCAN THE QR CODE TO
LEARN MORE ABOUT CESI**



\$2,315,512

PRODUCT SALES

25

NEW CUSTOMERS

10

EMPLOYEES

7 FULL-TIME | 3 PART-TIME

44,728

MILES DRIVEN

1,935

ORDERS FILLED

1,549

BLANKETS TESTED

2,418

LINE HOSE TESTED

61,575

GLOVES TESTED

12,325

SLEEVES TESTED

STATEMENTS OF FINANCIAL POSITION

For the Years Ended Dec. 31, 2025 and 2024

BALANCE SHEET	2025	2024
ASSETS		
Current Assets		
Cash/Cash Equivalents	\$933,078	\$682,026
Accounts Receivable	166,121	166,233
Prepayments	59,848	77,179
Inventory	1,260,224	1,359,941
Total Current Assets	2,419,271	2,285,379
Fixed Assets		
Property and Equipment	968,088	963,127
Less: Accumulated Depreciation	(544,097)	(449,932)
Net Fixed Assets	423,991	513,195
Total Assets	\$2,843,262	\$2,798,574

LIABILITIES AND MEMBERS' EQUITY	2025	2024
Current Liabilities		
Accounts Payable	\$61,364	\$60,872
Accounts Payable-Parent	60,885	63,993
Other Accrued Liabilities	5,287	4,280
Income Tax Accrual	12,771	-
Total Current Liabilities	140,307	129,145
Long-Term Liabilities		
Deferred Income Taxes	87,588	99,492
Total Long-Term Liabilities	87,588	99,492
Members' Equity		
Memberships	225,000	225,000
Retained Earnings	2,390,367	2,344,937
Total Members' Equity	2,615,367	2,569,937
Total Liabilities and Members' Equity	\$2,843,262	\$2,798,574

INCOME STATEMENT	2025	2024
Revenues		
Revenues from Sales, service & testing	\$2,771,695	\$2,558,369
Cost of Goods Sold	(1,585,166)	(1,466,444)
Gross Profit	1,186,529	1,091,925
Expenses		
Operating Expenses	1,155,810	1,114,167
Other Income		
Interest Income	15,578	17,228
Gain/Loss on Sale of Equipment	-	6,052
Total Other Income	15,578	23,280
Income Before Taxes	46,297	1,038
Provision for Income Taxes	867	8,988
Net Income	\$45,430	(\$7,950)
Retained Earnings, beg. of year	2,344,937	2,352,887
Retained Earnings, end of year	\$2,390,367	\$2,344,937



COMANCHE COUNTY FAIRGROUNDS | LAWTON



STEPHENS COUNTY FAIRGROUNDS | DUNCAN

MANAGEMENT

Jennifer Meason | *Chief Executive Officer*

Bryce Hooper | *Chief Operating Officer*

Mike Ottinger | *Vice President of Operations*

Shane Bowers | *Vice President of Administration*

OFFICES

226 N. Broadway, Walters | 580-875-3351

1101 W. Oak, Duncan | 580-255-5065

INDEPENDENT AUDITORS

Briscoe, Burke & Grigsby, LLP | *Tulsa, OK*

ACCOUNTING STATISTICS

Cotton Electric Accounting Staff

LEGAL COUNSEL

Carl Buckholts | *Ellis & Buckholts*

CONNECT WITH US

www.cottonelectric.com



On the cover | Cotton Electric Journeyman Lineman Scott Dennis participates in a safety meeting before ascending in a bucket truck and rappelling from the bucket as part of safety training.

Join us for the 2026 ANNUAL MEETING AND MEMBER APPRECIATION DAY Sept. 24, 2026

DRIVE-THRU LOCATIONS AT:

STEPHENS COUNTY FAIRGROUNDS, DUNCAN
COMANCHE COUNTY FAIRGROUNDS, LAWTON

REGISTRATION FROM 2 P.M. TO 6 P.M.
BUSINESS MEETING WILL BE LIVESTREAMED AT 7 P.M.

Search the link or scan
the QR code to follow the
2026 Business Meeting:

<https://www.cottonelectric.com/annual-meeting>



We hope to see you there!



COTTON
ELECTRIC CO-OP