

*East Central Electric Cooperative*



**2017 ANNUAL REPORT**



# YESTERDAY, TODAY, AND TOMORROW

**T**his year your electric co-op celebrates 80 years in business. This achievement represents the collective work and commitment of many cooperative employees, trustees, and members over the years. We will recognize our “Yesterday, Today and Tomorrow” at the East Central Electric Cooperative (ECE) Annual Meeting on July 26. We have much to celebrate.

**Low Rates.** At 10.79 cents per kilowatt-hour, ECE rates continue to be the lowest of any electric co-op in Oklahoma, although we own and maintain more miles of line than our peers. While costs continue to rise, we remain able to invest wisely in the necessary system upgrades that allow us to grow in a manner that is financially sound.

**Power Costs.** The cost of power purchased from wholesale suppliers continues to comprise 60 percent of ECE’s total expenses. We continue to investigate ways to control these costs in a manner that reflects our commitment to innovation.

**Driving Electric.** Electric vehicles are raising exciting possibilities for electric co-ops. To promote the growth of this industry in Oklahoma, ECE recently added an EV to its fleet. Our battery powered Chevy Bolt will appear at events in our area while providing a super efficient, environmentally friendly form of transportation for our employees. EVs hold great promise for consumers by drastically reducing fuel costs. Because most EVs are charged at home overnight, the growth of the market will also help your co-op balance its systemwide energy demand. That’s good for every member.

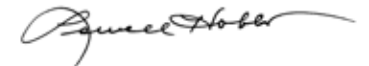
**Super Batteries.** EV development is spurring the evolution of new and better batteries. When used on a utility-wide scale, batteries are an excellent way to control power costs by providing a cheap source of electricity when demand—and wholesale power costs—are at their peak. We continue to monitor this technology and may utilize it when it is most beneficial.

**Fiber Broadband.** Your trustees are considering integrating fiber-based communications into our grid. Fiber communications dramatically enhance our ability to deliver, monitor and restore your power. Fiber also offers exciting possibilities for members in the form of fiber-based internet service. Your board of trustees is currently evaluating this possibility and will announce their decision by the end of the summer.

**Staying Safe.** While your team logged nearly 800,000 driving miles in 2017, on-the-job injuries and accidents plummeted. Last year, we worked 316 days without a lost time accident. That’s reason to be thankful. Yesterday, today and tomorrow, our pledge to provide reliable and affordable power—and do it safely—remains steadfast. You can count on it.



Tim Smith  
GENERAL MANAGER



Lowell Hobbs  
PRESIDENT

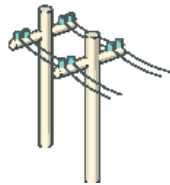
## OUR MISSION

East Central Electric will offer competitive rates and provide safe, reliable, electric energy and related services to our members while remaining financially sound, environmentally conscious, and continuing to uphold the Cooperative Principles.



No. of employees

**= 75**



No. of miles of line

**= 6,273**



No. of active meters

**= 33,801**



No. of consumer-members

**= 24,376**



No. of miles driven

**= 799,299**

No. of new meters

**= 606**

## ABOUT YOUR RATES

Eighty years ago, your electricity cost **8.5¢ per KWh.**

At today's market (adjusted for inflation) that would be

**\$1.43¢ per KWh.**

Instead, you pay

**10.79¢/KWh**  
(Average residential cost)



**99.95%**

RELIABILITY

Providing reliable power involves investments in right of way maintenance and system upgrades.



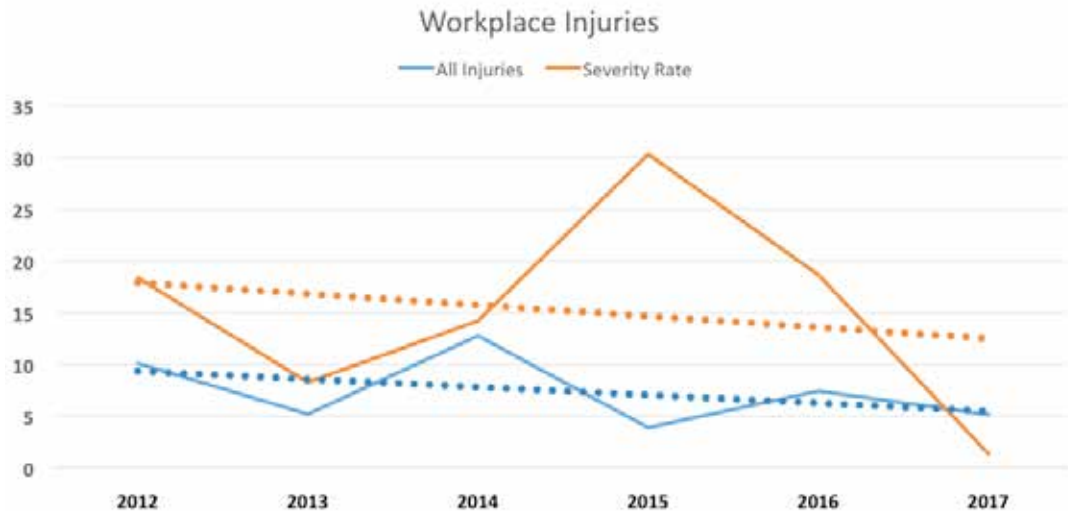
**Low Rates.** In a survey of 19 electric utilities in Oklahoma, ECE rates are the third lowest.



**Customer Satisfaction.** The American Customer Satisfaction Index gives ECE a score of 83 percent.

## Serious about safety

ECE employees worked 316 days without a lost time accident.



	2017	2016
<b>YOUR COOPERATIVE OWNS:</b>		
Electric Plant	178,038,336	172,417,817
Less Depreciation	53,259,400	51,135,251
Book Value	124,778,936	121,282,566
Cash and Investments	3,516,368	6,050,977
Patronage Capital Assoc. Organization	26,364,117	24,677,496
CFC Investment Certificates	1,380,079	1,404,849
Accounts Receivable	6,535,986	6,520,280
Other Assets	4,018,702	4,580,271
<b>Total Assets</b>	<b>166,594,187</b>	<b>164,516,439</b>
<b>YOUR COOPERATIVE OWES:</b>		
Long Term Debt (RUS)	18,897,593	16,889,382
Long Term Debt (CFC)	663,243	1,153,130
Long Term Debt (FFB)	40,301,422	41,449,493
Long Term Debt (CoBank)	3,776,182	5,231,345
Consumer Deposits	2,384,761	2,533,835
Other Liabilities	17,639,638	19,457,885
<b>Total Liabilities</b>	<b>83,662,839</b>	<b>86,715,071</b>

The books and financial statements of East Central Oklahoma Electric Cooperative, Inc. are audited each year as of December 31. An audit for the year ended December 31, 2017 has been completed by the firm of Briscoe, Burke & Grigsby LLP, Certified Public Accountants, Tulsa, OK. The Comparative Financial Statements shown here are for the years ended December 31, 2016 and 2017. East Central Electric's balance sheet reflects a 1.26 percent increase in assets. Capital credits and membership fees increased by 6.61 percent, which gave our members an equity level of 49.8 percent.



2017 STATISTICS



**\$166 Million** Total Assets

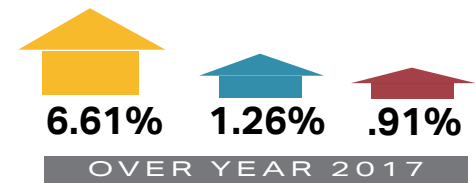


**\$83.7 Million** Total Debt



**49.7%** Total Equity

YOUR NET WORTH



■ Capital Credits & Other Equities

= \$82,761,933

■ Total Liabilities & Equities

= \$166,594,187


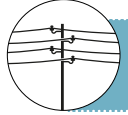



■ Membership Fees

= \$169,415

## OPERATING REPORT

	2017	2016
Electric Sales	54,869,087	56,131,826
Less Cost of Purchased Power	31,803,414	33,340,704
Net Sales	23,065,673	22,791,122
Operating Expenses	13,607,250	13,142,916
Interest on Debt	2,375,598	2,413,009
Depreciation	5,350,411	5,096,637
Other Deductions	77,809	87,113
Total Expenses (Excluding Cost of Power)	21,411,068	20,739,675
Net Income From Electric Sales	1,654,605	2,051,447
Other Income	2,553,823	2,191,538
<b>Total Margins and Capital Credits</b>	<b>4,208,428</b>	<b>4,242,985</b>

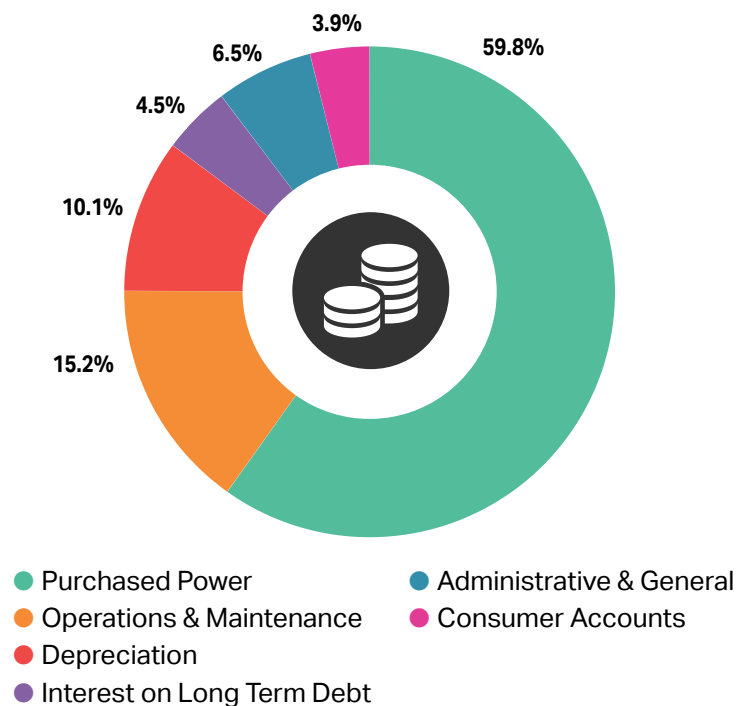
## OPERATING STATISTICS

	2017	2016
 No. of Meters	33,801	33,508
 Miles of Line	6,273	6,248
 Avg # of meters/mile of line	5.39	5.36
 Avg. Cost to Member Per KWh	11.49	11.24
 Total KWh Sold	477,424,209	499,500,878

## Where The Dollar Comes From



## Where Your Dollar Goes



# WORKING FOR YOU

## Youth Programs



ECE encourages positive youth development by sponsoring six teens on the annual Electric Cooperative Youth Tour. Since 1963, the co-op has sponsored

**330 teens** on the trip.

The co-op also sponsored six teens to attend YouthPower Energy Camp every year. ECE has provided this opportunity for more than **100 campers** since 1989.

## Saving Energy

Free energy assessments, rebates on energy efficient appliances, discounts on Marathon water heaters, and energy education programs for kids are some of the ways we help members control their energy use and enjoy lower monthly bills.



## Returning Margins

ECE rates are set to cover the cost of doing business and do not generate profits for distant stockholders. Instead, we allocate any excess capital to our members as capital credits. Since 1975, the co-op has returned more than **\$24.6 million** to members. In 2017, the co-op returned **\$1.1 million** to members.



## Giving Back

Operation Roundup provides financial assistance for community organizations, churches, fire departments and other organizations working to better our local communities. Through the voluntary contributions of co-op members, Operation Roundup has donated more than **\$1.5 million** since the program began.



The average ECE member donates roughly 44¢ each month to Operation Roundup.

## Money For College



In 2017, local students received **\$21,000** in college scholarships through ECE's Operation Roundup program. Scholarship funds are used to cover tuition costs at any college, university, or technical school. Operation Roundup has paid **\$190,000** in scholarships since its inception.



# 2017 BOARD OF TRUSTEES



*President*  
**LOWELL HOBBS**  
DISTRICT 2



*Vice President*  
**LARRY HARVEY**  
DISTRICT 1



*Sec. Treasurer*  
**DWIGHT LUTHER**  
DISTRICT 7



*Asst. Sec. Treasurer*  
**JIM HALL**  
DISTRICT 6



**ED KLOECKLER**  
DISTRICT 5



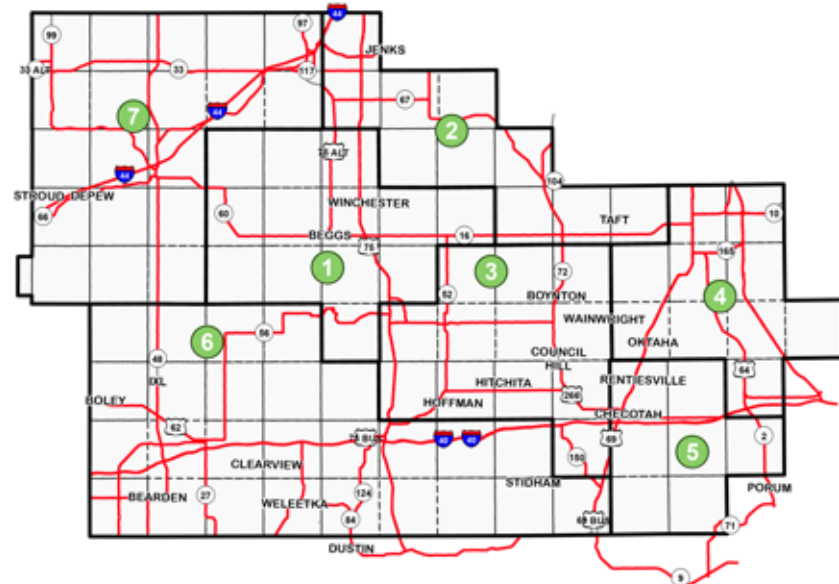
**MAX SHOEMAKE**  
DISTRICT 3



**MICHAEL VERNON**  
DISTRICT 4

## EAST CENTRAL ELECTRIC COOPERATIVE SERVICE TERRITORY & DISTRICT MAP

East Central Electric (ECE) is the third largest electric cooperative in Oklahoma. ECE service territory covers roughly 3,000 square miles and includes portions of Creek, McIntosh, Muskogee, Okfuskee, Okmulgee, Tulsa and Wagoner counties. For fair and equal representation, the area is divided into seven voting districts. Every three years, members living in each districts elect a trustee to represent them on the cooperative board.



# EAST CENTRAL ELECTRIC COOPERATIVE 2018 ANNUAL MEETING MAP



- ? Information booth
- Kids Activities and Carnival Games
- Registration, Voting, Board Members
- Arts and Crafts Vendors
- Food Vendors



## OFFICIAL NOTICE

The 2018 Annual Meeting of East Central Oklahoma Electric Cooperative, Inc. will be held on July 26, 2018 with the business meeting beginning at 7pm at OSUIT's Covelle Hall in Okmulgee, Oklahoma. The purpose of the meeting is to act on the following business:

- Reports of officers and trustees
- Election of two trustees

And all other business that may come before the meeting or any adjournment thereof.

Bylaws state the names of all candidates selected at district meetings, including those submitted by petition no less than 30 days prior to the Annual Meeting, will be listed in the Official Notice. Two districts will elect a trustee to represent them: District 2 and District 5. The candidates who were nominated by petition for these districts are incumbent trustee Lowell Hobbs, District 2 and incumbent trustee Ed Kloeckler, District 5.

Article IV, Sec. 5 of the bylaws state: "In the event that a quorum is not present and the election, because of such, cannot be held, then and in that event the trustee holding office from that district shall automatically remain in office for an additional three year term provided he/she otherwise qualifies."

Each member shall be entitled to only one vote for a candidate from each district at the Annual Meeting of the members. Such members must present this pre-registration ticket at the registration tent at Annual Meeting.

Members with special needs should contact the Cooperative at 918-756-0833 prior to the meeting.

Registration begins at 5pm. Please allow enough time for parking and registration prior to the 7pm start of the business meeting. After registering, members do not need to be present at time of prize drawings to win, although there will be special prize drawings for members who stay for the meeting.

Sincerely,

*Tim Smith*  
Tim Smith  
General Manager

