

EAST CENTRAL ELECTRIC

Powering

OUR FUTURE



2013

ANNUAL REPORT

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PRESIDENT'S REPORT

How You See It

East Central Electric Cooperative—proud, financially strong, and governed by a dedicated board of directors—has undergone many changes over the past 76 years. The board weighs every decision by “seeing through the members’ eyes.” This conservative approach has served us well, and East Central Electric continues to grow and improve our system while keeping our finances in good shape.

Although your co-op has changed over the years, our values remain the same. Likewise, our rates have changed very little. In 1938 co-op members paid 8.5 cents per kilowatt-hour (*kwh*); today our rates are 9.5 cents/*kwh*. Our members are blessed with almost the lowest utility rate in Oklahoma. Electric bills may be higher than in 1938, but just think of all the electric devices we enjoy today to make our lives easier.

The return of capital credits to co-op members, our percent of equity, and strong financial status prompted our auditor, Warren Grigsby, to describe East Central Electric as the most authentic of all the co-ops he audits.

While our rates have remained low, the cost of materials your co-op uses to deliver power to you has increased drastically. We have commissioned C. H. Guernsey Engineering of Oklahoma City to thoroughly

analyze East Central Electric rates to provide us with needed information for rate structure and cost of service to different classes of consumers. Their findings should be presented to the board soon, and we will keep you informed.



Lowell Hobbs
PRESIDENT OF THE
BOARD OF TRUSTEES

As the board continues to manage our cost and growth, we remain committed to helping our communities. This year, Operation Roundup celebrated a milestone: Since its inception in 2007, co-op members have put more than \$1 million into our communities through college scholarships for our members’ students, improving local fire protection services, and helping charitable organizations serve others.

We have committed additional dollars for right of way maintenance, system improvements and technology upgrades. Also, we will soon offer a Facebook page for you to get outage updates, ask questions, and interact with your co-op.

As we look to the future, your board will continue to serve you by seeing new ideas, new programs, and new ways of doing business “through your eyes.”

It’s the best way we know to power your future—on that you have our word.

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2013 Financial Highlights

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, 2013 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, 2012 and 2013. East Central Electric's balance sheet reflects a 5.8 percent increase in assets. Capital credits and membership fees increased by \$2,811,141 which gave our members an equity level of 41.7 percent.

	2013	2012
YOUR COOPERATIVE OWNS:		
Electric Plant	156,913,921	151,476,886
Less Depreciation	44,299,180	41,782,068
Book Value	112,614,741	109,694,818
Cash and Investments	3,146,898	3,375,135
Patronage Capital Assoc. Organization	19,626,098	18,147,229
CFC Investment Certificates	1,472,925	1,493,095
Accounts Receivable	3,830,144	2,910,947
Other Assets	8,972,892	5,834,200
Total Assets	149,663,698	141,455,425
YOUR COOPERATIVE OWES:		
Long Term Debt (RUS)	19,711,990	21,192,504
Long Term Debt (CFC)	4,212,784	4,899,277
Long Term Debt (FFB)	29,312,955	22,305,778
Long Term Debt (CoBank)	9,091,733	7,840,356
Consumer Deposits	2,470,989	2,491,165
Other Liabilities	22,478,567	23,152,805
Total Liabilities	87,279,017	81,881,885
YOUR NET WORTH:		
Membership Fees	165,255	163,865
Capital Credits and Other Equities	62,219,426	59,409,675
Total Liabilities and Equities	149,663,698	141,455,425

2013 Revenue Dollars

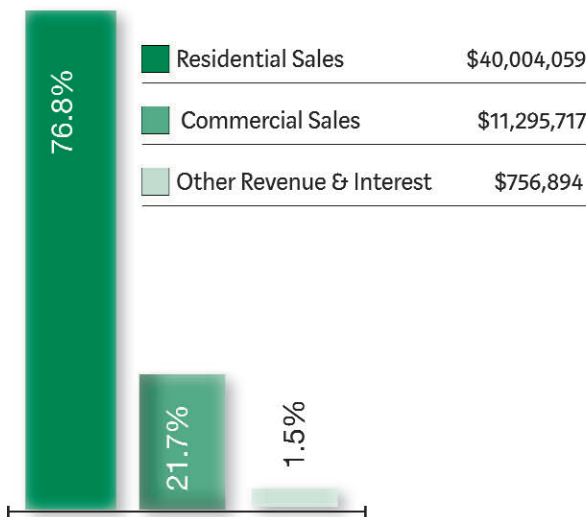
OPERATING REPORT

	2013	2012
Electric Sales	52,056,670	50,343,166
Less Cost of Purchased Power	32,072,790	30,808,937
Net Sales	19,983,880	19,534,229
Operating Expenses	11,847,504	11,664,612
Interest on Debt	2,399,871	2,374,391
Depreciation	4,530,030	4,426,194
Other Deductions	171,047	98,683
Total Expenses (Excluding Cost of Power)	18,948,452	18,563,880
Net Income From Electric Sales	1,035,428	970,349
Other Income	2,249,347	2,128,354
Total Margins and Capital Credits	3,284,775	3,098,703

OPERATING STATISTICS

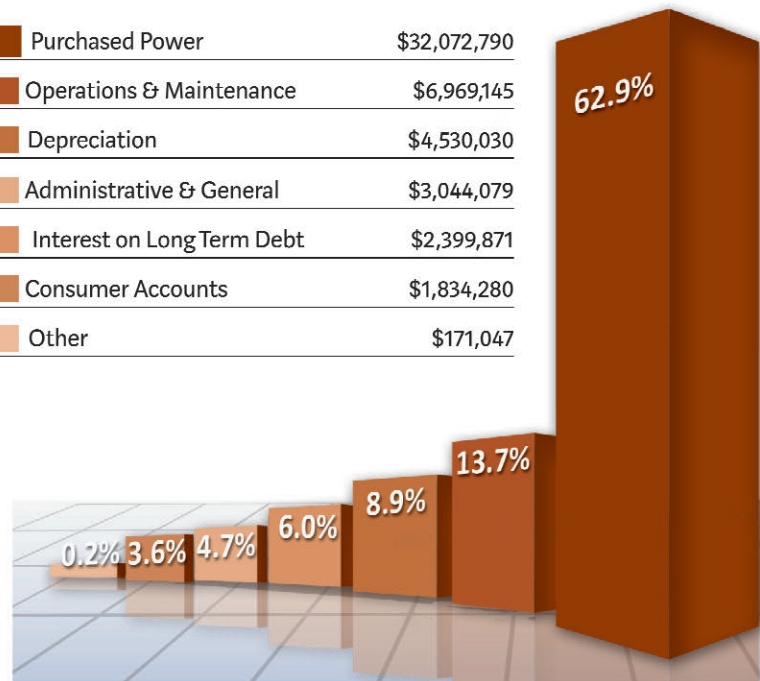
	2013	2012
Meters	32,940	32,667
Miles of Line	6,154	6,135
Average number of meters/mile of line	5.35	5.33
Total Kilowatt-Hours Sold	534,901,896	512,652,909
Average Cost to Member Per KWH	0.0973	0.0982

Where the dollar comes from



Where your dollar goes

Purchased Power	\$32,072,790
Operations & Maintenance	\$6,969,145
Depreciation	\$4,530,030
Administrative & General	\$3,044,079
Interest on Long Term Debt	\$2,399,871
Consumer Accounts	\$1,834,280
Other	\$171,047



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LEADING THE WAY

Your Cooperative Board of Trustees

The East Central Electric board of trustees is governed by a seven-member board of trustees. It is their job to set policy and provide oversight that ensures your cooperative maintains a strong financial position and remains focused on the needs of its members.

Board members are nominated by member-owners that live within their co-op district (See map, below). Members nominate candidates for the board at their official district meeting. If more than one candidate is nominated from a district, these candidates must stand for election by the full membership at the annual business meeting in July.

Cooperative trustees serve a three-year term.



President
LOWELL HOBBS
DISTRICT 2



Vice President
LARRY HARVEY
DISTRICT 1



Sec. Treasurer
DWIGHT LUTHER
DISTRICT 7



Asst. Sec. Treasurer
MAX SHOEMAKE
DISTRICT 3



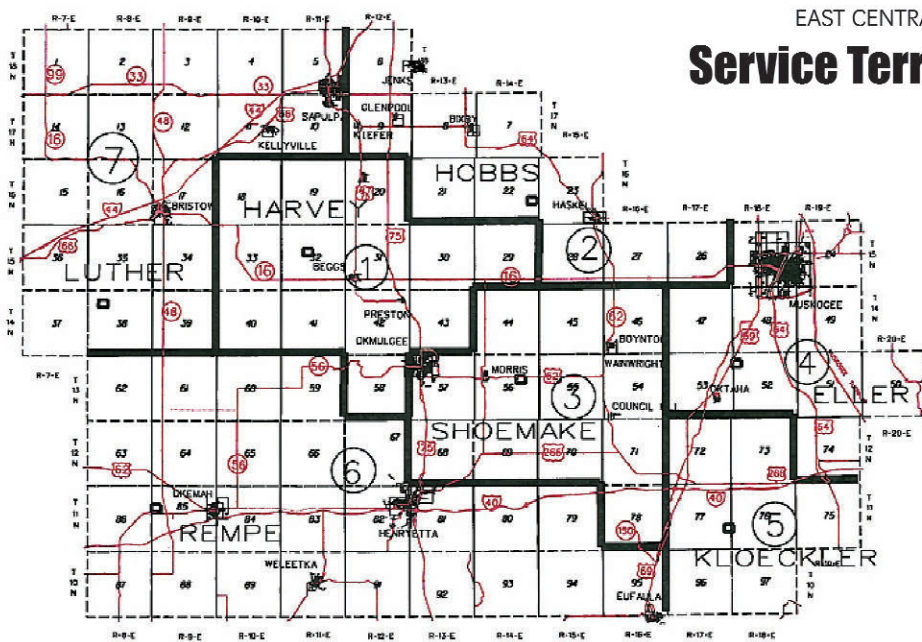
JIMMY ELLER
DISTRICT 4



ED KLOECKLER
DISTRICT 5



JERRY REMPE
DISTRICT 6



EAST CENTRAL ELECTRIC COOPERATIVE Service Territory & District Map

Your electric cooperative serves 32,940 members over a network of 6,154 miles of distribution line and 24 substations. Encompassing roughly 3,000 square miles, East Central Electric service territory includes portions of Creek, McIntosh, Muskogee, Okfuskee, Okmulgee, Tulsa and Wagoner counties. It is the third largest electric cooperative in the state.

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2013 Service Highlights

In 2013, East Central Electric Cooperative enjoyed the following achievements in their commitment to serving member-owners:

- **Operation Roundup.** East Central Electric member-owners celebrated a milestone in charitable giving in 2013. Since its inception in 2007, Operation Roundup has awarded \$1.1 million in grants to local charities, civic groups, schools, youth clubs, community organizations and needy families. Grants in 2013 alone totaled \$117,560.81, with funds being used to improve community services, rural fire protection, elder-care programs and provide some \$26,000 in college scholarships.
- **Youth Tour.** Over the past 50 years, East Central Electric has sponsored 214 teens on the Rural Electric Youth Tour. The all-expenses paid trip to Washington DC gives high school juniors from across the U.S. an inspiring tour of their country's most historic buildings, monuments and museums. Youth Tour delegates enjoy a legislative breakfast with federal legislators and government officials, a riverboat cruise on the Potomac River, and visits to popular tourist attractions and cultural sites. For participants, Youth Tour is an amazing experience that builds lifetime friendships and encourages greater citizenship and participation in all levels of government.

- **Special Olympics.** For 25 years, East Central Electric employees have volunteered at the Oklahoma Special Olympic Summer Games, logging over 3,600 volunteer hours for this inspiring event.
- **Energy Efficiency Rebates.** East Central Electric's Take Control and Save rebate program provides cash rebates on the purchase and installation of energy efficient appliances such as Marathon water heaters, room air conditioners and geothermal heat pumps. In 2013, East Central Electric paid \$7,100 in rebates to members to promote energy efficiency and encourage wise energy use.
- **Co-op Connections.** East Central Electric members are saving thousands of dollars in prescription medicine costs through the Co-op Connections savings program. Since the program began in 2008, East Central Electric members have saved \$401,584.79 on prescription medicine. Showing your Co-op Connections card to medical providers can reduce costs on eye care, eyeglasses, hearing tests, chiropractic visits and dental care, as well as prescription medicine. It also provides savings on goods and services including car care, tools, clothing, tools, flowers, rental cars, lodging and more at thousands of participating retail businesses. For information on Co-op Connection healthcare discounts and other savings, visit www.connections.coop.



Stone Bluff Rural Fire Department received funds from Operation Roundup to purchase life-saving fire protection equipment for firefighters. The fire department is one of many organizations who benefited from the Operation Roundup program.

Operation Roundup is funded by donations from members of East Central Electric who "round up" their electric bills to the next whole dollar. The remaining pennies go to Operation Roundup to improve community and rural services in east central Oklahoma.

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EAST CENTRAL OKLAHOMA ELECTRIC COOPERATIVE, INC.

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