

2016

ANNUAL REPORT

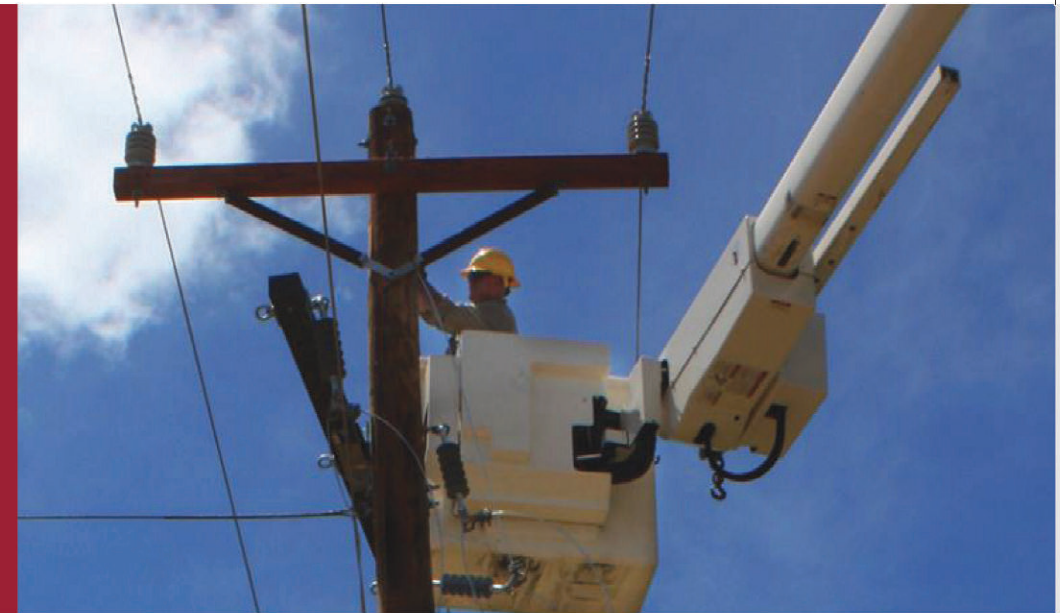
**MEMBERS
are our
POWER**



East Central Electric

our cooperative **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.



a letter to **OUR MEMBERS**

Dear Members,

Thank you for your interest in your electric cooperative. East Central Electric (ECE) depends on you to choose able leaders who can make decisions based on what is best for the membership. Your participation truly empowers your co-op. This is increasingly important as we navigate an energy industry that is undergoing drastic change.

Twenty years ago, the electric industry invested billions of dollars in new coal-fired plants because natural gas was in short supply. Since that time, your electricity has come primarily from coal, natural gas, and hydro-powered facilities.

In recent years, thanks to improved drilling practices, oil and gas companies have tapped into new gas reserves. As a result, we now enjoy an abundance of natural gas and are seeing more investments in new natural gas-fueled power plants. Advancements in technology are also encouraging

greater use of renewable resources. In the future, we will see more of our electricity coming from solar and wind.

These new fuel sources offer new opportunities for co-op members to get involved. ECE's Community Solar Project is a perfect example. We appreciate our members who are showing their support for clean, renewable energy by subscribing to solar panels.

The flow of sun and wind-powered electricity onto the power grid also creates new challenges for power suppliers. As power generated from sun or wind flows onto the lines, coal and gas-fired plants are temporarily shut down. While gas-fired plants are easily taken off-line, coal-fired plants are not designed for easy "on and off." As a result, these plants experience more wear and tear resulting in more expensive maintenance.

Such challenges are forcing the electric industry to think in different ways about how power is generated and delivered to your home. As a result, we will see even more innovation and technological advancements that will, in turn, affect nearly every aspect of the utility industry.

What does this mean for your co-op? It means your cooperative trustees and staff must remain alert and informed so that you, the member, get the most benefit from new power supply options, changes in rate structures, and new services.

As we keep pace with these transitions, you have our word that we will also work hard to keep up with your changing expectations. We are committed to staying responsive to your needs through new services, apps, convenient payment methods, efficient operations, and improved communications. Our efforts to control costs keeps our rates at some of the lowest in the state.

We've come a long way from the handwritten and hand-calculated electric bills of yesteryear. With the support of our members, we will continue our mission to provide safe, affordable and reliable power into the future.

Tim Smith
GENERAL MANAGER

Lowell Hobbs
PRESIDENT

your 2016 BOARD OF TRUSTEES



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LOWELL HOBBS
DISTRICT 2



Vice President
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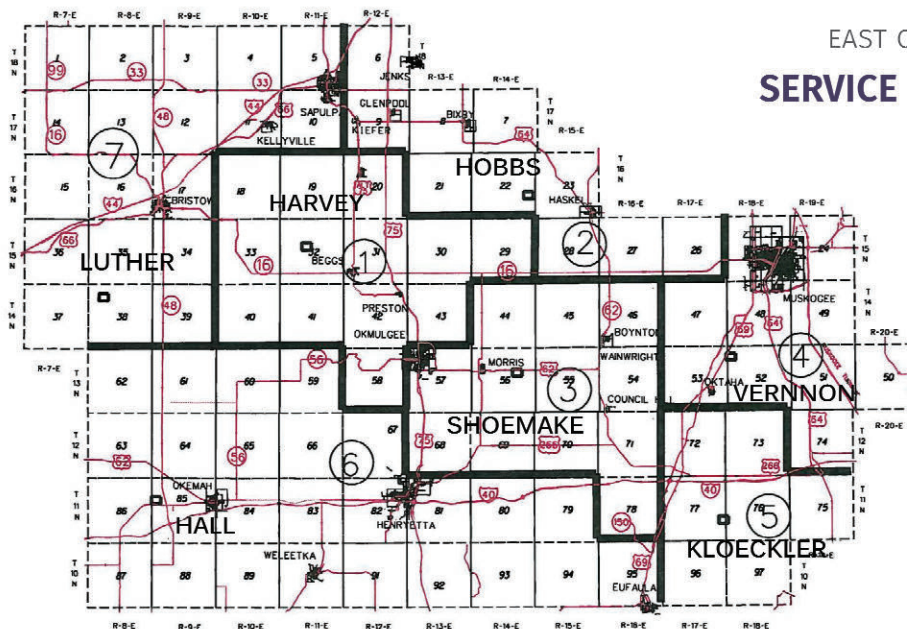


MAX SHOEMAKE
DISTRICT 3

by the
MEMBERS
for the
MEMBERS.

Your cooperative trustees are elected by the members of East Central Electric Cooperative. In the decisions they make, the policies they approve, and the issues they confront, their first priority is to represent you.

EAST CENTRAL ELECTRIC COOPERATIVE SERVICE TERRITORY & DISTRICT MAP



East Central Electric is the third largest electric cooperative in Oklahoma. Its 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 district elect a trustee to represent them on the cooperative board.

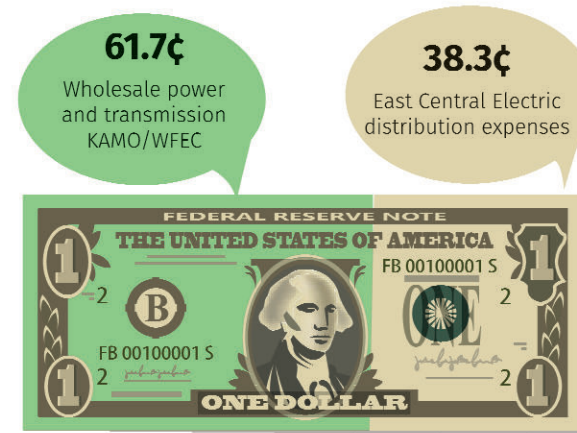


2016 FINANCIAL HIGHLIGHTS

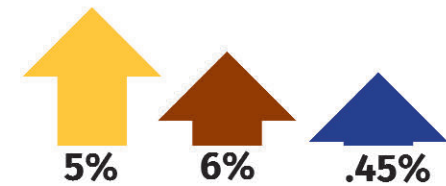
The books and financial statements of East Central Oklahoma Electric Cooperative, Inc. are audited each year as of December 31. An audit for the year ended December 31, 2016 has been completed by the firm of Briscoe, Burke & Grigsby LLP, Certified Public Accountants, Tulsa, OK. The Comparative Financial Statements shown here are for the years ended December 31, 2015 and 2016. East Central Electric's balance sheet reflects a 5.86 percent increase in assets. Capital credits and membership fees increased by \$3,368,831, which gave our members an equity level of 47.29 percent.

	2016	2015
YOUR COOPERATIVE OWNS:		
Electric Plant	172,417,817	166,438,526
Less Depreciation	51,135,251	49,568,802
Book Value	121,282,566	116,869,724
Cash and Investments	6,050,977	3,112,808
Patronage Capital Assoc. Organization	24,677,496	23,208,876
CFC Investment Certificates	1,404,849	1,428,606
Accounts Receivable	6,520,280	5,931,037
Other Assets	4,580,271	4,856,668
Total Assets	164,516,439	155,407,719
YOUR COOPERATIVE OWES:		
Long Term Debt (RUS)	16,889,382	18,590,400
Long Term Debt (CFC)	1,153,130	1,623,235
Long Term Debt (FFB)	41,449,493	32,857,112
Long Term Debt (CoBank)	5,231,345	6,597,886
Consumer Deposits	2,533,835	2,753,447
Other Liabilities	19,457,885	18,553,101
Total Liabilities	86,715,071	80,975,181

Where Does Your Dollar Go?



Your Net Worth



- Capital Credits & Other Equities = \$77,633,474
- Total Liabilities & Equities = \$164,516,440
- Membership Fees = \$167,895



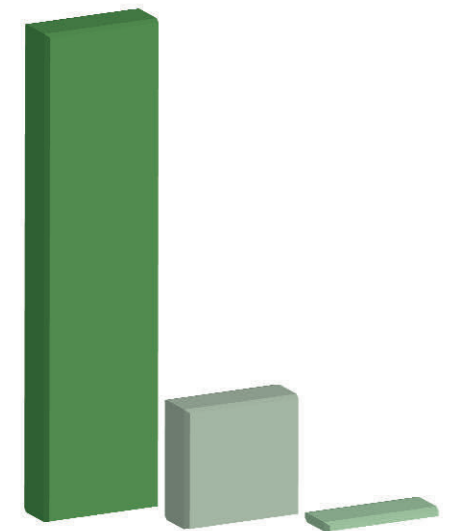
OPERATING REPORT

	2016	2015
Electric Sales	56,131,826	54,904,231
Less Cost of Purchased Power	33,340,704	32,549,054
Net Sales	22,791,122	22,355,177
Operating Expenses	13,142,916	12,344,093
Interest on Debt	2,413,009	2,350,793
Depreciation	5,096,637	4,847,768
Other Deductions	87,113	195,588
Total Expenses (Excluding Cost of Power)	20,739,675	19,738,242
Net Income From Electric Sales	2,051,447	2,616,935
Other Income	2,191,538	1,774,716
Total Margins and Capital Credits	4,242,985	4,391,651

OPERATING STATISTICS

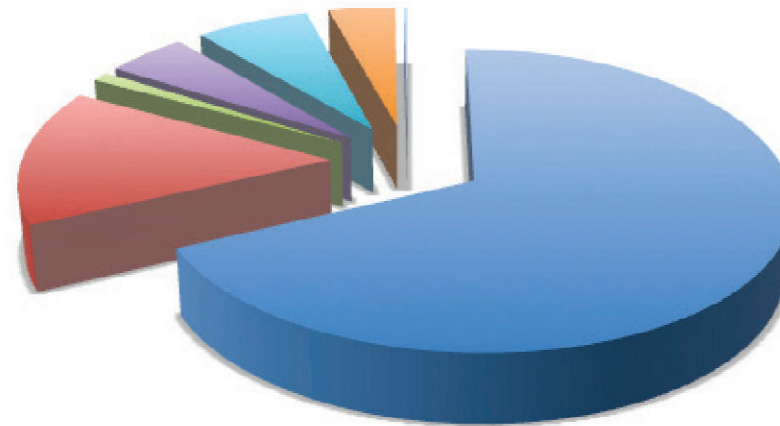
	2016	2015
Meters	33,508	33,334
Miles of Line	6,248	6,210
Average number of meters/mile of line	5.36	5.37
Total Kilowatt-Hours Sold	499,500,878	521,365,793
Average Cost to Member Per KWH	0.112	0.105

East Central Electric Revenue



East Central Electric Expenses

Purchased Power	33,340,704 (61%)
Operations and Maintenance	7,353,986 (14.4%)
Depreciation	5,096,637 (9.4%)
Administrative and General	3,371,306 (6.2%)
Interest On Long Term Debt	2,413,009 (4.5%)
Consumer Accounts	1,982,118 (3.7%)
Other	87,113 (.2%)





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ACSI SCORE

The American Customer Satisfaction Index measures overall satisfaction on a scale of 1-100. The national cooperative score was 80.

99.95%

RELIABILITY



The average ECE member was out of power for only 243 minutes in 2016.



78

EMPLOYEES

Administrative • Operations • Field

POWER MIX

East Central Electric purchases electricity that is generated using a mix of fuels including coal, natural gas, hydro, solar and wind.



all about

US



6,248

MILES OF LINE

If laid in a straight line, ECE power lines would stretch from Okmulgee to the Greek Islands, a distance roughly one-fourth the circumference of the earth.



\$24.6

MILLION

The amount of capital credits paid to members since 1975. Capital credits are your share of ECE margins, or profits, left over after all expenses are paid.



3.75%

GROWTH

Since 2010, the number of East Central Electric meters has grown by 3.75 percent.



430

METERS PER EMPLOYEE

78 full-time employees and 33,508 meters.

CORE VALUES: SAFETY • RELIABILITY • AFFORDABLE

COOPERATIVE PRINCIPLES

East Central Electric abides by the Seven Cooperative Principles. These principles include: voluntary and open membership; owner economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community.

SOLAR POWER



East Central Electric's Community Solar Project is one of the first of its kind in Oklahoma. The 950-panel solar array began generating power in February 2017. Participating members

subscribe to panels and see a credit on their monthly electric bills. Since coming online the solar project has generated 187 megawatts of electricity—or enough to power a 5,000 watt air conditioner for 24 hours for four years. When operating at peak, the array is capable of generating 250 kilowatts. That's equivalent to removing 261,433.7 lbs of carbon from the atmosphere and saving 109.8 barrels of oil.



SAFETY FIRST

Your co-op is committed to keep the public and its employees safe. In 2016, we brought our safety message to over 200 schoolchildren through our free safety programs. By encouraging a climate of safety in the workplace and providing monthly training for our employees, East Central Electric recently celebrated 93,673.65 hours without a lost time accident.

CONNECTIONS FOR HEALTH



Since 2008, East Central Electric members have saved nearly half a million dollars on prescription medicine by simply showing their Co-op Connections card at checkout.

OPERATION ROUNDUP

By rounding up their monthly electric bills and donating the remaining cents to Operation

Roundup, East Central Electric members have provided over \$1.4 million in grants to local organizations, charities, youth clubs, fire departments and more. The average member contributes roughly \$6 per year.



REBATES FOR YOU



Helping members save energy is important to your co-op. Since 2008, we've paid out \$346,079 in rebates to encourage members to purchase energy efficient geothermal heat pumps and electric water heaters.



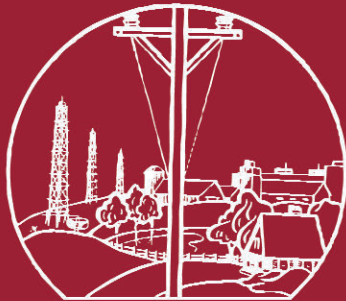
YOUTH PROGRAMS

In 2016, Operation Roundup provided \$20,000 in scholarships to students in East Central Electric service territory. Helping youth reach their highest

potential is something your co-op believes in. Programs such as the Electric Cooperative Youth Tour and YouthPower Energy Camp introduce teens to cooperative values and teach them the importance of leadership and community action.

EXEDE INTERNET

Roughly 650 co-op members subscribe to Exede satellite Internet service through East Central Electric. The service helps rural members enjoy broadband service that is significantly faster than dialup.



EAST CENTRAL ELECTRIC

OKMULGEE, OKLAHOMA

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www.ecoec.com

OFFICE HOURS:

Monday-Friday, 8 am - 4:30 pm.

POWER OUTAGE HOT LINE

(918) 756-0833

BOARD OF TRUSTEES

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