

FOCUS

2018 ANNUAL REPORT



East Central
ELECTRIC COOPERATIVE

SERVING

our MEMBERS
and COMMUNITIES

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A MESSAGE TO OUR MEMBERS



That's Value

In 1938, East Central Electric members paid **8.5 cents** per kilowatt-hour (kwh), which amounts to roughly **\$1.50 cents/kwh** in today's dollars. Instead, cooperative members pay a little over **11 cents/kwh**, and enjoy some of the lowest residential electric rates in Oklahoma.

Ahead: Better Service For You

Wouldn't it be nice if all of our business decisions were based on the telepathic ability to see into the future? Knowing what lies ahead would allow us to better plan and allocate resources, prepare for disasters, and provide services to our members before they even realize they need them. Chances are we will never have a crystal ball, but soon your electric cooperative will be better able to predict, and sometimes avoid power outages altogether.

The reason lies in one of the most groundbreaking decisions your board of trustees has ever made: By approving the installation of fiber optic cable throughout our 6,288-mile electric system, East Central Electric will take a giant step toward grid modernization and better utilization of electric grid technology.

Fiber optic communications will let us see and monitor our regulators, capacitors, switches and more in real time. The ability to track and control these devices from the office allows us to better understand and fine-tune our electric system performance. Once we can see and communicate with our equipment down the line, we can begin to move toward engineering and planning a self-healing grid. As a result, members will experience fewer and shorter outages. Operations efficiency will improve, and our cooperative employees will spend less time driving our lines in terrible weather searching for the source of a problem.

Reliable and affordable service remains the primary mission and purpose of East Central

Electric Cooperative, but our values include concern for the broader needs of our communities. Thanks to the long-sighted vision of your elected trustees, your cooperative-owned fiber optic network will meet needs beyond the meter by bringing the most advanced, high-speed Internet and telephone service to our service area at an unbelievably low monthly price.

When East Central Electric began over 81 years ago, rural residents lacked the basic amenities—lights, indoor plumbing and running water—that their counterparts in town enjoyed. Other companies refused to extend electric service to rural areas, and as a result, the rural lifestyle remained primitive. By forming a cooperative and building power lines to places no one else thought was possible, our founding members conveyed a clear vision for the future that still drives your cooperative today. As we step forward to bring fiber optic broadband service to rural areas, our focus, like that of our co-op founders, remains on meeting the unserved needs of our members. Like the first electric lights on the farm, we believe the results will be lifechanging.

Lowell Hobbs
PRESIDENT

Tim Smith
GENERAL MANAGER



FINANCIAL STATEMENTS

OUR NET WORTH

Membership Fees

.73% from 2017
\$170,650

Capital Credits & Other Equities

2.68%
\$84,979,283

Total Liabilities & Equities

4.36%
\$173,854,636

Total Equity to Liability

48.98%

YOUR COOPERATIVE OWNS:

	2018	2017
Electric Plant (↑3.40%)	184,096,416	178,038,336
Less Depreciation	55,745,704	53,259,400
Book Value (↑2.86%)	128,350,712	124,778,936
Cash and Investments	6,135,537	3,516,368
Patronage Capital Assoc. Organization	27,702,162	26,364,117
CFC Investment Certificates	1,354,251	1,380,079
Accounts Receivable	6,231,697	6,535,986
Other Assets	4,080,277	4,018,702
Total Assets (↑4.36%)	173,854,636	166,594,187

YOUR COOPERATIVE OWES:

Long Term Debt (RUS)	14,394,734	18,897,593
Long Term Debt (CFC)	407,496	663,243
Long Term Debt (FFB)	50,478,552	40,301,422
Long Term Debt (CoBank)	2,798,040	3,776,182
Consumer Deposits	2,562,260	2,384,761
Other Liabilities	18,063,621	17,639,638
Total Liabilities (↑6.03%)	88,704,703	83,662,839

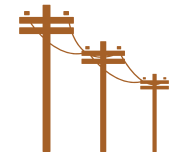
The books and financial statements of East Central Oklahoma Electric Cooperative, Inc. are audited each year as of December 31. An audit for the year ended December 31, 2018 has been completed by the firm of Briscoe, Burke & Grigsby LLP, Certified Public Accountants, Tulsa, OK. The Comparative Financial Statements shown here are for the years ended December 31, 2017 and 2018. East Central Electric's balance sheet reflects a 4.36 percent increase in assets. Capital credits and membership fees increased by \$2,218,585, which gave our members an equity level of 48.98 percent.

OPERATING STATISTICS



34,052

Total number of active meters.



6,288

Miles of electric line.



11.1¢

Avg. cost per kwh.



5.42

Avg. no. of meters per mile of line.

WHERE THE DOLLAR COMES FROM



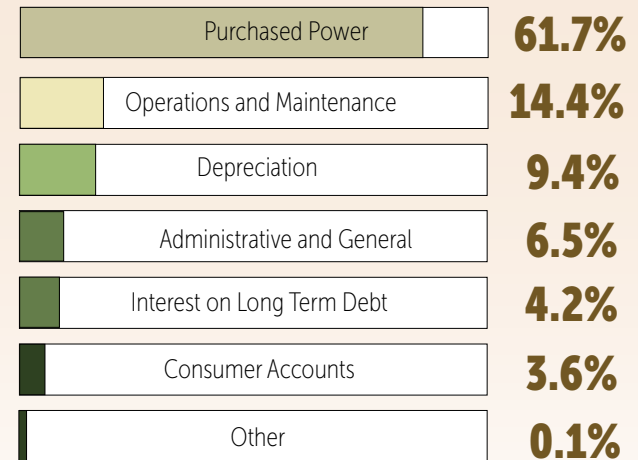
81.1%	Residential Sales \$47,838,104
18.7%	Commercial Sales \$11,025,964
0.2%	Other Revenue & Interest \$115,545

OPERATING REPORT

	2018	2017
Electric Sales	59,674,723	54,869,087
Less Cost of Purchased Power	36,157,814	31,803,414
Net Sales	23,516,909	23,065,673
Operating Expenses	14,387,924	13,607,250
Interest on Debt	2,474,234	2,375,598
Depreciation	5,538,717	5,350,411
Other Deductions	76,617	77,809
Total Expenses (Excluding Cost of Power)	22,477,492	21,411,068
Net Income From Electric Sales	1,039,417	1,654,605
Other Income	2,404,482	2,553,823
Total Margins and Capital Credits	3,443,899	4,208,428

WHERE THE DOLLAR GOES

Purchased Power	36,157,814.00
Operations and Maintenance	8,428,773.00
Depreciation	5,538,717.00
Interest On Long Term Debt	2,474,234.00
Administrative and General	3,831,988.00
Consumer Accounts	2,127,163.00
Other	76,617.00
Total	58,635,306.00





BOARD OF TRUSTEES

East Central Electric Cooperative is governed by a board of seven member-elected directors who provide direction and guidance to ensure the cooperative continues to serve the interests of you, the member-owner.



Trustees must understand their roles and responsibilities and stay informed on key issues and trends in the electric utility industry.



Any member may run for the position of trustee if they meet the qualifications listed in the East Central Electric Cooperative bylaws and policies.



Trustees are required to earn certification as a cooperative director by attending several hours of training.



LOWELL HOBBS
PRESIDENT
DISTRICT 2

Occupation: Cattle Rancher
Hometown: Haskell



LARRY HARVEY
VICE PRESIDENT
DISTRICT 1

Occupation: Ag Teacher (retired)
Hometown: Beggs



DWIGHT LUTHER
SECRETARY TREASURER
DISTRICT 7

Occupation: Game Warden (retired)
Hometown: Bristow



JIM HALL
ASST. SEC. TREASURER
DISTRICT 6

Occupation: Insurance Agent
Hometown: Nuyaka



MAX SHOEMAKE
DISTRICT 3

Occupation: Cattle Rancher
Hometown: Morris



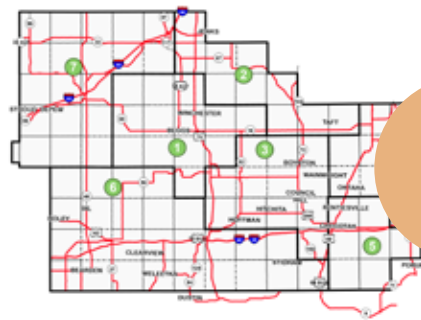
ED KLOECKLER
DISTRICT 5

Occupation: Cattle Rancher
Hometown: Checotah



MICHAEL VERNNON
DISTRICT 4

Occupation: Environmental Health and Safety Manager
Hometown: Muskogee



A map of East Central Electric Cooperative voting districts is available online at www.ecoec.com. To contact your cooperative trustee, please call 918-756-0833 or email info@ecoec.com.

Focused On Our Values

In Our Communities



\$1.7 million

in grants awarded to local organizations and families through ECE's Operation Roundup.

\$25.7 million

paid in capital credits since 1975. These dollars stay in the local area, helping our members and the local economy.

\$41,000

in college scholarships paid to local students in 2018.

330 students

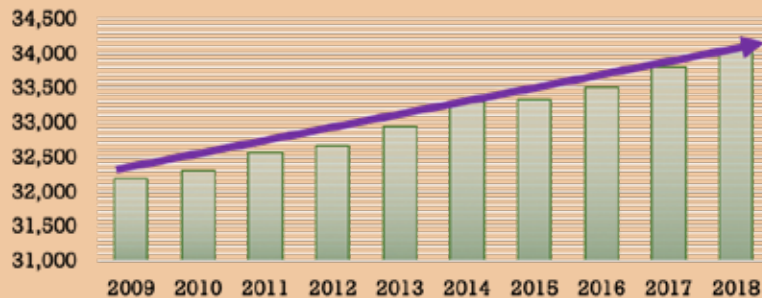
sponsored on the Electric Cooperative Youth Tour since 1963. More than 100 teens have attended YouthPower Energy Camp.

System Growth

5.08% growth in the number of meters over the past 10 years.

593

new accounts connected in 2018.



The cooperative is the best plan of organization. Under this plan, every business is governed by a board, every person has one vote and only one vote. Everyone gets profits based on their use of the co-op. It develops individual responsibility and has a moral as well as a financial value."

—President Theodore Roosevelt

HIGHLIGHTS OF 2018



Improved Service

Ranked **99.95%** in reliability!

700 days

without a lost time accident. Our commitment to safety extends beyond our team to include more than 1,823 students reached through our free electrical safety and energy education demonstrations.

1,100 miles

of power line trimmed, cleared and sprayed **+ 14,589** power poles inspected ensures safer, more reliable service for you.

\$8.42 million

invested in plant upgrades and improvements.



East Central Electric owns and maintains **6,288** miles of line, yet collects less revenue per mile (**\$9,467/mi**) than investor-owned utilities (**\$75,500/mi**) while offering members one of **the lowest** residential rates in the state.





East Central

ELECTRIC COOPERATIVE

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918.756.0833

www.ecoec.com

An equal opportunity employer and provider/disability/veteran.