



POWERING
through change

 EAST CENTRAL ELECTRIC
2019 ANNUAL REPORT

East Central Electric Cooperative

SERVING OUR MEMBERS AND OUR COMMUNITIES.

in Creek, Lincoln, McIntosh, Muskogee, Okfuskee,
Okmulgee, Seminole, Tulsa, and Wagoner counties.

RELIABLE SERVICES COMPETITIVE RATES
SOUND FINANCES ENVIRONMENTALLY
CONSCIOUS COOPERATIVE PRINCIPLES

CONTENTS

- 3 | Message To Members
- 4 | Financial Statement
- 5 | Operating Report
- 6 | Board of Trustees
- 7 | In Your Community

*“When you’re finished changing,
you’re finished.”*

— BEN FRANKLIN

MESSAGE TO OUR MEMBERS

Your Evolving Co-op



Tim Smith

Tim Smith
GENERAL MANAGER

With 82 years in business, East Central Electric Cooperative (ECE) knows a thing or two about change. Over the years, we've survived economic crashes, wars, skyrocketing fuel prices, devastating weather disasters, and fierce legislative battles that challenged our very existence. Now, we face a global pandemic that threatens to wreck our economy and damage our physical well-being.

Fortunately, we've learned to adapt. Hard times taught us to prepare for the unforeseen through wise planning and sound business practices. Because we strive to keep our rates as low as possible, we are skilled at operating lean. By staying tuned to our member's evolving needs, we've developed a mindset for finding solutions to seemingly impossible problems. Our resilience has served our members well. By delivering electricity to underserved areas so many years ago, farms and businesses grew more productive. Life changed for the better.

Today, your co-op's ability to bring high-speed fiber-based broadband to its members is once again changing lives. This January, ECE's fiber subsidiary, ecoLINK, connected its first subscriber. Today, more than 2,000 co-op members can

work/study from home, attend online classes and medical appointments, and take advantage of the many technologies that allow them to run their household, farms, and businesses more efficiently.

During the pandemic shutdown, the sad reality of living in an area without quality internet became a real problem for millions of rural households across the country. In ECE territory, we are

working to close that digital divide—and we are making steady progress. As we move into the second phase of our six-phase, 5,000-mile fiber buildout, more members can enjoy the benefits of 100 mbps to 1 Gbps speeds, plus telephone service, at extremely affordable prices. Eventually, ecoLINK fiber will be available throughout our system.

If we've learned anything over the years, it's this: Our commitment to serving you, our members, is the secret to our longevity. We must change in order to provide the services and the lifestyle you expect. We will power through this pandemic, and the many other challenges and changes life throws our way, because the services we provide are vital to those we serve. ☺

“Our commitment to serving you, our members, is the secret to our longevity.”



Lowell Hobbs

Lowell Hobbs
PRESIDENT



\$1.1 million

in member equity, or capital credits, given to members in 2019.

ECE has retired more than

\$26 million

in capital credits to members since 1975.

FINANCIAL HEALTH

In The Green. Your East Central Electric trustees remain committed to maintaining the financial integrity and strength of your cooperative in a way that balances competitive rates with reliable and safe service. Developing work plans and long range financial forecasts help us weather unexpected downturns without sacrificing the excellent service and reliability you've come to expect from your co-op.

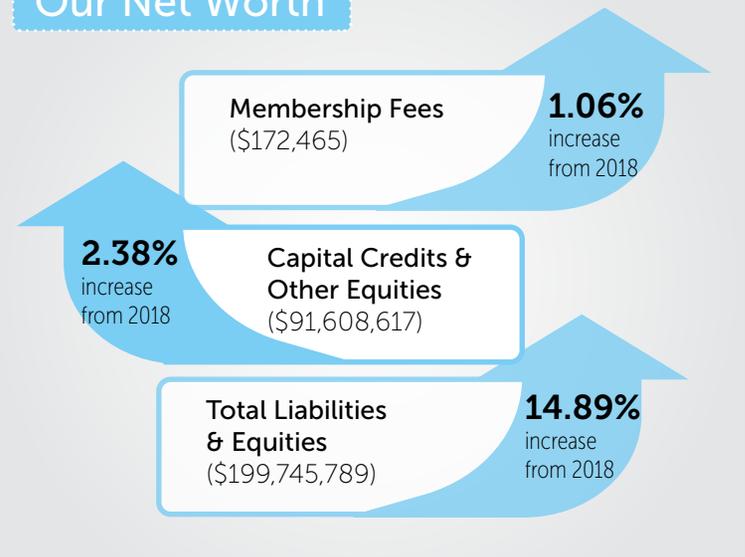
YOUR COOPERATIVE OWNS:

	2019	2018
Electric Plant (↑12.41%)	\$ 206,941,809	\$ 184,096,416
Less Depreciation	58,211,153	55,745,704
Book Value (↑15.88%)	148,730,656	128,350,712
Cash and Investments	3,372,198	6,135,537
Patronage Capital Assoc. Organization	31,267,931	27,702,162
CFC Investment Certificates	1,327,320	1,354,251
Accounts Receivable	6,524,290	6,231,697
Other Assets	8,523,394	4,080,277
Total Assets (↑12.96%)	\$ 199,745,789	\$ 173,854,636

YOUR COOPERATIVE OWES:

Long Term Debt (RUS)	\$ 17,193,606	\$ 14,394,734
Long Term Debt (CFC)	139,119	407,496
Long Term Debt (FFB)	49,051,028	50,478,552
Long Term Debt (CoBank)	20,280,993	2,798,040
Consumer Deposits	2,885,979	2,562,260
Other Liabilities	18,413,982	14,986,171
Total Liabilities (↑26.09%)	\$ 107,964,707	\$ 85,627,253

Our Net Worth



System Highlights



6,297

Miles of electric line owned and maintained by ECE.



11.3¢

Avg. cost per kilowatt-hour.



34,419

Total number of active meters.



7%

growth in the number of meters since 2010.



5.47

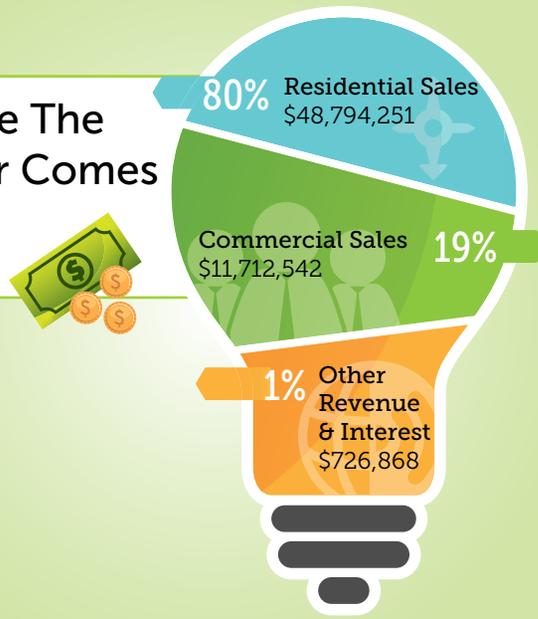
Average number of ECE meters per mile of line.

OPERATING REPORT

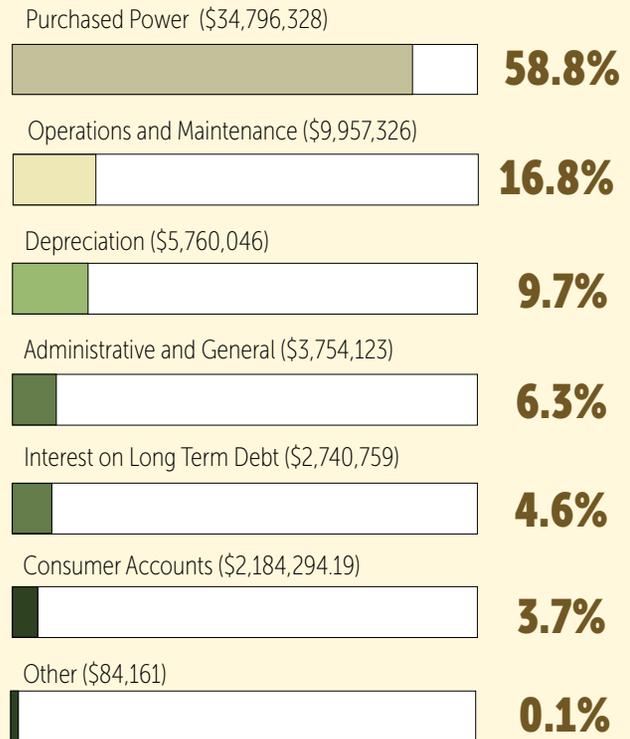
	2019	2018
Electric Sales	\$ 61,233,661	\$ 59,674,723
Less Cost of Purchased Power	34,796,328	36,157,814
Net Sales	26,437,332	23,516,909
Operating Expenses	15,895,744	14,387,924
Interest on Debt	2,740,759	2,474,234
Depreciation	5,760,046	5,538,717
Other Deductions	84,161	76,617
Total Expenses (Excluding Cost of Power)	24,480,709	22,477,492
Net Income From Electric Sales	1,956,623	1,039,417
Other Income	2,778,460	2,404,482
Total Margins and Capital Credits	\$ 4,735,083	\$ 3,443,899

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, 2019 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, 2018 and 2019. East Central Electric's balance sheet reflects a 23.96 percent increase in assets. Capital credits and membership fees increased by \$3,553,669, which gave our members an equity level of 43.6 percent.

Where The Dollar Comes From



Where The Dollar Goes



Price Drop. Falling fuel prices provided a welcome **3.7% decrease** in the **cost of power** for ECE members in 2019.



BOARD OF TRUSTEES



Lowell Hobbs
PRESIDENT
DISTRICT 2
Hometown: Haskell



Larry Harvey
VICE PRESIDENT
DISTRICT 1
Hometown: Beggs



Dwight Luther
SECRETARY-TREASURER
DISTRICT 7
Hometown: Bristow



Jim Hall
ASST. SEC. TREASURER
DISTRICT 6
Hometown: Nuyaka



Max Shoemake
DISTRICT 3
Hometown: Morris



Ed Kloeckler
DISTRICT 5
Hometown: Checotah



Michael Vernnon
DISTRICT 4
Hometown: Muskogee

DEMOCRATIC CONTROL

Your Member-Elected Trustees



Elected by members within their district.



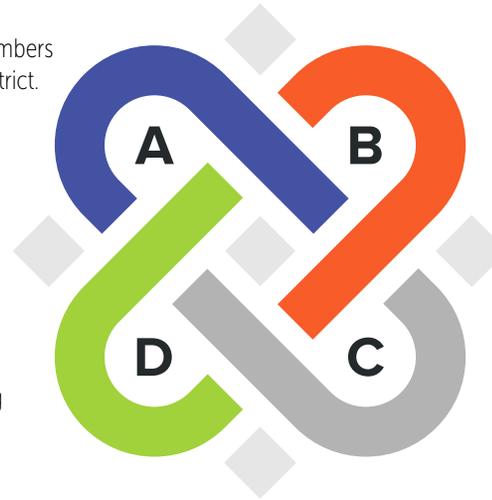
Make decisions based on careful study and review of co-op finances and information, understanding of the electricity industry, and what's best for the majority of members.



Work to ensure ECE remains focused on the needs of its members.

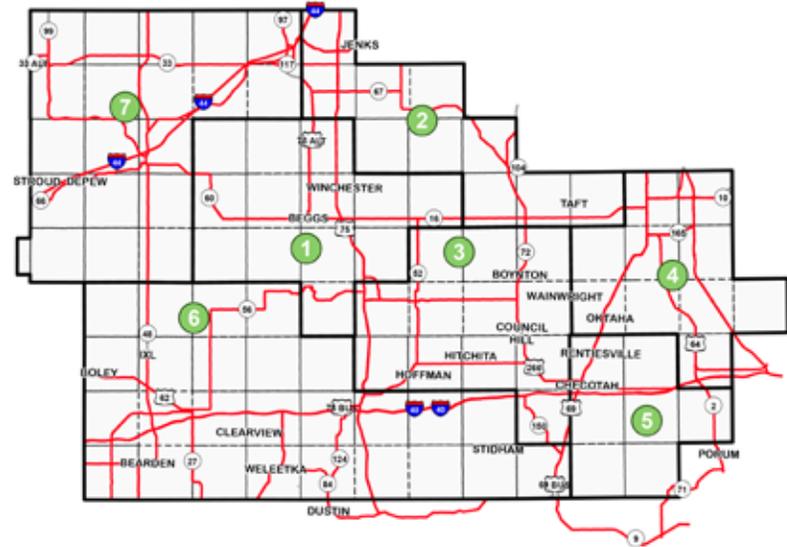


Devote themselves to enhancing their knowledge of key issues and trends in the utility industry, and to understanding their roles and responsibilities as a cooperative director.



District Map

The East Central Electric Cooperative service area is divided into seven voting districts. One member-elected trustee represents each district. Democratic, local control ensures your co-op remains focused on local needs, and is one of your co-op's guiding principles. To contact your trustee, please call your cooperative at **918-756-0833** or email info@ecoec.com.



COMMUNITY



Plugged In To Our Local Communities

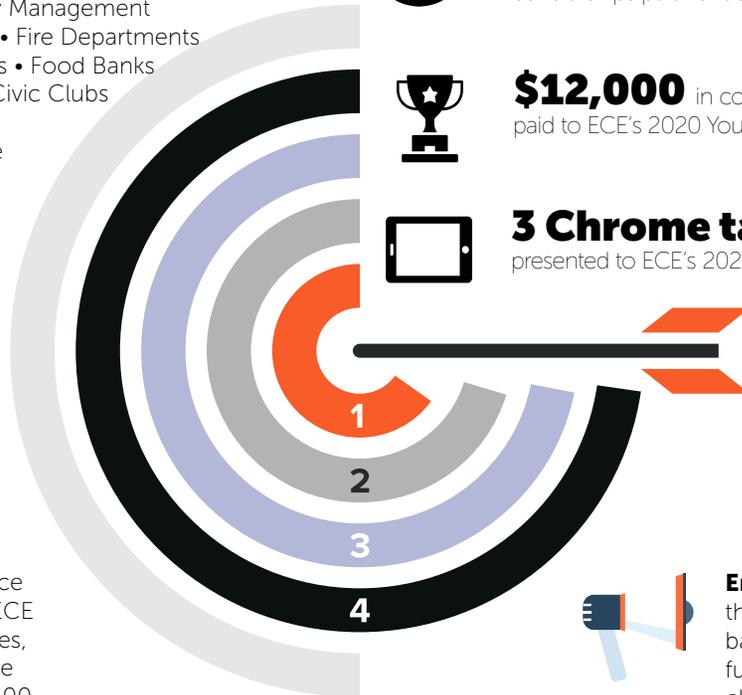
East Central Electric Cooperative is committed to serving its members, and communities. While our service options may change with the times, our community spirit is bedrock. We support the organizations and activities that build safe, vibrant communities for our members.

Rounding Up. When ECE members choose to round up their monthly electric bills to the nearest dollar, our local communities grow stronger. Operation Round-up grant recipients in 2020 include:

- Mercy Mission • America Cancer Society Relay for Life • Okmulgee County Emergency Management
- Special Olympics • Fire Departments
- Homeless Shelters • Food Banks
- Social Services • Civic Clubs
- School Programs
- Service Assistance
- Nutrition Centers
- Eldercare
- Families in Need
- Disaster Relief
- & More



Give-A-Watt. Since it began in 2015, ECE employees, trustees, and members have donated over \$6,500 to help needy families pay their electric bills.



\$1.8 million in grants awarded to local organizations and families through ECE's Operation Round-up. **2019 grants** alone totalled **\$156,345.12**,



\$48,500 in Operation Round-up college scholarships paid to local students in 2019 and 2020.



\$12,000 in college scholarships paid to ECE's 2020 Youth Tour winners.*



3 Chrome tablets presented to ECE's 2020 Energy Camp winners.*

** In lieu of trips to Washington, DC and camp, ECE awarded scholarships and chromebooks to winners whose adventures were cancelled due to the pandemic.*



Employee Giving. Throughout the year, ECE employees hold bake sales, contests, and other fund-raisers to benefit local charities. Over the past five years, your co-op team raised more than \$4,500 for charities.

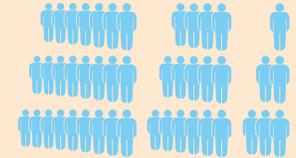
East Central Electric invests in its local communities by attending events, hosting tours, and providing safety and energy education programs that benefit our members and the public.

2019-2020. ECE staff visited **25 schools**, and presented **free programs** for firefighters, churches, civic organizations, senior citizens, and youth groups

Our efforts reached:

1,428

ECE members and members of the public



1,021

students and youth groups



2019-2020. ECE staff conducted **solar tours** of the co-op's 950-panel Community Solar Project, reaching **more than 900 students and adults**.

Solar tours increase public awareness of renewable energy, which generates **half of all electricity produced** in Oklahoma. Currently, **95% of America's electric co-ops** offer renewable energy options for their members.



East Central
ELECTRIC COOPERATIVE

P.O. BOX 1178
OKMULGEE, OK 74447
918.756.0833

www.ecoec.com

An equal opportunity employer and provider/disability/veteran.