

BUILDING BEYOND THE LINES

2018 ANNUAL REPORT



ECI REC 2018 Highlights & Stats

THE VALUE OF YOUR COOPERATIVE

The average electric co-op household in Iowa spends about \$5 a day on electricity.



For the cost of a specialty coffee drink, you get 24 hours of safe, reliable power.

Average cost per kWh

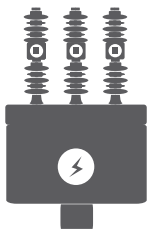


4.2%
DECREASE
over the past
10 YEARS

18 of 25

ADVANCED COMMUNICATION TECHNOLOGY

As of year-end 2018, 18 of ECI REC's 25 substations were upgraded with higher voltage capacity and/or electronic reclosers.



2018 Kilowatt-Hour Sales

4.3%

4.6%

greater than budgeted

greater than 2017 sales

Empowering Energy Savings

\$235,419
in energy-efficiency rebates to ECI REC members

\$29,290
agricultural rebates



\$183,657
residential rebates

\$40,472
commercial rebates



1.56 million kWh

energy saved by ECI REC members through energy-efficiency rebates



INVESTED IN EFFICIENCY

1.38%

(\$308,382)

of 2018 revenue invested in energy-efficiency programs

13 of being A Touchstone Energy Cooperative

YEARS

A Touchstone Energy® Cooperative The tower of human connections®

POWER SUPPLIER ANNOUNCEMENTS

CIPCO + Clēnera =
Midwest's largest solar project



WAPELLO
SOLAR
100 MEGAWATTS

LOUISA
COUNTY, IA



CIPCO's largest wind energy project

104 MW
Heartland Divide
WIND FARM



AUDUBON, IA

CIPCO ENERGY PORTFOLIO

42.8% Coal

32.6% Nuclear

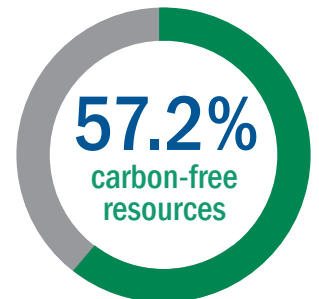
20.7% Wind

3.1% Hydro & Landfill Gas

0.4% Natural Gas

0.3% Solar

0.1% Other Contract Purchases



All or some of the renewable energy credits associated with the generation may have been sold or may be sold in the future to other parties.

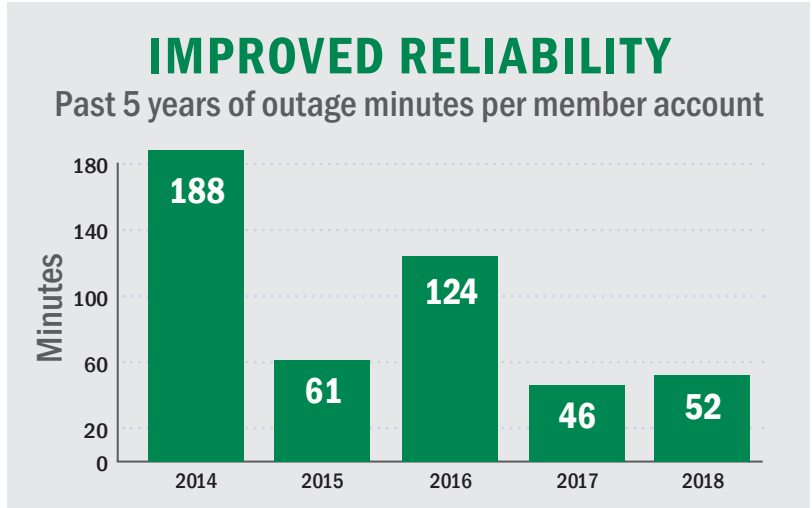
Members Support Renewable Energy Production in Iowa

86 members > \$3.93 per month



7 guided by COOPERATIVE PRINCIPLES

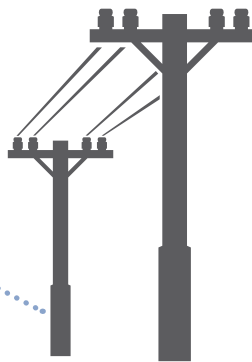
1. Open and Voluntary Membership
2. Democratic Member Control
3. Members' Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation Among Cooperatives
7. Concern for Community



10,734
AMI meters installed to all **8,811** member-accounts, including heat meters for HeatPlus accounts

80 MILES of overhead and underground line replaced **>** **\$3,090,482** invested in line replacements

4,328 poles inspected
Garrison & Fairbank substation areas



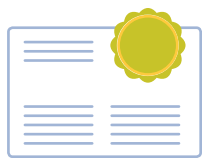
Helping Member Families in Need

68 members gave **\$4,985**

All-Electric Open House

100+ guests

HOMEOWNERS:
RYAN & KAIDY RASMUSSEN



23 consecutive years
NRECA CERTIFICATE OF SAFETY ACHIEVEMENT

Board Directors & Territories

From 10 to 8

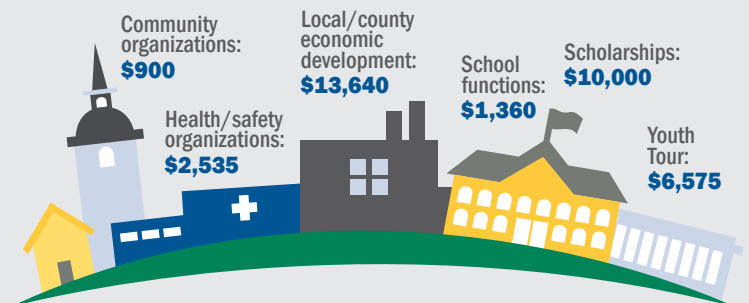
Members approved a plan to decrease the number of Cooperative Board Districts.

From 2 to 1

The service territory will no longer have a southern and northern district.



More than \$35,000 donated to 21 community organizations



\$1,000 scholarships to **10** graduating seniors



Financials

STATEMENT OF REVENUE AND EXPENSE

REVENUE	2018	2017
Operating Revenue and Patronage Capital	\$22,348,986	\$22,099,544
EXPENSE		
Purchased Power	\$12,989,015	\$12,943,346
Distribution Expenses - Operations	\$1,971,244	\$1,853,939
Distribution Expenses - Maintenance	\$620,343	\$534,393
Customer Accounts Expense	\$476,395	\$497,529
Customer Service & Informational Expense	\$315,971	\$314,528
Administrative & General Expense	\$1,257,819	\$1,296,467
Depreciation	\$2,158,554	\$1,867,469
Taxes - Property & Other	\$22,302	\$22,093
Interest on Long-Term Debt	\$1,138,712	\$1,015,599
Other Deductions & Interest Expense	\$55,184	\$52,506
TOTAL EXPENSE	\$21,005,537	\$20,397,869
Operating Margins	\$1,343,448	\$1,701,675
Non-Operating Margins	\$76,350	\$(779,772)
Generation & Transmission Capital Credits	\$764,908	\$1,014,757
Other Capital Credits & Patronage Dividends	\$168,844	\$163,188
Total Operating & Non-Operating Margins	\$2,353,549	\$2,099,848

BALANCE SHEET

ASSETS	2018	2017
Current Assets & Other Debits	\$12,739,614	\$13,653,313
Fixed Assets (Net Utility Plant)	\$56,550,065	\$50,531,042
Total Assets & Other Debits	\$69,289,679	\$64,184,355

LIABILITIES

Total Current & Accrued Liabilities	\$3,620,433	\$4,070,454
Total Fixed Long-Term Debt & Deferred Credits	\$31,218,430	\$27,323,993
Total Margins & Equities	\$34,450,816	\$32,789,908
Total Liabilities & Other Credits	\$69,289,679	\$64,184,355

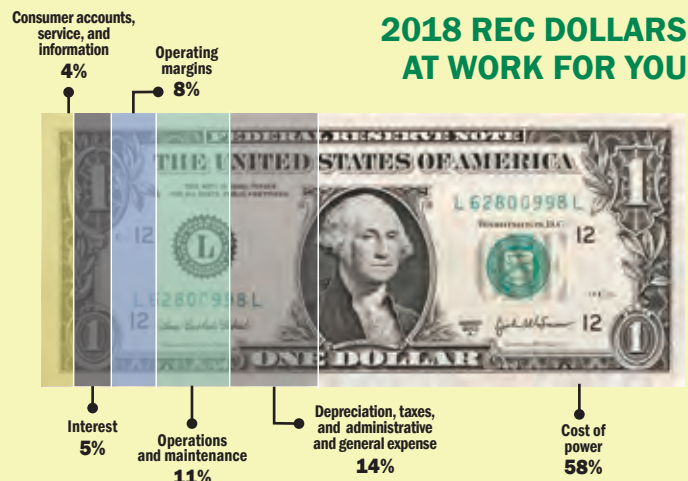
COMPARATIVE OPERATING STATISTICS

Miles of Line Energized	2,281	2,279
New Services Connected	177	109
Total Services in Place	9,563	9,442
kWh's Purchased From CIPCO	227,601,806	218,367,811
Cost Power Purchased	\$12,971,319	\$12,922,574
Percent Line Loss	4.0%	4.85%

OPERATING REVENUE	2018	2017
Average kWh's Used per Month per Consumer	2,052	1,981
Average Monthly Bill	\$210.38	\$210.19
Average Cost per kWh to Consumer	\$0.1025	\$0.1061

LOAN FUNDS

CFC	\$30,151,233	\$26,439,038
Other	\$400,000	\$400,000
Total Loan Funds	\$30,551,233	\$26,839,038



2018 President & CEO Message



STEVE RAU,
President



STEVE MARLOW,
CEO

Building Beyond the Lines

IN 2018, EAST-CENTRAL IOWA REC continued to navigate our Cooperative through a time of change in the energy industry. With an eye on the future, we worked to build on current and new technologies—going beyond lines and poles—to improve quality of life for our membership and the communities we serve.

Our mission is to demonstrate the advantage of the cooperative business model. Not only do we keep the seven cooperative principles at the forefront—we find innovative ways to deliver safe, affordable, and reliable electricity in an environmentally friendly manner. Our dedicated team provides value-added service and strives each day to implement sustainable solutions that are in the best interests of the Cooperative, our membership, and our communities.

At ECI REC, we do more than just provide electricity. We power lives and empower the communities we serve. As the electric utility business continues to evolve, we remain committed to going beyond to keep your lights on.

We Want To Stay Connected With You!

ECI REC is focused on its members.



Like us on Facebook to access quick notes about ECI REC happenings.

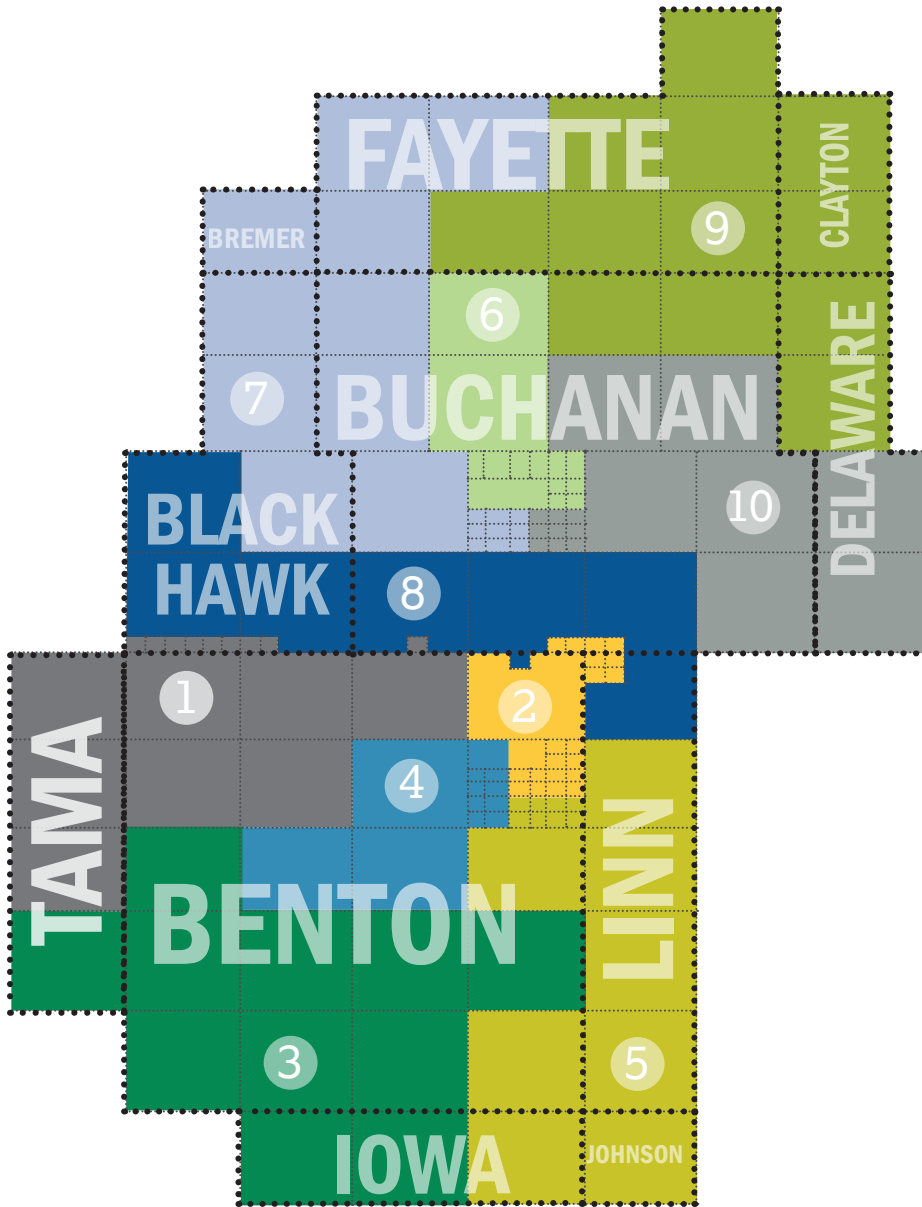


More in-depth information can be found at ecirec.coop.



Regular newsletters and bill inserts in your mailbox round out our options for you to stay in the know about your Cooperative.

Your Board of Directors



Jeff Elliott
Vice President
Director since 1990
Board District 1



Chris Sackett
Assistant Secretary/
Treasurer
Director since 2011
Board District 2



Allen Albers
Director since 1985
Board District 3



Gary McKenna
Director since 2016
Board District 4



Burt Byers
Director since 2007
Board District 5



Donald Shonka
Director since 2006
Board District 6



Jim Alberts
Director since 2007
Board District 7



Nick Donlea
Director since 2018
Board District 8



Steve Rau,
President
Director since 2005
Board District 9



Ryan Kress,
Secretary/Treasurer
Director since 2009
Board District 10



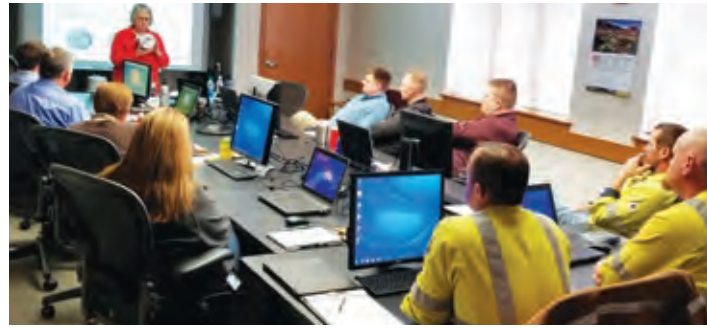
OUR MISSION

To demonstrate the advantages of the cooperative business model



OUR VISION

To make a difference in the lives of those we serve



Additional 2018 Notables

Cooperative Difference

Patronage Dividends

- » At its May Board meeting, the ECI REC Board of Directors approved the retirement of \$616,993—100% of 2003, 9.76% of 2015, and 5.49% of 2016 margins. 93% (6,584) of 7,065 recipients were active member-accounts.
- » In the past 10 years, ECI REC has returned \$5,427,553 to its members.

Keeping the Lights On

2018 outage minutes: second-fewest in history per member

Average: 52 minutes/member-account

- » 1.8 min – planned construction/maintenance
- » 2.6 minutes – animal
- » 2.6 minutes – unknown
- » 5.2 minutes – public vehicle, airplane, fire
- » 9.0 minutes – equipment/installation/design
- » 9.2 minutes – trees/vegetation
- » 10.7 minutes – weather, ice, wind, lightning
- » 11.0 minutes – power supply

Looking Out for You

In 2018, ECI REC staff and Board members were actively engaged in various legislative events in Des Moines.

- » We carried messages to lawmakers supporting investment in renewable energy, workforce readiness in technical trades, safety and reliability, and vegetation management.

2018 Legislative Successes

- » Federal geothermal tax credits reinstated retroactively through 2021 Iowa Energy Omnibus Bill, SF 2311—provides regulatory parity and clarity; ensures members' dollars are invested in only worthwhile energy efficiency; eliminates duplicative reporting to the Iowa Utilities Board.

Energy Wise

Iowa Choice Renewables

- » In a cooperative effort to best serve our members, ECI REC has partnered with nine other electric cooperatives to form a for-profit company. Iowa Choice Renewables has been developed to offer services that complement traditional electric utility service. ICR offers turnkey solar systems

that can be sized, purchased, installed, and connected to the power grid. You don't have to be a member of one of the participating electric cooperatives to purchase our products.

Community Connected

Career Day Speakers

- » In 2018, ECI REC staff spoke at the annual Career Fair Day at East Buchanan High School in Winthrop and the Career Day held at Independence West Elementary School, highlighting working in the electric industry.

Washington, D.C., Youth Tour Participants

- » Two high school juniors from ECI REC's service area, Sarah Collison and Brock Ortner, joined nearly 40 other Iowa students for a trip to Washington, D.C., for the annual NRECA Youth Tour in June.

Safety

Move Over, Slow Down

- » We began advocating for this Iowa law requiring drivers to slow down for vehicles on the side of the road with flashing lights, including utility vehicles.

ECI REC Staff



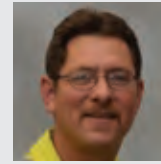
Steve Marlow, 38 years
CEO



Mike, 21 years
Inventory/Maintenance
Technician



Adam, 19 years
Director of Member Service



Doug, 21 years
SCADA Technician



Cole, 3 years
Apprentice Lineworker



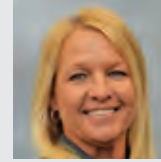
Bryce, 2 years
Apprentice Lineworker



Holly, 12 years
Consumer Services
Representative



Braxton, 2 years
Apprentice Lineworker



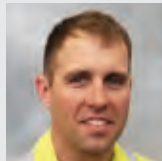
Molly, 18 years
Consumer Services
Representative



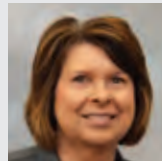
Robert, 7 years
Information Services
Technician



Colton, 1 year
Apprentice Lineworker



Ben, 14 years
Lineworker



Teresa, 27 years
Manager of Finance and
Consumer Service



Lisa, 17 years
Manager of
Communications



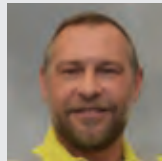
Nathan, 12 years
Information Services
Administrator



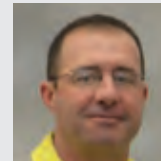
Jared, 7 years
Lineworker



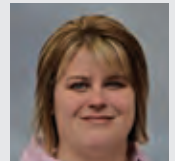
Josh, 1 year
Apprentice Lineworker



Dave, 24 years
Engineering Design
Technician



Pat, 29 years
Engineering Design
Technician



Larissa, 15 years
Staff Assistant



Gary, 44 years
Operations Manager
(Retired)



Scott, 5 years
Engineering Technician



Robin, 8 years
Consumer Services
Representative



Dane, 5 years
Lineworker



Kelly, 20 years
Consumer Services
Supervisor



Scott, 7 years
Inventory/Maintenance
Technician



Brian, 20 years
Line Foreman



Travis, 16 years
Lineworker



Tom, 28 years
Line Superintendent



Jennifer, 23 years
Cost Records
Administrator



Teresa, 40 years
Operations
Assistant



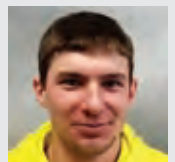
Katie, 6 months
Administrative and
Benefits Assistant



John, 25 years
Member Service
Technician



Kevin, 23 years
Line Foreman



Colton, 1 year
Apprentice Lineworker

7,064 MEMBER-CONSUMERS STRONG

ANNUAL MEETING OF THE MEMBERS

PROGRAM

June 20, 2019

10:30 a.m. - Registration

11:00 a.m. - Business meeting

Call to Order

Invocation

Introduction of Directors

Steve Rau, President

Reading of the Notice of Annual Meeting

**Reading of Affidavit of Mailing of Notice of
Annual Meeting**

Approval of Agenda (Annual Meeting Program)

Minutes of Last Annual Meeting

Ryan Kress, Secretary/Treasurer

Reading of the Nominating Committee Minutes

Robert Hanson, Nominating Committee Chairman

Introduction of Attorney

**Introduction of Bill Cherrier, Central Iowa Power
Cooperative CEO and Executive Vice President**

Introduction of 2018 Youth Tour Alumni

Introduction of CEO

Steve Rau, President

Drawings for Door Prizes (must be present to win)

Steve Rau, President

Adjournment of Business Meeting

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