

2021 annual REPORT

# POWERING AHEAD FOR YOU



7,220 MEMBER-CONSUMERS STRONG

## HOW DO I ATTEND THE ANNUAL MEETING?

Please visit our website at  
[www.ecirec.coop](http://www.ecirec.coop) to access our virtual  
Annual Meeting of the Members.  
The virtual meeting room will  
open at 10:30 a.m.

More details on page 8.



# FINANCIALS

## STATEMENT OF REVENUE AND EXPENSE

| REVENUE  | 2021                | 2020                |
|--|---------------------|---------------------|
| Operating Revenue & Patronage Capital              | \$21,620,805        | \$21,410,155        |
| <b>EXPENSE</b>                                     |                     |                     |
| Purchased Power                                    | \$12,009,951        | \$11,973,528        |
| Distribution Expenses - Operations                 | \$2,116,165         | \$2,010,855         |
| Distribution Expenses - Maintenance                | \$634,864           | \$598,222           |
| Customer Accounts Expense                          | \$405,742           | \$422,412           |
| Customer Service & Informational Expense           | \$394,476           | \$367,033           |
| Administrative & General Expense                   | \$1,235,671         | \$1,326,582         |
| Depreciation                                       | \$2,486,997         | \$2,443,550         |
| Taxes - Property & Other                           | \$21,579            | \$21,428            |
| Interest on Long-Term Debt                         | \$1,355,605         | \$1,343,172         |
| Other Deductions & Interest Expense                | \$62,240            | \$50,282            |
| <b>TOTAL EXPENSE</b>                               | <b>\$20,723,290</b> | <b>\$20,557,064</b> |
| Operating Margins                                  | \$897,517           | \$853,091           |
| Non-Operating Margins                              | \$64,035            | \$49,307            |
| Generation & Transmission Capital Credits          | \$621,715           | \$1,007,783         |
| Other Capital Credits & Patronage Dividends        | \$242,473           | \$233,798           |
| <b>Total Operating &amp; Non-Operating Margins</b> | <b>\$1,825,740</b>  | <b>\$2,143,979</b>  |

## BALANCE SHEET

| ASSETS  | 2021                | 2020                |
|---|---------------------|---------------------|
| Current Assets & Other Debits                 | \$15,133,672        | \$14,984,674        |
| Fixed Assets (Net Utility Plant)              | \$63,735,561        | \$62,251,036        |
| <b>Total Assets &amp; Other Debits</b>        | <b>\$78,869,233</b> | <b>\$77,235,710</b> |
| <b>LIABILITIES</b>                            |                     |                     |
| Total Current & Accrued Liabilities           | \$4,380,666         | \$4,275,991         |
| Total Fixed Long-Term Debt & Deferred Credits | \$35,947,691        | \$35,603,332        |
| Total Margins & Equities                      | \$38,540,876        | \$37,356,387        |
| <b>Total Liabilities &amp; Other Credits</b>  | <b>\$78,869,233</b> | <b>\$77,235,710</b> |

## COMPARATIVE OPERATING STATISTICS

|                           |              |              |
|---------------------------|--------------|--------------|
| Miles of Line Energized   | 2,291        | 2,286        |
| New Services Connected    | 136          | 113          |
| Total Services in Place   | 9,756        | 9,677        |
| kWhs Purchased from CIPCO | 221,551,723  | 215,455,719  |
| Cost Power Purchased      | \$11,993,282 | \$11,957,503 |
| Percent Line Loss         | 4.64%        | 4.71%        |

|  |                     |                     |
|--|---------------------|---------------------|
| <b>OPERATING REVENUE</b>                 | <b>\$21,578,890</b> | <b>\$21,385,016</b> |
| Average kWhs Used per Month per Consumer | 2,038               | 1,998               |
| Average Monthly Bill                     | \$198.46            | \$198.30            |
| Average Cost per kWh to Consumer         | \$0.0974            | \$0.0993            |

## LOAN FUNDS

|                         |                     |                     |
|-------------------------|---------------------|---------------------|
| CFC                     | \$34,654,677        | \$34,264,811        |
| Other                   | \$775,126           | \$823,529           |
| <b>Total Loan Funds</b> | <b>\$35,429,803</b> | <b>\$35,088,340</b> |

Consumer accounts, service, and information  
4% Interest  
6%

## 2021 REC DOLLARS AT WORK FOR YOU



## 2021 President & CEO Message POWERING AHEAD FOR YOU



TERESA FLOYD,  
CEO



STEVE RAU,  
President

**OUR COOPERATIVE** functions most effectively with committed and informed leadership. That's why your Board of Directors is democratically elected from the membership to represent your interests and provide long-term vision and direction. Your Board of Directors takes its fiduciary responsibilities very seriously and does a fantastic job guiding how ECI REC's money and assets are used to fulfill our mission. Your Board does it all in ways that protect ECI REC and the interests of all our members.

Last year kicked off our five-year, \$22.4 million Construction Work Plan (2021-2025). In addition to completing damage repairs from the 2020

derecho, the 2021 Construction Work Plan earmarked a \$4.5 million investment in line replacement. We rebuilt 21.7 of the planned 22.3 miles of overhead line, as well as 16.1 of the planned 18 miles of underground distribution cable. Our crews installed 136 new services, which included housing developments in the Urbana, Vinton, and Independence areas. Turn to page 6 for a cost breakdown of these items.

Cybersecurity is another top priority for your Cooperative. In May 2021, the ECI REC management team underwent data security training. An RC3 (Rural Cooperative Cybersecurity Capabilities) tabletop exercise was also performed to test ECI REC's cybersecurity posture.

Your Cooperative has been very fortunate to be able to retire deferred patronage for 22 of the past 25 years. This past year was no exception. In June 2021, current members who received electric service from ECI REC in 2006 and/or 2015 saw a line item on their bill called "deferred patronage dividends." The amount of this line item was based on how much the member paid ECI REC for electricity during those years.

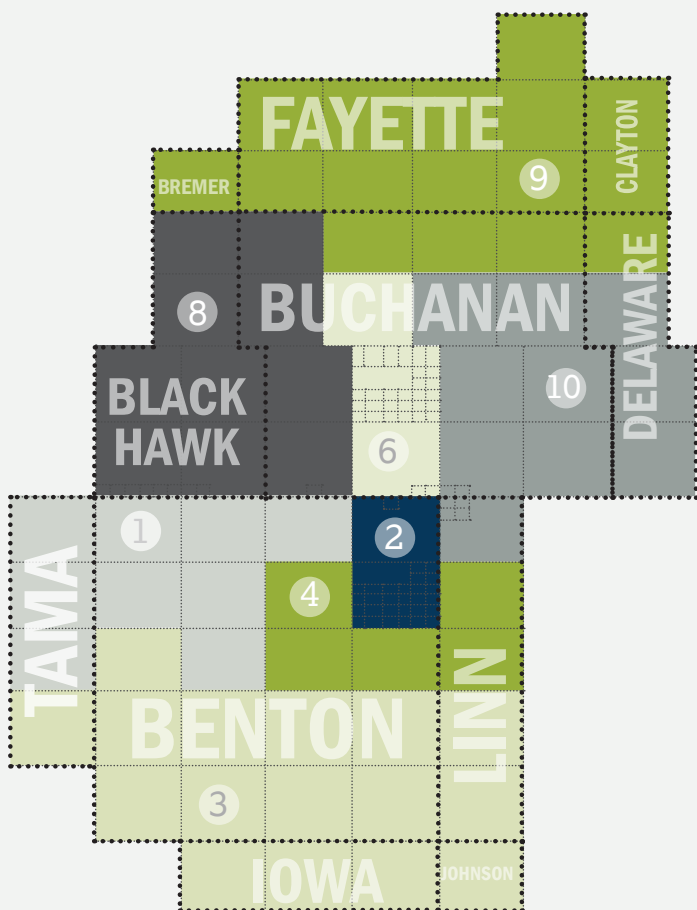
In June 2021, a Cooperative-wide, three-day strategic planning initiative took place, as approved by the Board of Directors. There were two employee sessions in addition to the Board and management session. These sessions were facilitated by professionals familiar with the industry.

Following the sessions, it was decided that over the next two to three years, ECI REC will work on a plan that prioritizes seven strategic goals and objectives:

- » Building member trust through modern options and outreach
- » Monitoring and improving technology health
- » Improving safety culture
- » Investing in infrastructure to enhance service reliability
- » Ensuring reliable and affordable power supply
- » Maximizing return on employee investment
- » Promoting financial strength and stability



# YOUR DISTRICT MAP & BOARD OF DIRECTORS



**Jeff Elliott**  
Vice President  
Director since 1990  
Board District 1



**Julie Kester**  
Assistant Secretary/  
Treasurer  
Director since 2019  
Board District 2



**Brian McNulty**  
Director  
since 2021  
Board District 3



**Gary McKenna**  
Director since 2016  
Board District 4



**Don Shonka**  
Director since 2006  
Board District 6



**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



The additional power cost prompted by last February's polar vortex pushed our power provider, Central Iowa Power Cooperative (CIPCO), to increase our rates 1.5 mills/kWh. This increase remains in effect in 2022. So far, ECI REC has been able to absorb this increase through the Energy Cost Adjustment (ECA) and maintain our current rates.

We continue to keep our members informed through several channels, including the *Heartland Link*, e-newsletters, Facebook, ecirec.coop, bill inserts, and newspaper ads. An informed and educated membership is in our best interest as a locally owned cooperative!

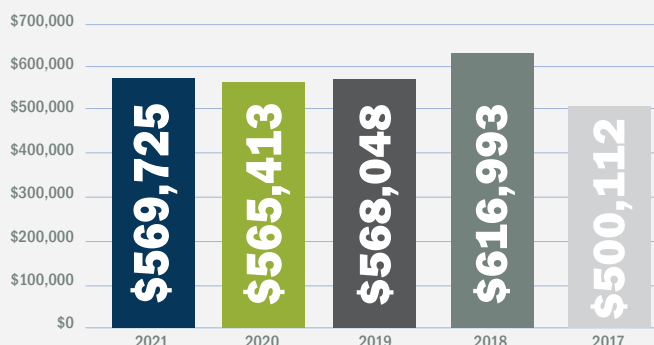
In 2022, our Annual Meeting of the Members will again be held virtually. Members will have the option to cast their ballot online or via mail. Like last year, there will be a longer voting window. For more details on voting and attending the June 16 meeting, see page 8 of the Annual Report.

East-Central Iowa Rural Electric Cooperative's goal will always be the same: providing our members with safe, reliable, and environmentally friendly electricity. We all know there is a cost to fulfilling these goals and remaining progressive. No matter what the future brings, ECI REC will remain dedicated to putting our membership first and keeping your lights on.

## 5-Year Patronage History

### RETURNING YOUR INVESTMENT

Since ECI REC is a nonprofit organization, you pay for electricity at cost. Any margins left over at the end of the year, after all expenses are covered, are allocated to you by your Board of Directors in the form of patronage dividends!



## KEEPING THE LIGHTS ON

- » A 2021–2025 Work Plan has been approved by the ECI REC Board of Directors. It is estimated to cost \$22,459,437. Our investment will be divided approximately equally—nearly \$4.5 million per year—over each year of the Work Plan. We will be focusing on system improvements, including:
  - » 180 overhead and underground replacement projects totaling 290 miles, estimated to cost \$14 million
  - » Approximately \$2.5 million in miscellaneous pole and conductor replacements
  - » \$150,000 in security light installations and replacements
- » In 2021, our crews installed 136 new services, which included housing developments in the Urbana, Vinton, and Independence areas.
- » In late April, line crews finished replacing the low-side switch at the Sumner substation. To keep up with future demand, the old 600-amp switch was updated to a 1,200-amp switch. Crews also replaced the three SCADA (supervisory control and data acquisition) tie switches that were damaged by the 2020 derecho.
- » Also in April, Central Iowa Power Cooperative (CIPCO), Clēnera LLC, and RES (Renewable Energy Systems), cut the ribbon at Wapello Solar LLC in southeastern Iowa. CIPCO—ECI REC’s power supplier—has a purchase power agreement (PPA) to purchase 100% of the power from Wapello Solar for 25 years.
- » In July, Operations Assistant Teresa Schremser announced her retirement. Teresa served ECI REC’s members for over 43 years.

## ENERGY WISE

- » In January, ECI REC released the 2021 details for our extensive energy efficiency rebate programs, which target residential, agricultural, and commercial members.
- » ECI REC continues to encourage members to consider switching from gas-powered tools and appliances to electric. Many consumers are making the switch because electricity is a cheaper, greener, and smarter way to meet energy needs. This trend is called “beneficial electrification.”

## COOPERATIVE DIFFERENCE

- » Allen Albers retired from the ECI REC Board of Directors after 35 years of dedicated service. Brian McNulty was appointed to fill the vacant seat for District #3.
- » At its May meeting, the Board of Directors approved the retirement of \$569,725—100% (\$469,725) of 2006 margins and 12.35% (\$100,000) of 2015 margins—to members of the Cooperative.
- » At the 26th Annual Meeting of the Members, Donald Shonka (District #6), Nick Donlea (District #8), and Ryan Kress (District #10) were re-elected to serve another three-year term on the Board of Directors.
- » Director Julie Kester earned her Credentialed Cooperative Director Certificate (CCD). This certificate is an NRECA curriculum consisting of five core courses that provide cooperative directors with essential knowledge and skills. The certificate is earned by attending all five required courses and successfully completing a learning assessment for each.

## SAFETY

- » At the May safety meeting, the ECI REC team completed Mayday procedures, bucket rescue, and climbing competency training.
- » All ECI REC lineworkers passed their annual pole-top rescue course. The timed exercises ensure each lineworker can safely secure and lower an injured or stranded teammate manually with a rope or by lowering the teammate using the truck bucket. Lineworkers also underwent an annual CPR and first-aid review.
- » At the IAEC Annual Meeting in December, ECI REC was congratulated for completing the Rural Electric Safety Achievement Program (RESAP) in 2021. RESAP is a national safety program that electric cooperatives utilize as a framework to improve safety performance and culture.

## LOOKING OUT FOR YOU

- » The Iowa Association of Electric Cooperatives (IAEC) conducted its 2021 Annual Meeting at the Sheraton West Des Moines Conference Center on December 2 and 3. During the business meeting, three new Directors were elected to the IAEC Board. The Board also thanked the retiring Directors for their years of service, including ECI REC’s Don Shonka.

## COMMUNITY CONNECTED

- » ECI REC awarded \$1,000 scholarships to 12 graduating seniors.
- » In 2021, ECI REC gave \$65,740 to 35 causes, including \$14,650 to local or county economic development.
- » Seventy-two members donated \$7,953 to our RECare program, which assists low-income members in paying for heating bills and winterizing their homes.



## 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

# ECI REC STAFF



**Teresa, 30 years**  
CEO



**Mike, 24 years**  
Inventory/Maintenance  
Technician



**Adam, 22 years**  
Manager of Member Service



**Doug, 24 years**  
SCADA Technician



**Cole, 6 years**  
Lineworker



**Bryce, 5 years**  
Lineworker



**Holly, 15 years**  
Member Service  
Representative



**Braxton, 5 years**  
Lineworker



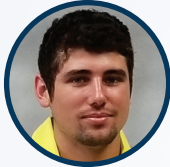
**Molly, 21 years**  
Member Service  
Representative



**Josh, 4 years**  
Lineworker



**Robert, 10 years**  
Information Services  
Technician



**Colton, 4 years**  
Lineworker



**Ben, 17 years**  
Lineworker



**Tanya, 1 year**  
Member Service  
Representative



**Lisa, 20 years**  
Manager of  
Communications



**Nathan, 15 years**  
Information Services  
Manager



**Jared, 10 years**  
Lineworker



**Dave, 27 years**  
Engineering Design  
Technician



**Pat, 32 years**  
System Controller



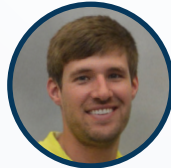
**Trent, 3 months**  
Apprentice Lineworker



**Scott, 8 years**  
Engineering Technician



**Robin, 11 years**  
Cost Accounting Clerk



**Dane, 8 years**  
Engineering Design  
Technician



**Kelly, 23 years**  
Member Service  
Supervisor



**Scott, 10 years**  
Inventory/Maintenance  
Technician



**Brian, 23 years**  
Line Foreman



**Travis, 19 years**  
Lineworker



**Tom, 31 years**  
Operations Manager



**Jennifer, 26 years**  
Manager of  
Finance



**Teresa, 43 years**  
Retired



**Katie, 3 years**  
Human Resource  
Director



**John, 28 years**  
Member Service  
Technician



**Kevin, 26 years**  
Line Foreman



**Colton, 4 years**  
Lineworker



# SCENES FROM 2021



## 2021 Work Plan Improvements Budget

New services construction: **\$131,000**

40.8 miles of line replacement: **\$2,563,225**

Substation upgrades: **\$100,000**

New transformers, meters, & special equipment: **\$335,200**

Service upgrades: **\$146,750**

Sectionalizing equipment (such as breakers & fuses): **\$5,000**

Pole, equipment, & conductor replacements: **\$1,112,500**

Security lights: **\$28,500**

Technology: **\$54,000**



## Empowering Energy Savings

**\$176,679**

in energy efficiency rebates to ECI REC members

**\$3,247**  
agricultural rebates



**\$156,272**  
residential rebates

**\$17,160**  
commercial rebates



**777,120 kWh**

energy saved by ECI REC members through energy efficiency rebates



## INVESTED IN EFFICIENCY

**\$0.00092691**  
per kWh

of 2021 revenue invested in energy efficiency programs

**\$6.48**

The average our members spend per day on electricity.

ECI REC IS AMONG IOWA'S

**LOWEST RATES**

for cooperative residential electricity.

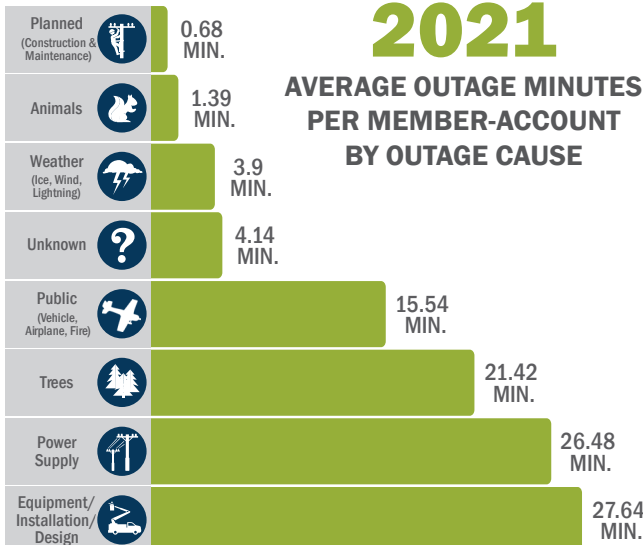
# 2021 NOTABLE NUMBERS



**11,337**  
AMI meters

AT WORK SERVING

**9,117**  
member-accounts



Helping Member Families in Need

**72**  
members gave  
**\$7,953**



**CARE with RECare**

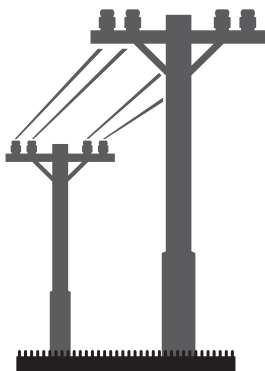


## PULLING THE PLUG

Members earned \$10,946 for recycling inefficient working appliances

**37.8 MILES**  
of overhead and underground line replaced

**\$2.2 million**  
invested in line replacements



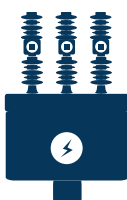
**\$65,740** donated to **35** causes

**\$12,000**  
(via \$1,000 scholarships)  
to 12 graduating seniors

**\$53,740**  
to various community causes and organizations



ECI REC owns and maintains  
**24 substations**



Average  
cost per kWh



**\$0.0053**  
DECREASE  
over the past  
10 YEARS

**2021**  
Facebook Fans



**85** **746**  
NEW FANS TOTAL FANS BY YEAR-END



**3,162+**  
REGISTERED SMART HUB USERS

Members Support Renewable  
Energy Production in Iowa  
**76 members > \$4.00 per month**



# VIRTUAL

## ANNUAL MEETING OF THE MEMBERS

### HOW DO I VOTE?

On May 16, ballots will be mailed and online voting will open. All votes—online and mail-in—MUST be received by June 13.

- 1** MAIL - A ballot was mailed to every member with a self-addressed and stamped return envelope.\*
- 2** SMART HUB - Log in to SmartHub at <https://ecirec.smarthub.coop> and click VOTE NOW. Please note: SmartHub voting must be done in a web browser, not the SmartHub mobile app.
- 3** ONLINE - Click the blue VOTE NOW button located on the home page at [www.ecirec.coop](http://www.ecirec.coop). Enter your voter number and election passcode, which were listed at the bottom of your mailed ballot. Follow online voting instructions.

\*ECI REC partnered with Diamond/OSG to administer the 2022 Annual Meeting mailing and ballot validation processes. They will tabulate all the ballots, both paper and online.

### HOW DO I attend?

Visit [www.ecirec.coop](http://www.ecirec.coop) and look for the yellow button at the top of the home page, which will take you to the Annual Meeting of the Members page. Look for a green **JOIN NOW** button. The virtual meeting room will open at 10:30 a.m.

Phone: 319-443-4343 | Toll free: 877-850-4343 | Fax: 319-443-4359  
Email: [ecirec@ecirec.coop](mailto:ecirec@ecirec.coop) | Website: [ecirec.coop](http://ecirec.coop) | Facebook: [www.facebook.com/eastcentraliowarec](https://www.facebook.com/eastcentraliowarec)



#### OUR MISSION

To demonstrate the advantages of the cooperative business model



#### OUR VISION

To make a difference in the lives of those we serve

## meeting agenda

Thursday, June 16, 2022

10:30 a.m. - Login opens

11:00 a.m. - Business meeting begins

Call to Order

Invocation

Introduction of Directors  
*Steve Rau, President*

Reading of Affidavit of Mailing of Notice of Annual Meeting  
*Ryan Kress, Secretary/Treasurer*

Approval of Agenda  
*Ryan Kress, Secretary/Treasurer*

Minutes of Last Annual Meeting  
*Ryan Kress, Secretary/Treasurer*

Introduction of Attorney  
*Steve Rau, President*

Reading of the Nominating Committee Minutes and Election Results  
*Julie Pulkrabek, Attorney*

Adjournment of Business Meeting

## 2022 Annual meeting prizes

### Twelve \$50 bill credits

will be randomly selected from members who voted.

### Two \$100 bill credits

will be given away as grand prizes this year. One winner will be randomly selected from the group of members who join the virtual meeting, and a second winner will be randomly selected from members who voted.

**Ballots must be received by June 13.**

**Prize winners will be announced following the meeting. Winners will receive a notification via email and/or a line item notice on their energy bill.**