

2020 Annual Report

# POWERING POSSIBILITIES



## ECI REC

Energy Wise, Community Connected

A Touchstone Energy® Cooperative 



“Powering Possibilities is such a fitting theme. I continue to witness steadfast commitment from ECI REC’s management team, employees, and directors, and it is second to none. Their dedication to serve the members results in a strong and productive cooperative.”

STEVE RAU, BOARD PRESIDENT



**STEVE RAU,**  
President



**TERESA FLOYD,**  
CEO

## 2020 President & CEO Message

### POWERING POSSIBILITIES

**LAST YEAR WAS MARKED** not only by its challenges, but also by how we met them. We're proud of the unwavering progress ECI REC made in 2020. We witnessed our employees' grit and commitment to overcoming whatever came their way. At no time was this clearer than in the face of the August 10 derecho that crippled our distribution system, compromising hundreds of poles, several miles of line, and power to 10 substations. We are profoundly thankful everyone returned home safely to their families and humbled by the ECI REC team's loyalty and service to our members.

The path forward was not straight in 2020. As we all adjusted to new realities brought on by COVID-19, ECI REC strove to help you maintain some sense of normalcy by delivering safe, reliable power. Our employees did all they could to safely serve our members and operate business as usual. This is evident as we wrapped the 2016–2020 Construction Work Plan and returned patronage dividends to our membership. And the list goes on, as you can see in the Highlights on page 4 and the Notable Numbers on pages 6–7.

Like last year, our Annual Meeting of the Members will be held virtually in 2021. It remains important to protect the health of our members and employees. Members will again have the option to cast their ballot online or via mail. There is a longer voting window this year. For more details on voting and attending the June 17 meeting, see the inside cover of the *Heartland Link*.

Because ECI REC is owned by the members we serve, it is important we conduct official business, provide a democratic election for our Board of Directors, and share financial and operational details every year. We thank you for your patience and understanding during this unusual time, and we hope to return to our normal format next year.

We also work to keep our members informed about ECI REC 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.

## Financials

### STATEMENT OF REVENUE AND EXPENSE

REVENUE	2020	2019
Operating Revenue and Patronage Capital	\$21,410,155	\$22,168,411
<b>EXPENSE</b>		
Purchased Power	\$11,973,528	\$12,789,745
Distribution Expenses - Operations	\$2,010,855	\$2,103,732
Distribution Expenses - Maintenance	\$598,222	\$576,487
Customer Accounts Expense	\$422,412	\$451,897
Customer Service & Informational Expense	\$367,033	\$370,547
Administrative & General Expense	\$1,326,582	\$1,400,455
Depreciation	\$2,443,550	\$2,330,699
Taxes - Property & Other	\$21,428	\$22,156
Interest on Long-Term Debt	\$1,343,172	\$1,246,943
Other Deductions & Interest Expense	\$50,282	\$53,703
<b>TOTAL EXPENSE</b>	<b>\$20,557,064</b>	<b>\$21,346,364</b>
Operating Margins	\$853,091	\$822,046
Non-Operating Margins	\$49,307	\$79,950
Generation & Transmission Capital Credits	\$1,007,783	\$919,440
Other Capital Credits & Patronage Dividends	\$233,798	\$181,754
<b>Total Operating &amp; Non-Operating Margins</b>	<b>\$2,143,979</b>	<b>\$2,003,190</b>

### BALANCE SHEET

ASSETS	2020	2019
Current Assets & Other Debits	\$14,984,674	\$16,021,449
Fixed Assets (Net Utility Plant)	\$62,251,036	\$58,583,727
<b>Total Assets &amp; Other Debits</b>	<b>\$77,235,710</b>	<b>\$74,605,176</b>
<b>LIABILITIES</b>		
Total Current & Accrued Liabilities	\$4,275,991	\$4,053,269
Total Fixed Long-Term Debt & Deferred Credits	\$35,603,332	\$34,707,310
Total Margins & Equities	\$37,356,387	\$35,844,597
<b>Total Liabilities &amp; Other Credits</b>	<b>\$77,235,710</b>	<b>\$74,605,176</b>

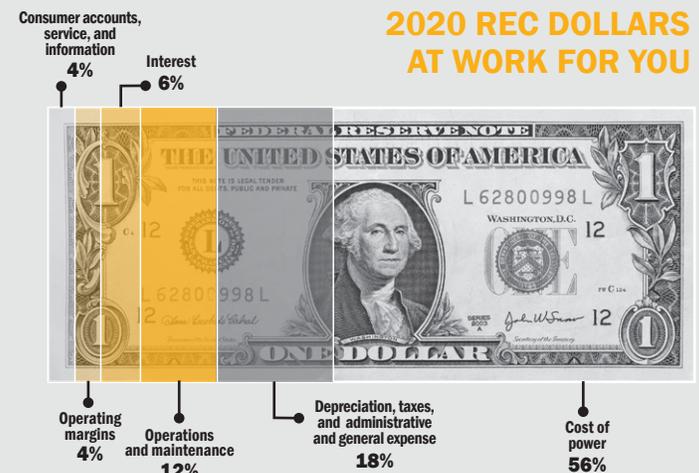
### COMPARATIVE OPERATING STATISTICS

Miles of Line Energized	2,286	2,284
New Services Connected	113	131
Total Services in Place	9,677	9,664
kWhs Purchased from CIPCO	215,455,719	229,847,033
Cost Power Purchased	\$11,957,503	\$12,773,834
Percent Line Loss	4.71%	4.68%
<b>OPERATING REVENUE</b>		
Average kWhs Used per Month per Consumer	1,998	2,046
Average Monthly Bill	\$198.30	\$206.46
Average Cost per kWh to Consumer	\$0.0993	\$0.1009

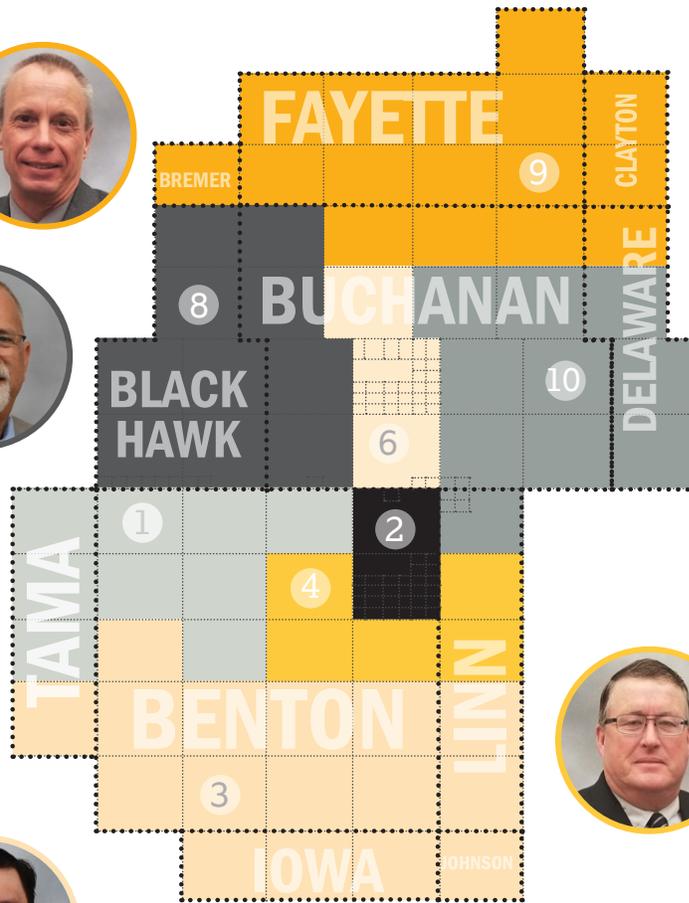
### LOAN FUNDS

CFC	\$34,264,811	\$33,294,380
Other	\$823,529	\$871,933
<b>Total Loan Funds</b>	<b>\$35,088,340</b>	<b>\$34,166,313</b>

### 2020 REC DOLLARS AT WORK FOR YOU



# Your District Map & Board of Directors



**Steve Rau**  
President

Director since 2005  
Board District 9



**Ryan Kress**  
Secretary/Treasurer

Director since 2009  
Board District 10



**Nick Donlea**

Director since 2018  
Board District 8



**Don Shonka**

Director since 2006  
Board District 6



**Jeff Elliott**  
Vice President

Director since 1990  
Board District 1



**Gary McKenna**  
Assistant Secretary/Treasurer

Director since 2016  
Board District 4



**Brian McNulty**

Director since 2021  
Board District 3



**Julie Kester**

Director since 2019  
Board District 2



ECI REC IS AMONG IOWA'S  
**LOWEST RATES**  
for cooperative residential electricity.

**\$6.50**

The average our members spend per day on electricity.

Why is ECI REC a good value?

**"The Cooperative informs us how they try to get electricity as economically as they can. When they do well, we get deferred patronage dividends."**

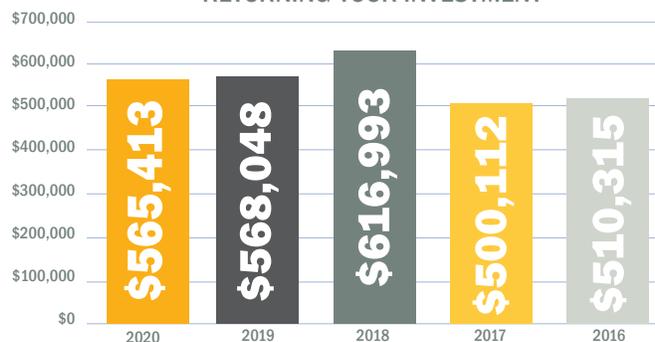
- SHARED BY A MEMBER DURING THE JULY 2020 COOPERATIVE DIFFERENCE SURVEY

## 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

## 5-Year Patronage History

RETURNING YOUR INVESTMENT



# 2020 Highlights

## KEEPING THE LIGHTS ON

- » The front lobby at our Urbana Headquarters was remodeled in 2020. The under-used space was transformed into a smaller, more secure lobby/front counter area and an all-employee training and meeting room.
- » In 2020, the world was rocked by the COVID-19 pandemic. At ECI REC, we worked hard to keep the power flowing, while implementing health and safety protocols to protect our team and our members.
- » In May, ECI REC crews upgraded the Sumner substation transformer from a 5 MVA to a 10 MVA. Due to economic growth on the south side of Independence, a larger capacity transformer was needed.
- » On August 10, a derecho with hurricane-level winds ripped across the Midwest. In the ECI REC service territory, the southern district was hit hardest.
  - » At the peak, over 4,000 member-accounts (meters) were without power. ECI REC lost transmission power to 10 of the 12 substations that serve this area.
  - » Power was restored to all accounts that were safe to energize by August 16.
  - » ECI REC's crews continue to rebuild services damaged by the storm.
- » The 2020 outage time per member-account was 848 minutes with the derecho factored in. Without the derecho, the average outage time was 52 minutes per member-account. Over the past four years, the average time was 70.75 minutes per member-account.
- » Between 2019 and 2020, ECI REC replaced 1,391 fuse cutouts, enhancing the reliability of our distribution system.
- » In 2020, 51 miles of distribution line was replaced—34.3 miles of overhead and 16.7 miles of underground line.
- » MJ Electric finished construction of the new Van Horne substation the first week of December. This substation is located along the Highway 30 four-lane project.

## COOPERATIVE DIFFERENCE

- » At the May meeting, the ECI REC Board of Directors approved the retirement of \$565,413—100% (\$465,413) of 2005 margins and 11.75% (\$100,000) of 2016 margins—to members of the Cooperative.
- » At the virtual 25th Annual Meeting of the Members, Jeff Elliott (District 1) and Steve Rau (District 9) were re-elected to serve another three-year term on the Board of Directors.
- » Our members participated in the American Customer Satisfaction Index Cooperative Difference Survey. On a scale of 10, ECI REC scored 8.34 as being a “good value for the money spent.”
- » CEO Steve Marlow retired in August 2020. He served our membership for over 39 years, including 7 years as CEO. Teresa Floyd was welcomed as our next CEO. She's been part of the ECI REC team for 28 years, and she served as manager of finance before stepping into the role of CEO.
- » Our redesigned website was launched in September.
- » Longtime Board Director Allen Albers retired after 35 years serving the Cooperative and its members.

## LOOKING OUT FOR YOU

- » On December 17, 2019, the House of Representatives passed the RURAL Act. This legislation protects more than 900 electric cooperatives across the nation from losing their tax-exempt status when they accept government grants for disaster relief, broadband service, and other programs that benefit cooperative members.
- » In 2020, ECI REC staff and Board members advocated for a balanced approach in addressing energy issues like increased safety, rural economic development opportunities, service territory laws, and more.

## ENERGY WISE

- » In January, ECI REC released the 2020 details for our extensive energy efficiency rebate programs, which target residential, agricultural, and commercial members.
- » Per month in 2020, an average of 77 ECI REC members contributed an average of \$50.00 each to support the production of renewable energy in Iowa. Member support for the year totaled \$3,817.80.
- » ECI REC encouraged 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.”

## COMMUNITY CONNECTED

- » ECI REC co-sponsored a USDA Rural Economic Development Loan and Grant with the Iowa Area Development Group. A \$480,000 loan was granted to Piphoo and Gingrich Family Dentistry, a new clinic in Dysart. For this project and others, ECI REC was recognized with the IADG Impact Award for community development.
- » ECI REC awarded \$1,000 scholarships to 10 graduating seniors.
- » In 2020, ECI REC gave \$57,225 to 36 causes, including \$20,000 to the Benton County Disaster Recovery Coalition, a nonprofit organization that meets the needs of community members affected by disaster.
- » Sixty-nine members donated \$6,520 to our RECare program, which assists low-income members in paying for heating bills and winterizing their homes.

## SAFETY

- » Member Service Technician John Tegler presented demonstrations on electric safety for the fall Progressive Ag Safety Day held at the Benton County Fairgrounds.
- » 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, clips, and cables, or by lowering the teammate using the truck bucket.

# ECI REC Staff



**Teresa, 29 years**  
CEO



**Mike, 23 years**  
Inventory/Maintenance  
Technician



**Adam, 21 years**  
Member Service Manager



**Doug, 23 years**  
SCADA Technician



**Cole, 5 years**  
Lineworker



**Bryce, 4 years**  
Lineworker



**Holly, 14 years**  
Member Service  
Representative



**Braxton, 4 years**  
Lineworker



**Molly, 20 years**  
Member Service  
Representative



**Josh, 3 years**  
Lineworker



**Robert, 9 years**  
Information Services  
Technician



**Colton, 3 years**  
Apprentice Lineworker



**Ben, 16 years**  
Lineworker



**Tanya, 7 months**  
Member Service  
Representative



**Lisa, 19 years**  
Manager of  
Communications



**Nathan, 14 years**  
Information Services  
Manager



**Jared, 9 years**  
Lineworker



**Dave, 26 years**  
Engineering Design  
Technician



**Pat, 31 years**  
Engineering Design  
Technician



**Steve Marlow,**  
39 years (retired)



**Scott, 7 years**  
Engineering Technician



**Robin, 10 years**  
Cost Accounting Clerk



**Dane, 7 years**  
Lineworker



**Kelly, 22 years**  
Member Service  
Supervisor



**Scott, 9 years**  
Inventory/Maintenance  
Technician



**Brian, 22 years**  
Line Foreman



**Travis, 18 years**  
Lineworker



**Tom, 30 years**  
Operations Manager



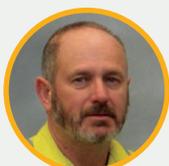
**Jennifer, 25 years**  
Manager of  
Finance



**Teresa, 42 years**  
Operations  
Assistant



**Katie, 2 years**  
Human Resource  
Director



**John, 27 years**  
Member Service  
Technician



**Kevin, 25 years**  
Line Foreman



**Colton, 3 years**  
Apprentice Lineworker

# 2020 Notable Numbers

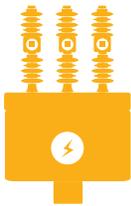
## Average cost per kWh



**6.05%**  
DECREASE  
over the past  
10 YEARS

## 25 Substations

ECI REC owns and maintains 25 substations, all with advanced communication technology.



## 2020

Kilowatt-Hour Sales

0.15%



greater than budgeted

less than 2019 sales



-7.60%

## Empowering Energy Savings

**\$203,347**

in energy efficiency rebates to ECI REC members

**\$12,417**  
agricultural rebates



**\$178,293**  
residential rebates

**\$5,578**  
commercial rebates



**879,218 kWh**

energy saved by ECI REC members through energy efficiency rebates



INVESTED IN EFFICIENCY

**0.933%**

(\$0.0010 per kWh)

of 2020 revenue invested in energy efficiency programs

**15** of being a Touchstone Energy Cooperative

**YEARS**

A Touchstone Energy® Cooperative

The power of human connections®



**315**

AVERAGE MONTHLY MOBILE PAYMENTS



**2,500+**

REGISTERED SMART HUB USERS



**935**

AVERAGE MONTHLY ONLINE PAYMENTS



**423**

24/7 PAY-BY-PHONE PAYMENTS

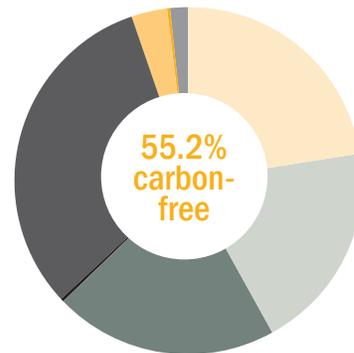
## Members Support Renewable Energy Production in Iowa

77 members > \$3.93 per month



## CIPCO

A BALANCED ENERGY PORTFOLIO

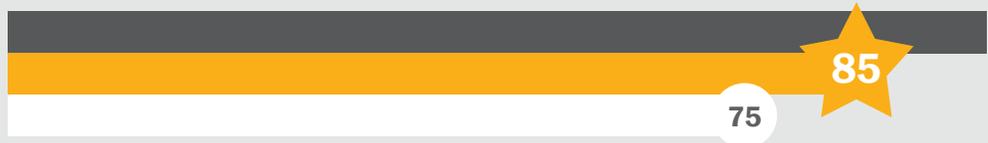


- 22.7% Net Interchange<sup>3</sup>
- 19.5% Nuclear
- 20.6% Coal
- 0.4% Natural Gas
- 31.7% Wind<sup>2</sup>
- 3.2% Hydro<sup>2</sup> & Landfill Gas<sup>2</sup>
- 0.4% Solar<sup>2</sup>
- 1.5% Other Purchases<sup>1</sup>

Represents 2,983 GWh 2020 CIPCO data

1. CIPCO's purchase power agreement for Wapello Solar, LLC, locks in stable, long-term pricing and avoids the risks associated with rising fuel costs. Renewable energy credits (RECs) are not included in this agreement.
2. CIPCO invests in the development of renewable energy projects in several ways. We operate six small-scale solar arrays near communities we serve and retain the renewable energy credits associated with each. We also contract with energy producers for the electricity output from wind, hydro, and methane gas from a landfill (converted into electricity). CIPCO cannot claim these resources as renewable within our supply portfolio, as we have either sold to third parties or do not receive the renewable attributes associated with the electricity produced from these renewable power sources. By selling these attributes (RECs), we not only support other organizations in meeting their renewable energy goals, we also generate revenue to help us lower our wholesale power rate to our 12 member-owner distribution cooperatives and 15 municipalities.
3. A percentage of market purchases exists within the portfolio to meet additional supply needs not covered by existing contracts or CIPCO-produced generation. Weather volatility and unplanned operational events at power plants may also impact market purchases.

## 2019-2020 American Customer Satisfaction Survey RESULTS

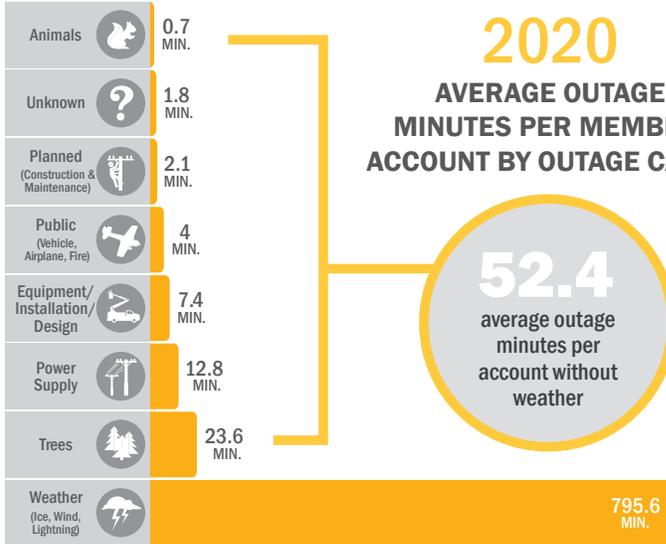


On a 100-point scale, ECI REC earned a score of 85. The average for Touchstone Energy Co-ops was 75.

# 2020 Notable Numbers



**11,000**  
AMI meters  
at work serving  
**8,985**  
member-accounts  
(including heat  
meters for  
HeatPlus accounts)



Helping Member  
Families in Need

**69**  
members gave  
**\$6,520**



**CARE with  
RECare**



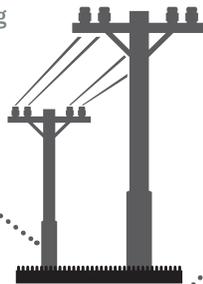
## PULLING THE PLUG

Members earned **\$9,059** for  
recycling inefficient working appliances

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

**\$2,341,800**  
invested in line  
replacements

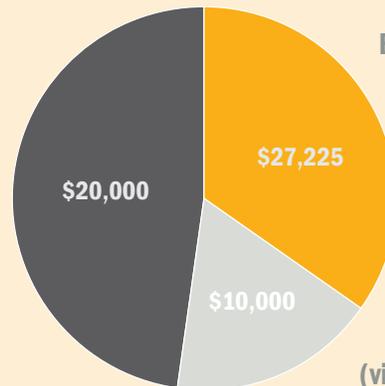
In the Van Home and Spring  
Creek substation areas ...



**3,519**  
poles  
inspected

**276**  
underground  
facilities  
inspected

**\$57,225** donated to  
**36** community organizations



**\$20,000** to the  
Benton County Disaster  
Recovery Coalition

**\$27,225**  
various other  
community  
causes and  
organizations

**\$10,000**  
(via \$1,000 scholarships)  
to 10 graduating seniors



## OUR MISSION

To demonstrate the  
advantages of the  
cooperative business model



## OUR VISION

To make a difference  
in the lives of those we serve



**2020**  
Facebook Fans

**204**  
NEW FANS  
TOTAL

**136**  
NEW DURING  
DERECHO RECOVERY

**661**  
FANS BY  
YEAR-END

# MEETING AGENDA

June 17, 2021

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*

Recognition of Former Director Al Albers

*Steve Rau, President*

Introduction of Attorney

*Steve Rau, President*

Reading of the Nominating  
Committee Minutes and Election Results

*Julie Pulkrabek, Attorney*

Adjournment of Business Meeting

2021 Annual Meeting Prizes

- 12 \$50 bill credits will be randomly selected from members who voted.
- Two electric leaf blowers 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 need to be submitted by June 14.**
- Prize winners will be announced following the meeting. Winners will receive a notification via email and/or USPS mail.

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)

7,200 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.