

Mapping^{the} way to a member-inspired future



AMI technology
implementation

Safe, reliable,
environmentally
friendly power

Website update
and redesign

New Independence
operations center



"The commitment by ECI REC's management team, employees, and directors results in a strong and productive cooperative dedicated to the members and communities we serve."

**STEVE RAU,
PRESIDENT**



"We are committed to delivering safe, reliable electricity at a fair and reasonable cost. We focus on being environmentally friendly and maintaining sustainable solutions that are in the best interests of the cooperative and the people we serve."

**STEVE MARLOW,
CEO**

Mapping the way to a member-inspired future

In 2015, East-Central Iowa REC continued to focus on navigating our Cooperative through a time of great change in the energy industry. With the right plans in place, we will map the way to a member-inspired future! Here are some 2015 highlights from our areas of focus:

THE COOPERATIVE DIFFERENCE

The 2015 budget was approved with no planned rate increase for members, and the Board approved returning \$523,441 back to members in patronage dividends. Fifty-five percent of accounts receiving money back belonged to current members.

Several members of our Board of Directors—Jim Alberts, Jeff Elliott, Steve Rau, and Don Shonka—earned Director Gold status from the National Rural Electric Cooperative Association (NRECA). Directors Chris Sackett and Ryan Kress also took classes from the NRECA, and ECI REC CEO Steve Marlow and several directors attended the NRECA Regional Meeting in Minneapolis. As a whole our Board and leadership is more equipped than ever to lead through this transitional time in our industry.

The Co-op Connections® Card now features 24 participating area businesses where members are offered exclusive deals. The Healthy Savings arm of the program helped members save \$5,116, paying out on 184 claims on prescription drugs in 2015.

At the 20th Annual Meeting of the Members, 141 members and guests helped celebrate two longtime ECI REC leaders. Member Services Director Frank Weber retired after 44 years of service, and Director Lloyd Bathen retired after 21 years. Adam Albertsen, a 16-year ECI REC veteran, replaced Weber. Following Board elections for three-year terms, Jim Barz replaced Bathen in district 24, Ryan Kress represents district 27, and Don Shonka represents district 21.

A Rate and Cost of Service Study revealed our Facility Charge for most members was recovering only 40% of the costs associated with supplying their power. The Board approved a new rate structure that more closely reflects the true cost of services and is much fairer to all members. Now, 75% of facility costs are recovered via the Facility Charge, and the remainder is collected through

the Energy Charge or Demand Charge. The Energy Charge has decreased for all members while the Facility Charge increased for most.

ENERGY WISE

We completed our five-year energy-efficiency plan. From 2010 to 2014, ECI REC invested nearly \$2 million in energy-efficiency measures, which will result in savings totaling 186,545,635 kWh over the lifetime of those measures. Rebates to our members and contractors in 2015 totaled \$284,264; kWh savings exceeded 2.5 million.

A free self-energy audit tool was added to ECI REC's online bill-pay platform, SmartHub. Enter your home structure and appliance information and the HomeEnergyCalculator will provide a full energy-usage analysis, allowing you to compare costs, set markers, and monitor changes.

ECI REC sponsored the attendance of seven contractors at the Momentum Is Building conference in Des Moines, where they heard from industry leaders and learned new energy-efficient techniques. Two ECI REC employees also attended.

By the end of 2015, the Cooperative had worked with 14 members to make a total of 44 renewable energy interconnections. Monthly member support for the production of renewable energy in Iowa totaled \$4,851 for the year.

COMMUNITY CONNECTED

Our youth excelled in 2015. Three juniors participated the Electric Cooperative Youth Tour of Washington, D.C. Bristian Gerber of Vinton-Shellsburg High School and Zachary Fischels of Independence High School were sponsored by ECI REC. Morgan Weber earned her Youth Tour trip when she was unanimously chosen by the Iowa Association of Electric Cooperatives as the winner of *Living with Energy in Iowa* magazine's Youth Tour essay contest. Youth

Tour alum Dalton Schmit interned in D.C. again. Caitlin Kruckenberg, a 2014 Youth Tour alum, led the efforts of the Vinton-Shellsburg Voyagers to help make blankets for Project Linus.

Members were generous as well. In 2015, 80 ECI REC members donated \$5,278 to RECare, a voluntary program that distributes funds to community action agencies.

As part of our ongoing efforts to support our communities, ECI REC awarded \$1,000 scholarships to 10 deserving graduating seniors. Including scholarships, the Cooperative gave a total of more than \$39,000 to 26 community organizations. ECI REC employees are also active volunteers in local schools.

SAFETY

The Cooperative received several confirmations that we're doing an excellent job promoting safety. After a successful onsite evaluation and approval of our safety improvement plan, ECI REC received our Rural Electric Safety Achievement Program certificate. RESAP is administered by the NRECA. An exceptional field inspection performed by our insurance carrier reviewed on-the-job site inspections, line personnel, crew briefings and tailgates, and a number of other field operating safety practices.

Our line personnel upgraded to FR2-rated uniforms, which will more adequately protect them while on the job. Cooperative staff completed required safety trainings applicable to their roles, such as pole top rescue, fire extinguisher handling, and first aid/CPR. We held monthly safety meetings attended by both field and office personnel.

ECI REC responded proactively to Avian influenza outbreaks by contacting poultry facilities receiving electricity from our Cooperative to ensure these facilities adhere to necessary biosecurity procedures when our vehicles, linemen, and employees entered and exited these facilities.

ECI REC member service technicians provided electrical safety demonstrations and

trainings for more than 830 students at five area safety day events.

KEEPING THE LIGHTS ON

The 2015 Outage Report revealed that ECI REC member-accounts experienced an average outage time of 61 minutes, about 128 minutes less than in 2014. System improvements over the past five years are proving their value as only 16% of the outages were due to our distribution equipment. The remaining outages were either due to planned construction, animals, trees/vegetation, incidents like vehicle or plane damage, weather, or power supply.

In June, an EF1 tornado downed 20 poles as it proceeded for 153 miles through ECI REC service territory southeast of Maynard. Power was lost to 780 members; 95 mph winds were reported. All power was restored within 24 hours.

Updates to ECI REC's mapping software gave linemen the ability to use truck tablets to enter data for line distribution inspections and real-time maintenance while eliminating the use of paper.

Ongoing vegetation control was provided by local contractors who cleared trees and weeds, helping prevent power interruptions and damages to lines and poles.

ECI REC's power supplier, Central Iowa Power Cooperative (CIPCO), completed a 4.7-mile upgrade to both transmission and distribution equipment in Buchanan County along Highway 150 and along the Highway 20 overpass outside of Independence.

\$1.4 million was put towards the replacement of 23 miles of overhead distribution line and 13 miles of underground conductor.

In December the Board approved the 2016 budget, which includes \$2.6 million in system improvements and upgrades and \$2.3 million in preventative and ongoing line maintenance programs. Also included in the budget was \$2.5 million to replace the Independence operations center, which was simply not designed to support business operations in this modern age.

Along with a FEMA mitigation audit, ECI REC underwent a successful annual financial audit.

ECI REC introduced two new member programs: the Helping Hand Reminder (a backup contact in case of a delinquent account) and the Notify Owner Before Disconnect program (for property owners living outside the Co-op's service area).

LOOKING OUT FOR YOU

On June 29, the Supreme Court overturned an Environmental Protection Agency air quality rule, saying the cost of regulations matters. It was determined that the EPA should have taken into account the costs to utilities before deciding whether to set limits for toxic air pollutants.

ECI REC attended four spring legislative events held in Des Moines and Cedar Falls, meeting with over 100 state legislators. Then in May, we joined 40 other Iowa electric cooperative representatives from across the state at the NRECA annual legislative conference in Washington, D.C., which provides critical information on policies at the national level that affect local electric cooperatives. Attendees were updated on potential legislation, the existing Clean Power Plan, solar energy, and more.

Nearly eight months before the Iowa caucuses, representatives of several Iowa electric cooperatives shared electricity concerns with presidential hopefuls visiting the state in an event organized by Iowa Rural Power.

CONNECTING WITH YOU

Our Communications department is focused on finding the best ways to connect with members. Our Facebook page offers quick notes about ECI REC happenings, and 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

Key

Blue names:

Geographic
District 2,
Independence
Area

Green names:

Geographic
District 1,
Vinton Area



23 Jim Alberts,
Secretary/Treasurer
Director since 2007
Board District 23



26 Steve Rau,
President
Director since 2005
Board District 26

24 Jim Barz
Director since 2015
Board District 24



			Illyria (17) Fayette County			
Fremont (24) Fayette County		Harian (25) Fayette County	Smithfield (26) Fayette County	Fairfield (27) Fayette County	Sperry (28) Clayton County	
Franklin (33) Bremer County	Oran (34) Fayette County	Jefferson (35) Fayette County	Scott (36) Fayette County	Putnam (37) Fayette County	Cass (38) Clayton County	
Lester (43) Black Hawk County	Fairbank (44) Buchanan County	Hazleton (45) Buchanan County	Buffalo (46) Buchanan County	Madison (47) Buchanan County	Richland (48) Delaware County	
Barclay (53) Black Hawk County	Perry (54) Buchanan County	Washington (55) Buchanan County	Byron (56) Buchanan County	Fremont (57) Buchanan County	Coffins Grove (58) Delaware County	
Poyner (62) Black Hawk County	Fox (63) Black Hawk County	Westburg (64) Buchanan County	6 Sumner (65) Buchanan Co.	5 11 12 Buchanan Co.	4 14 13 Liberty (66) Buchanan County	2 1 Middlefield (67) Buchanan County
Big Creek (72) Black Hawk County	Spring Creek (73) Black Hawk County	Jefferson (74) Buchanan County	15 20 21 22 23 24 30 29 28 27 26 25 31 32 33 34 35 36	Homer (75) Buchanan County	Cono (76) Buchanan County	Prairie (68) Delaware County
32 33 34 35 36 31 32	34	35	36	37	38	39
Geneseo (133) Tama County	Bruce (134) Benton County	Cedar (135) Benton County	Harrison (136) Benton County	Polk (137) Benton County	Grant (138) Linn County	
Clark (143) Tama County	Monroe (144) Benton County	Jackson (145) Benton County	Taylor (146) Benton County	Benton (147) Benton County	Washington (148) Linn County	
Oneida (153) Tama County	Homer (154) Benton County	Big Grove (155) Benton County	Eden (156) Benton County	Canton (157) Benton County	Fayette (158) Linn County	
York (163) Tama County	Kane (164) Benton County	Union (165) Benton County	Eldorado (166) Benton County	Fremont (167) Benton County	Clinton (168) Linn County	
Iowa (174) Benton County	Leroy (175) Benton County	St. Clair (176) Benton County	Florence (177) Benton County	Fairfax (178) Linn County		
	Marengo (185) Iowa County	Washington (186) Iowa County	Lenox (187) Iowa County	Monroe (188) Johnson County		



21 Donald Shonka
Director since 2006
Board District 21



27 Ryan Kress,
**Assistant Secretary/
Treasurer**
Director since 2009
Board District 27



12 Chris Sackett
Director since 2011
Board District 12



11 Jeff Elliott
Director since 1990
Board District 11



13 Allen Albers
Director since 1985
Board District 13



15 William Frazier
Director since 1985
Board District 15



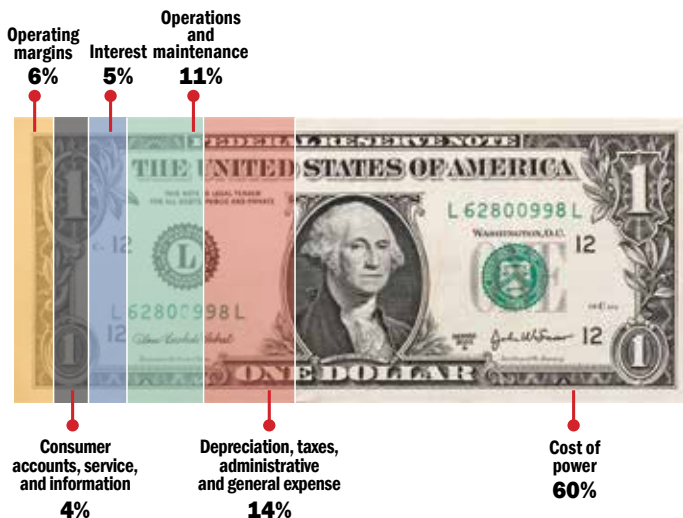
17 Burt Byers,
Vice President
Director since 2007
Board District 17

Financials

STATEMENT OF REVENUE AND EXPENSE

REVENUE	2015	2014
Operating Revenue and Patronage Capital.....	\$22,242,298	\$22,160,903
EXPENSE		
Purchased Power	\$13,340,338	\$13,707,545
Distribution Expenses - Operations	\$1,865,028	\$1,764,338
Distribution Expenses - Maintenance	\$637,492	\$596,629
Customer Accounts Expense	\$522,193	\$536,409
Customer Service & Informational Expense	\$343,334	\$403,573
Administrative & General Expense	\$1,295,138	\$1,282,919
Depreciation.....	\$1,777,509	\$1,676,596
Taxes - Property & Other	\$22,298	\$22,055
Interest on Long-Term Debt.....	\$1,154,668	\$1,161,261
Other Deductions & Interest Expense.....	\$17,243	\$21,333
Total Expense.....	\$20,975,240	\$21,172,658
Operating Margins	\$1,267,057	\$988,245
Non-Operating Margins.....	\$6,863	\$55,527
Generation & Transmission Capital Credits	\$669,314	\$1,109,456
Other Capital Credits & Patronage Dividends.....	\$148,935	\$149,690
Total Operating & Non-Operating Margins.....	\$2,092,169	\$2,302,918

HOW YOUR REC DOLLARS WERE SPENT IN 2015



BALANCE SHEET

ASSETS.....	2015	2014
Current Assets & Other Debits	\$13,002,362	\$14,091,510
Fixed Assets (Net Utility Plant)	\$47,186,414	\$45,181,819
Total Assets & Other Debits	\$60,188,776	\$59,273,329
LIABILITIES		
Total Current & Accrued Liabilities	\$3,916,421	\$3,486,024
Total Fixed Long-Term Debt & Deferred Credits.....	\$26,889,086	\$27,916,861
Total Margins & Equities	\$29,383,269	\$27,870,444
Total Liabilities & Other Credits	\$60,188,776	\$59,273,329

COMPARATIVE OPERATING STATISTICS

Miles of Line Energized	2,275	2,279
New Services Connected.....	86	96
Total Services in Place	9,398	9,532
kWh's Purchased From CIPCO	213,992,697	222,963,674
Cost Power Purchased.....	\$13,322,207	\$13,697,251
Percent Line Loss.....	5.28%	5.18%
OPERATING REVENUE.....	\$22,170,110	\$22,005,669
Average kWh's Used per Month per Consumer	1,945	2,031
Average Monthly Bill	\$212.70	\$211.58
Average Cost per kWh to Consumer	\$0.1094	\$0.1042

LOAN FUNDS

CFC	\$26,097,809	\$4,821,758
RUS/Other	\$400,000	\$22,587,382
Total Loan Funds.....	\$26,497,809	\$27,409,140

In 2015, ECI REC gave more than \$33,000 to 26 community causes

Over 68 miles of power lines have been rebuilt or strengthened since 2013

Our energy-efficiency rebates saved members \$284,254 in 2015

ECI REC Staff



Steve Marlow
CEO
35 years



Mike
Inventory/
Maintenance
Technician
18 years



Adam
Member
Service
Director
16 years



Doug
SCADA
Technician
18 years



Molly
Consumer
Services
Representative
15 years



Robert
Information
Services
Technician
4 years



Ben
Lineman
11 years



Rod
Lineman
28 years



Lisa
Manager of
Communications
14 years



Sam
Engineering
Design
Technician
41 years



Nathan
Information
Services
Administrator
9 years



Jared
Lineman
4 years



Pat
Lineman
26 years



Larissa
Staff
Assistant
12 years



Gary
Operations
Manager
41 years



Scott
Engineering
Technician
2 years



Justin
Apprentice
Lineman
2 years



Dane
Third Class
Lineman
2 years



Kelly
Consumer
Services
Supervisor
17 years



Scott
Inventory/
Maintenance
Technician
4 years



Brian
Lineman
17 years



Travis
Lineman
13 years



Tom
Line
Foreman
25 years



Jennifer
Cost Records
Administrator
20 years



Teresa
Operations
Assistant
37 years



John
Member
Service
Technician
22 years



Kevin
Line
Foreman
20 years



Frank
Retired June 2015
Member
Services
Director
44 years



Holly
Consumer
Services
Representative
9 years



Teresa
Manager of
Finance and
Consumer
Service
24 years



Dave
Engineering
Design
Technician
21 years



Robin
Consumer
Services
Representative
5 years

We have 31 employees

FIELD PERSONNEL

- » 2 Line Foremen
- » 8 Linemen
- » 2 Engineering Design Technicians
- » 2 Inventory/Maintenance Technicians
- » 1 SCADA Technician
- » 1 Member Service Technician

OFFICE/ADMINISTRATIVE PERSONNEL

- » 3 Consumer Services Representatives
- » 1 Consumer Services Supervisor
- » 1 Staff Assistant
- » 1 Cost Records Administrator
- » 1 Information Services Technician
- » 1 Operations Assistant
- » 1 Engineering Technician

MANAGEMENT PERSONNEL

- » 1 CEO
- » 1 Operations Manager
- » 1 Manager of Finance and Consumer Service
- » 1 Director of Member Services
- » 1 Information Services Administrator
- » 1 Manager of Communications

Our Vision

*to make a difference in the
lives of those we serve*

Our Mission

*to demonstrate the
advantages of the cooperative
business model*



7,060 MEMBER-CONSUMERS STRONG

Annual Meeting Program

June 16, 2016

10:30 a.m. - Registration

11:00 a.m. - Business Meeting

1. Call to Order
Steve Rau, President
2. Invocation
Steve Rau, President
3. Introduction of Directors
Steve Rau, President
4. Reading of the Notice of Annual Meeting
Jim Alberts, Secretary/Treasurer
5. Reading of Affidavit of Mailing of Notice of Annual Meeting
Jim Alberts, Secretary/Treasurer
6. Approval of Agenda (Annual Meeting Program)
Jim Alberts, Secretary/Treasurer
7. Minutes of Last Annual Meeting
Jim Alberts, Secretary/Treasurer
8. Reading of the Nominating Committee Minutes
Robert Hanson, Nominating Committee Chairman
9. Introduction of Attorney
Steve Rau, President
10. Introduction of CEO
Steve Rau, President
11. Introduction of 2015 Youth Tour Alumni
Steve Marlow, CEO
12. Drawings for Door Prizes (must be present to win)
Steve Rau, President

Adjournment of Business Meeting



A Touchstone Energy® Cooperative

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