



TO DEMONSTRATE THE
ADVANTAGES
OF YOUR
MEMBER-OWNED COOPERATIVE

ECI REC 20
14
ANNUAL
REPORT



2014 Annual Report

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Our Vision

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

Our Mission

*to demonstrate the
advantages of
the cooperative
business model*



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 Lloyd Bathan

Director since 1994
Board District 24



21 Donald Shonka
Director since 2006
Board District 21



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



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

Board District 23

Ilyria (17)

Fayette County

Fremont (24)

Fayette County

Harlan (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

Sumner (65)
Buchanan Co.
11 12
13 14
15 16
17 18
19 20
21 22
23 24
25 26
27 28
29 30
31 32
33 34
35 36

Liberty (66)

Buchanan County

Middlefield (67)

Buchanan County

Prairie (68)

Delaware County

Big Creek (72)

Black Hawk County

Spring Creek (73)

Black Hawk County

Jefferson (74)

Buchanan County

Homer (75)

Buchanan County

Cono (76)

Buchanan County

Newton (77)

Buchanan County

Adams (78)

Delaware County

32 33 34 35 36 31 32

34

4 35 36 37 38

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

12 Chris Sackett

Director since 2017
Board District 23



12 Chris Sackett
Director since 2011
Board District 12



"A strong cooperative spirit lives on in ECI REC today."

- STEVE RAU, PRESIDENT



"We work hard to keep our electric distribution system up to date so that our members receive electricity with fewer and shorter outages."

- STEVE MARLOW, CEO

President and CEO Report

More Than Electricity

FOR OVER 75 YEARS, ECI REC HAS BEEN MAKING A DIFFERENCE IN THE COMMUNITIES WE SERVE.

What comes to mind when you think of an electric cooperative? A deep commitment to youth, health, and local communities? The latest in energy-efficient technology? Meetings with legislators on Capitol Hill? These may not fit the traditional perception of electric cooperatives, but all are part of the ongoing mission of East-Central Iowa Rural Electric Cooperative.

Born of two independent county electric cooperatives, today ECI REC serves 8,695 member-accounts with 2,279 miles of electric lines in 11 counties: Benton, Black Hawk, Bremer, Buchanan, Clayton, Delaware, Fayette, Linn, Tama, Johnson, and Iowa. As Cooperative owners, our members were given back nearly \$1 million in 2014—\$458,428 in patronage dividends and \$500,000 through an energy refund.

A strong cooperative spirit lives on in ECI REC today. ECI REC's guiding vision is to make a difference in the lives of those we serve. In 2014, we gave more than \$34,000 to 28 causes, including community organizations, scholarships, health and safety organizations, school functions, and economic development groups.

Our Cooperative is also dedicated to supporting the local economy. As a Touchstone Energy® Cooperative, ECI REC works with area businesses to help increase traffic with the Co-op Connections® Card. With card in hand, ECI REC members can find money-saving opportunities at

participating businesses and healthcare providers, all while shopping local.

Just because we're involved in so many other aspects of our local communities doesn't mean we've forgotten our most important job—reliable, safe, environmentally friendly electricity! We work hard to keep our electric distribution system up to date so that our members receive electricity with fewer and shorter outages. ECI REC is currently executing a four-year, \$16 million Construction Work Plan, extending and upgrading power lines to meet anticipated increased demand.

Finally, we fight to save you money and keep rates low while practicing responsible environmental policies. We offer a wide range of energy-efficiency rebates to our members. In 2014 we exceeded our energy-savings goal by more than 30,000 kWh—our members saved \$258,341. We advocate in Washington, D.C., and Des Moines to ensure lawmakers know how the legislation they pass will affect our members. Key areas of focus this year range from EPA proposed rules regarding the Clean Air Act to geothermal eligibility for renewable energy tax credits.

And that's just a snapshot! To learn more about all that we do, visit us on Facebook at facebook.com/eastcentraliowarec or on our website at ecirec.coop. You can be sure we'll continue to find new ways to provide safe, reliable electricity and make a difference in the communities we serve.

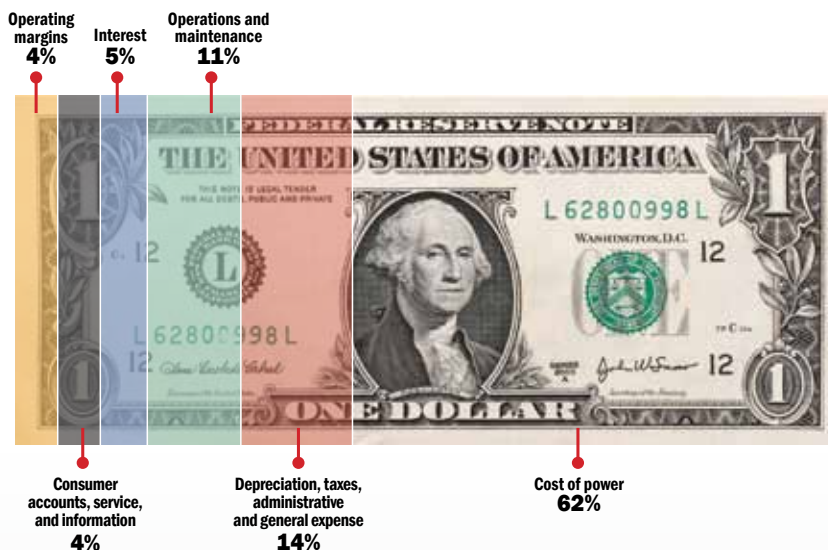


Financials

STATEMENT OF REVENUE AND EXPENSE

REVENUE	2014	2013
Operating Revenue and Patronage Capital.....	\$22,160,903	\$22,541,806
EXPENSE		
Purchased Power	\$13,707,545	\$13,636,110
Distribution Expenses - Operations	\$1,764,338	\$1,915,812
Distribution Expenses - Maintenance	\$596,629	\$722,472
Customer Accounts Expense	\$536,409	\$519,716
Customer Service & Informational Expense	\$403,573	\$495,620
Administrative & General Expense	\$1,282,919	\$1,258,480
Depreciation.....	\$1,676,596	\$1,609,858
Taxes - Property & Other.....	\$22,055	\$22,518
Interest on Long-Term Debt.....	\$1,161,261	\$1,176,348
Other Deductions & Interest Expense.....	\$21,333	\$12,161
Total Expense.....	\$21,172,658	\$21,369,095
Operating Margins	\$988,245	\$1,172,711
Non-Operating Margins.....	\$55,527	\$242
Generation & Transmission Capital Credits	\$1,109,456	\$716,474
Other Capital Credits & Patronage Dividends.....	\$149,690	\$129,061
Total Operating & Non-Operating Margins.....	\$2,302,918	\$2,018,488

HOW YOUR REC DOLLARS WERE SPENT IN 2014



BALANCE SHEET

ASSETS	2014	2013
Current Assets & Other Debits	\$14,091,510	\$13,669,516
Fixed Assets (Net Utility Plant)	\$45,181,819	\$46,271,290
Total Assets & Other Debits	\$59,273,329	\$59,940,806
LIABILITIES		
Total Current & Accrued Liabilities	\$3,486,024	\$4,969,356
Total Fixed Long-Term Debt & Deferred Credits.....	\$27,916,861	\$28,837,315
Total Margins & Equities	\$27,870,444	\$26,134,135
Total Liabilities & Other Credits	\$59,273,329	\$59,940,806

COMPARATIVE OPERATING STATISTICS

Miles of Line Energized	2,279	2,277
New Services Connected.....	96	107
Total Services in Place	9,532	9,484
kWh's Purchased From CIPCO	222,963,674	218,777,350
Cost Power Purchased.....	\$13,697,251	\$13,627,900
Percent Line Loss.....	5.18%	6%

OPERATING REVENUE	\$22,005,669	\$22,467,806
Average kWh's Used per Month per Consumer	2,031	1,986
Average Monthly Bill	\$211.58	\$216.95
Average Cost per kWh to Consumer	\$0.1042	\$0.1092

LOAN FUNDS

RUS	\$22,187,382	\$20,005,926
CFC	\$5,221,758	\$5,684,539
Total Loan Funds.....	\$27,409,140	\$25,690,465

IN 2014, ECI REC GAVE MORE THAN \$34,000 TO 28 COMMUNITY CAUSES.

OVER 550 MILES OF POWER LINES HAVE BEEN REBUILT OR STRENGTHENED SINCE 2007.

OUR MEMBERS SAVED \$258,341 IN 2014 THROUGH OUR ENERGY-EFFICIENCY REBATE PROGRAM.



"As our Cooperative's power provider, CIPCO continues to intelligently maneuver within a changing regulatory environment."

**ALLEN ALBERS, ECI REC
REPRESENTATIVE
ON CIPCO BOARD
OF DIRECTORS**



2014 CIPCO Power Supply Report

As your representative on both the East-Central Iowa Rural Electric Cooperative Board of Directors and the Central Iowa Power Cooperative (CIPCO) Board of Directors, I have the duty to ensure your energy needs are met. And while fulfilling that duty is more challenging today than ever before, I am also often reminded that it is just as rewarding.

As our Cooperative's power provider, CIPCO continues to intelligently maneuver within a changing regulatory environment. In 2014, the EPA set goals known as the Clean Power Plan to reduce carbon emissions on a state-by-state basis. With a bit of flexibility in how to meet those goals, Iowa is still facing a 16% emissions reduction for existing fossil-fuel-fired power plants. With more than 60% of its power generated from carbon-free resources, CIPCO is in a good position to achieve the proposed reductions by 2030, and is engaged to help educate policymakers on how these regulations affect Iowa and rural electric co-ops.

CIPCO's strong financial focus on its operation provides the corporate stability that benefits ECI REC and each of CIPCO's member distribution systems. That means we receive the benefit of patronage dividends, or excess revenue that is then credited back to you. The CIPCO board recently authorized the allocation of \$23 million in patronage. This allocation breaks down as follows: \$4 million payable in 2015, \$10 million allocated to a 40-year roll, and \$8 million to the 15-year roll. The balance of the 2014 margin, \$1,987,352 reserve was allocated to the statutory surplus. Additionally, the CIPCO board actions included the retirement of

patronage dividends totaling \$7 million dollars. This represents the retirement of \$2 million of 1999 patronage capital and \$4 million of the 2014 current dividends, as well as an additional cash retirement of \$1,017,078 representing member election for payment of the 40-year allocation. The total payment to ECI REC equals \$576,662.23.

On the national front, CIPCO participated in activities that will help enhance and grow Iowa's rural economy and maximize financial incentives within our service territory. U.S. Secretary of Agriculture Tom Vilsack visited CIPCO's Cedar Rapids office to lead a roundtable discussion on rural equity investment and announce a new \$150 million investment fund designed to assist small businesses in rural areas. The new Rural Business Investment Company (RBIC), licensed by the USDA, will make private equity investments in agriculture-related businesses.

A few months after the announcement, CIPCO was on hand in Washington, D.C., to participate in the White House Council's Rural Opportunity Investment Conference, where senior government officials, rural economic development experts, and business and financial leaders came together to discuss ways to develop a partnership that creates job, grows small businesses, and invests in critical rural infrastructure.

Making the investment today to handle the energy needs of tomorrow is a prime focus of the CIPCO board. We realize how important it is to approve expenditures for improvement projects at CIPCO generation facilities and replace or upgrade the poles and wires that are no



longer efficient. In 2014, the CIPCO board approved a \$28 million capital program to support these changes. Though CIPCO's annual electric sales were down slightly from 2013 to 2.77 million MWhs in 2014, electricity demand peaked at 561 MW in January 2014, thanks to the "polar vortex." The event marked the first time ever that CIPCO experienced peak demand in the winter.

The CIPCO board approved \$35 million for the Cedar Rapids to Iowa City Corridor Grid Expansion Plan, or approximately one-third of the total project cost of \$108 million, in order to plan for electric system load growth now rather than wait until big economic development projects come in and can't be accommodated.

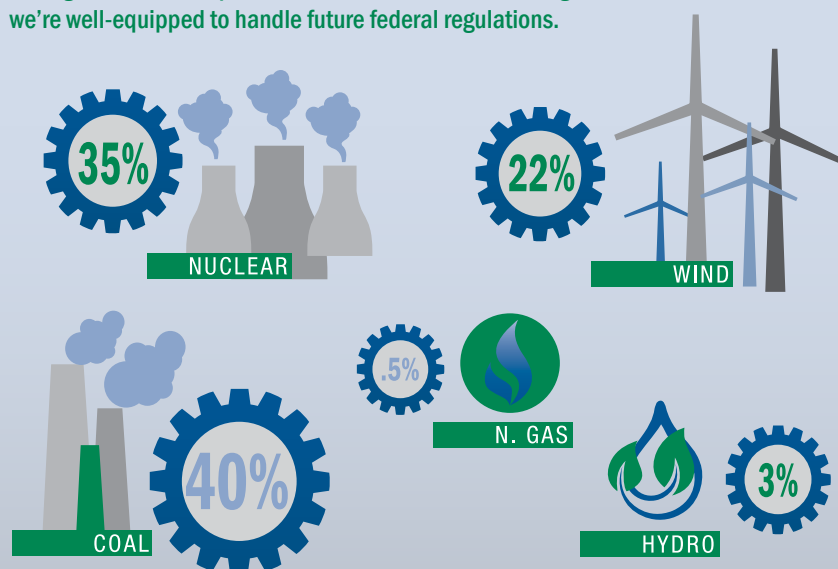
CIPCO continues to have steady, deliberate growth. The 2014 forecast models

anticipate an annual growth rate of 1% from 2014-2033, down from 1.3% forecasted in 2013. Recovery from the economic recession and aggressive energy-efficiency programs were cited as two reasons why the growth rate was a bit lower. Most of the growth is expected to occur in the commercial and industrial areas, estimated at 2.1% over the next 20 years, while residential growth is estimated at .3%.

In my role as a CIPCO director, I'm guided by what is in our members' best interests when making important decisions. I understand how incredibly important our service is to our community and that our decisions impact every household and business we represent. CIPCO and ECI REC are committed to delivering safe, reliable, and affordable electricity to you. We will strive to ensure your power needs are met now and well into the future.

CIPCO SOURCES OF ENERGY

CIPCO's percentage of emissions-free resources is more than double the 28% average of its counterparts in the seven-state Midwest region. As such, we're well-equipped to handle future federal regulations.



ECI REC Staff



Steve Marlow
CEO
34 years



Mike
Inventory/
Maintenance
Technician
17 years



Adam
Member
Service
Technician
15 years



Doug
SCADA
Technician
17 years



Holly
Consumer
Services
Representative
8 years



Molly
Consumer
Services
Representative
14 years



Robert
Information
Services
Technician
3 years



Ben
Lineman
10 years



Teresa
Manager of
Finance and
Consumer
Service
23 years



Lisa
Manager of
Communications
13 years



Sam
Engineering
Design
Technician
40 years



Nathan
Information
Services
Administrator
8 years



Dave
Engineering
Design
Technician
20 years



Pat
Lineman
25 years



Larissa
Staff
Assistant
11 years



Gary
Operations
Manager
40 years



Phillip
Third Class
Lineman
2 years



Robin
Consumer
Services
Representative
4 years



Justin
Apprentice
Lineman
1 year



Dane
Third Class
Lineman
1 year



Scott
Inventory/
Maintenance
Technician
3 years



Brian
Lineman
16 years



Travis
Lineman
12 years



Tom
Line
Foreman
24 years



Teresa
Operations
Assistant
36 years



John
Member
Service
Technician
21 years



Kevin
Line
Foreman
19 years



Frank
Member
Services
Director
44 years



Ann
Accounting
Clerk
12 years



Rod
Lineman
27 years



Jared
Lineman
3 years



Scott
Engineering
Technician
1 year



Kelly
Consumer
Services
Supervisor
16 years



Jennifer
Cost Records
Administrator
19 years

WE HAVE 34 EMPLOYEES

FIELD PERSONNEL

- » 2 Foremen
- » 10 Linemen
- » 2 Engineering Design Technicians
- » 2 Inventory/Maintenance Technicians
- » 2 Member Service Technicians

OFFICE/ADMINISTRATIVE PERSONNEL

- » 3 Consumer Services Representatives
- » 1 Consumer Service Supervisor
- » 1 Accounting Clerk
- » 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 Member Services
- » 1 Information Services Administrator
- » 1 Manager of Communications





2014 ECI REC Highlights

KEEPING THE LIGHTS ON

- » In late June, a bout of severe weather passed through ECI REC service territory, causing over 2,000 outages. Extensive damage and high waters restricted access to some members, but all power was restored by the end of the day on July 1.
- » Ahead of schedule in July, Highline Construction wrapped up the last 4.5 miles of the FEMA mitigation rebuild projects, which resulted in strengthening a total of 246 miles of overhead distribution power lines. Work began in 2012.
- » New features were added to our online bill payment platform, SmartHub, including the My Usage tab with many tools to analyze your energy usage.
- » Line crews worked in conjunction with contractors to complete all 2014 Work Plan projects on or ahead of schedule. These projects included 20 miles of overhead line rebuilds; conversions of overhead lines to underground; one new tie line (upgrade near Fairbank to include more power feeds and cut-offs); and the Shellsburg substation rebuild.
- » ECI REC was able to erect the tenth and final communication repeater antenna site to send and receive information between our equipment.
- » Tablets with geographic information systems were installed in ECI REC operations vehicles, giving line workers the ability to see a real-time map of the electric distribution system rather than relying on paper map books.

ENERGY WISE

- » With the help of ECI REC, member Mark Torgerson sponsored a Model Home Open House at his all-electric, energy-efficient new home in Independence.
- » ECI REC sponsored the attendance of 13 contractors from our service area at the Momentum Is Building Conference in Des Moines, where they heard from industry leaders and learned new techniques. Two ECI REC employees also attended.
- » We exceeded our energy-efficiency goals for 2014 and our five-year plan by more than 30,000 kWh. We gave 6,127 individual rebates to 3,309 different accounts. The rebates to our members totaled \$258,341.
 - » Appliances: \$5,619
 - » Appliance Recycling: \$5,953
 - » All Star Home & Other: \$6,265
 - » Water Heaters: \$7,231
 - » Outdoor Lighting: \$15,696
 - » Commercial Lighting: \$16,604
 - » Air Source: \$20,293
 - » Ag Lighting: \$47,567
 - » Geothermal: \$69,416
 - » Residential Lighting: \$95,554
- » By the end of 2014, the Cooperative had worked with 8 members to make a total of 30 renewable energy interconnections.
- » In 2014, an average of 117 ECI REC members contributed an average of \$4/month each to support the production of renewable energy in Iowa. Member support for the year totaled \$5,400.

COMMUNITY CONNECTED

- » The Center Point-Urbana Robotics Team reached the state FIRST Tech Challenge (FTC) competition. ECI REC sponsored the team's work.
- » The National Rural Electric Cooperative Association (NRECA) announced that Dustin Toale, who attended the Youth Tour in 2011, was awarded a Glenn English National Cooperative Leadership Foundation scholarship.
- » Olivia Oltrogge of Shellsburg and Caitlin Kruckenberg of Garrison participated in the Electric Cooperative Youth Tour of Washington, D.C., sponsored by ECI REC.
- » In 2014, 83 ECI REC members donated \$5,055 to RECare, a voluntary program that distributes funds to community action agencies to help low income members pay heating bills or cover the cost of winterizing their homes.
- » Dalton Schmit, ECI REC Youth Tour alum, completed a summer internship with the office of United States Senator Tom Harkin.
- » ECI REC awarded \$1,000 scholarships to 11 deserving graduating seniors who plan to further their education.
- » In 2014, ECI REC gave a total of more than \$34,415 to 28 community organizations (including 11 school scholarships).



THE COOPERATIVE DIFFERENCE

- » The 2014 budget was approved with no planned rate increase for members.
- » In April 2014, the ECI REC Board approved allocating \$458,428 of its 2013 margins to members of the Cooperative. In May 2014 the Board approved retiring \$498,830.53 in patronage dividends to the membership; this amount represented 100% of 1996 and 12.6% of 2006.
- » In early June, ECI REC Consumer Service Supervisor Kelly Pohlmann completed the Management Essentials Certificate (MEC) program from the NRECA.
- » The ECI REC Consumer Service Department was recognized by National Information Solutions Cooperative (NISC) with a Service Excellence in Process - Honorable Mention award for a new, streamlined member application process.
- » Board Assistant Secretary/Treasurer Ryan Kress was recognized at the NRECA Regional Meeting for completing the NRECA Credentialed Cooperative Director (CCD) curriculum.
- » ECI REC CEO Steve Marlow and several directors attended the NRECA Regional Meeting in Minneapolis.
- » The Co-op Connections® Card now features 25 participating area businesses where members are offered exclusive deals. The Healthy Savings arm of the program helped members save \$5,704.63 in 2014 on prescription drugs.
- » At its December meeting, the ECI REC Board of Directors elected to return \$500,000 as an energy refund, crediting members' energy bills.

LOOKING OUT FOR YOU

- » Your Cooperative kicked off the legislative season with events in both Des Moines and Waterloo/Cedar Falls.
- » Your Board of Directors and CEO Steve Marlow, along with over 200 other cooperative supporters, headed to the annual REC Day on the Hill in Des Moines on March 19. ECI REC also made a separate trip to the Hill earlier in March and met with representatives of our Cooperative's service area.
- » In April, a legislative breakfast gave managers of Iowa electric cooperatives the opportunity to thank legislators for their efforts throughout the session.
- » Cooperative members from across the state rallied to send emails and postcards to Washington, D.C., after FEMA denied disaster aid to some Iowa cooperatives.

SAFETY

- » Line crews and Cooperative staff completed required safety trainings applicable to their roles throughout the year, such as pole top rescue, fire extinguisher handling, and first aid/CPR.
- » The Cooperative held monthly safety meetings attended by both field and office personnel.
- » Joined by other safety experts, ECI REC Service Technician John Tegler provided electrical safety trainings at a Benton and Buchanan County Safety Day for 247 second grade students.
- » After a successful onsite evaluation and approval of our safety improvement plan, ECI REC received our Rural Electric Safety Achievement Program (RESAP) certificate. RESAP is administered by the NRECA.



CONNECTING WITH YOU

Our Communications department is focused on finding the best ways to connect with members. In 2014, ECI REC introduced a powerful new online outage map tool that provides to-the-minute updates during outage events in our service territory. You can access this map from the SmartHub app on your smartphone. While you're logged in, check your account balance and energy usage—it's all at your fingertips in this online payment portal. 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.



A Touchstone Energy® Cooperative 



Annual Meeting Program

June 18, 2015

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
David Peck, Nominating Committee Chairman
9. Introduction of Attorney
Steve Rau, President
10. Introduction of CEO
Steve Rau, President
11. Drawings for Door Prizes (must be present to win)
Steve Rau, President

Adjournment of Business Meeting