

# 7,023 Member-Consumers Strong

## ANNUAL MEETING PROGRAM

**June 15, 2017**

**10:30 a.m. - Registration**

**11:00 a.m. - Business meeting**

**80**  
Y E A R S

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 2016 Youth Tour Alumni  
*Steve Marlow, CEO*
12. Introduction of Mary McLaury, former COO of TSE  
*Steve Marlow, CEO*
13. Drawings for Door Prizes (must be present to win)  
*Steve Rau, President*


Adjournment of Business Meeting



FEATURING GUEST SPEAKER  
**MARY MCLAURY**  
Touchstone Energy® Cooperative  
Chief Operating Officer

Mary is the former COO of Touchstone Energy Cooperative—a national network of 750 electric cooperatives across 46 states. She is a native of Vinton, Iowa, and previously worked for the National Rural Electric Cooperative Association's Education and Training Department in Arlington, Virginia.



A Touchstone Energy® Cooperative 

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# **ECI REC 2016 Annual Report**

**TRUST**



**JOB**



**LOCAL**



**COMMUNITY**



Delivering **VALUE** for a  
**BRIGHTER** Tomorrow





**STEVE RAU,**  
President



**STEVE MARLOW,**  
CEO

# Delivering Value for a Brighter Tomorrow

## TRUST – COMMUNITY – JOBS – LOCAL

At East-Central Iowa REC, we're in the middle of a three-year string of anniversaries. 2016 marked the twentieth year of East-Central Iowa REC as we know it today. Born from Benton County Electric Cooperative Association and Buchanan County Rural Electric Cooperative, ECI REC held its first Annual Meeting of the Members in 1996. These parent Cooperatives would have celebrated their 80th anniversaries in 2017 and 2018.

The dedication and tenacity of rural Iowans who fought to bring affordable power to the countryside still inspire us today, and the same values remain. We are focused on earning members' **trust**, giving back to our **communities**, supporting regional **jobs**, and providing a reliable, **local** service. When we achieve these goals, ECI REC delivers value for a brighter tomorrow.

### THE COOPERATIVE DIFFERENCE

The 2016 budget included approximately \$2.6 million in system improvements and \$2.5 million for a new operating facility in Independence. These system upgrades were part of our 2013-2016 Construction Work Plan. The budget also included \$2.3 million in preventative and ongoing line maintenance programs, including pole testing and meter testing, tree trimming, transformer and breaker maintenance, and more.

ECI REC Directors Jim Alberts, Jeff Elliott, Steve Rau, and Don Shonka received Director Gold by earning NRECA's Credentialed Cooperative Director Certificate (CCD) and Board Leadership Certificate (BLC), plus three additional credits from BLC courses.

At the May Board meeting, the ECI REC Board of Directors approved the retirement of \$510,315 of its 1999, 2000, and 2001 margins to Cooperative members.

The 21<sup>st</sup> Annual Meeting of the Members was attended by 164 members and guests. Board elections for three-year terms were held. In District 13, Allen Albers was reelected; in District

17, Burt Byers was reelected; and in District 23, Jim Alberts was reelected. First-time Director Gary McKenna was elected to represent District 15 following the retirement of Bill Frazier. The current officers were also reelected, and the amendments to the Articles of Incorporation were approved.

### ENERGY WISE

Frontier Co-op of Norway, an ECI REC commercial member, upgraded warehouse and production area lighting, including 117 high-bay fixtures, 32 outdoor fixtures, and 2,486 four-foot LED lamps. Frontier Co-op received \$30,492 in rebates for this project and is saving an average of 46% on lighting costs.

On October 14, power began flowing from Urbana Solar Acres, a utility-scale solar project at Becca Industrial Park in Urbana. It was the first of CIPCO's five planned utility-owned solar projects to be energized. Urbana Solar Acres is powered by 3,708 solar panels and will generate approximately 1.4 million kWh of energy, enough electricity to power 139 homes. Members throughout the ECI REC service territory are now receiving the clean,

reliable electricity provided by Urbana Solar Acres.

### COMMUNITY CONNECTED

For five Thursdays in January and February, 21 fifth graders at CPU Intermediate Elementary School participated in the Junior Achievement (JA) program and learned about the nation's free-market system from ECI REC Engineering Technician Scott McLaughlin. JA is dedicated to teaching students about workforce readiness, entrepreneurship, and financial literacy through experiential, hands-on programs taught by volunteers across the nation.

ECI REC was proud to award \$1,000 scholarships to Drew O'Brien and Braxton Clubb, two young men who plan to pursue careers as lineworkers through the Powerline Technician program at Northwest Iowa Community College. Scholarships were also awarded to 10 graduating seniors who plan to further their education in a diverse range of programs.

ECI REC received funds from Co-Bank's Sharing Success Matching Grant Program. Under the program, Co-Bank matches charitable contributions

by cooperatives to nonprofit organizations in their local communities. ECI REC chose to award matching grants to projects from the Urbana-Polk Township Fire Department and the Benton County Disaster Recovery Coalition.

High school students Jamie Thompson and Kirstie Martin were sponsored by East-Central Iowa REC for the 2016 Youth Tour trip to Washington, D.C. Joined by 32 other high school students from across the country, Jamie and Kirstie participated in leadership training, engaged in one-on-one conversations with elected officials, jump-started their national peer network, learned about electric cooperatives, and toured D.C.

## SAFETY

At the October safety meeting, a representative from Van Wert, Inc., performed a review and training on the digital meters used throughout our territory with ECI REC line personnel.

In May, line personnel underwent their annual bucket truck rescue training. The training provides line personnel with standards for the safe rescue of co-workers who are incapacitated or exposed to electric shock.

Over 300 second-grade students from Independence, St. Johns, St. Athanasius, and East Buchanan attended a full-day safety event made possible through the Progressive Agriculture Safety Days® grant program, the largest youth rural safety and health education program in North America. ECI REC's Member Service Technician John Tegler led the electrical safety demonstration.

## KEEPING THE LIGHTS ON

In 2016, the BECCA and Walker substations' transformers were upgraded to new, larger-capacity models to handle the voltage change initiated by ITC Midwest from 34.5 kV to 69 kV. This cost between \$150,000 and \$250,000.

In the Benton County service area, ECI REC contractor Moll's Utility Services completed the Cooperative's Work Plan project to replace 12 miles of unreliable copper-weld conductor (distribution line)

to new, more reliable aluminum line.

Infrared surveys were conducted at 24 substations in Benton and Buchanan Counties. Ten problems identified at six substations were all addressed.

In February, Midwest Spray Team & Sales, Inc., a Polk County company, worked throughout ECI REC's service territory to mitigate tree and brush interference with distribution lines or equipment.

Underground systems inspections were completed at the Homer substation in Benton County and the Winthrop substation in Buchanan County. Wisconsin's Badgerland Utility Solutions, LLC, a subcontractor of our regular partner Osmose, performed the inspections. The inspections began March 30 and wrapped up in mid-April.

In March, the Van Horne substation blinked due to a lightning strike that shattered a pole; it was soon replaced.

On July 17, early morning storms caused 15 outages, affecting 434 members. Some of the most substantial damages took place south of Norway in the Benton County service area, where six distribution poles were broken.

## LOOKING OUT FOR YOU

Over 175 directors, managers, and staff members from Iowa's electric cooperatives met with nearly 100 state legislators during the Welcome Back Legislative Reception at the State Historical Building in downtown Des Moines. The reception provided an opportunity to meet with recently elected and reelected legislators to discuss issues regarding safe, reliable, and affordable energy options for all Iowans.

Over 200 cooperative supporters, including ECI REC representatives, traveled to Des Moines to advocate for electric cooperatives during the annual REC Day on the Hill event. The co-op representatives met for a briefing to receive updates on state and federal legislative issues. Representatives



then traveled to the capitol, where they met with their local elected officials. The co-op representatives focused on educating legislators about four issues important to electric cooperatives: utility-owned solar, a skilled workforce in the state, line personnel safety, and rural economic development.

In conjunction with cooperative managers' statewide spring conference, CEO Steve Marlow attended the Iowa Association of Electric Cooperatives (IAEC) managers' legislative breakfast at the Capitol. The event was an opportunity to thank legislators for their hard work and dedication throughout the legislative session.

## WE WANT TO STAY CONNECTED WITH YOU!

Our Communications department is focused on finding the best ways to connect with members. Like us on Facebook to access quick notes about ECI REC happenings. More in-depth information can be found at [ecirec.coop](http://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



**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	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	6 5 4 3 2 1 Sumner (65) Buchanan Co. 19 20 21 22 23 24 30 29 28 27 26 25 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	
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 18 17 16 15 14 13 19 20 21 22 23 24 30 29 28 27 26 25 31 32 33 34 35 36	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



**11 Jeff Elliott**  
Director since 1990  
Board District 11



**12 Chris Sackett**  
Director since 2011  
Board District 12



**13 Allen Albers**  
Director since 1985  
Board District 13



**15 Gary McKenna**  
Director since 2016  
Board District 15



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

## KEY

**Blue names:**  
Geographic District 2, Independence Area

**Green names:**  
Geographic District 1, Vinton Area



# Financials

## STATEMENT OF REVENUE AND EXPENSE

<b>REVENUE</b> .....	<b>2016</b>	<b>2015</b>
Operating Revenue and Patronage Capital.....	\$22,143,144	\$22,242,298
<b>EXPENSE</b>		
Purchased Power.....	\$13,292,348	\$13,340,338
Distribution Expenses - Operations.....	\$1,799,415	\$1,865,028
Distribution Expenses - Maintenance.....	\$579,862	\$637,492
Customer Accounts Expense.....	\$499,623	\$522,193
Customer Service & Informational Expense.....	\$321,768	\$343,334
Administrative & General Expense.....	\$1,534,911	\$1,295,138
Depreciation.....	\$1,857,673	\$1,777,509
Taxes - Property & Other.....	\$22,123	\$22,298
Interest on Long-Term Debt.....	\$1,002,386	\$1,154,668
Other Deductions & Interest Expense.....	\$39,890	\$17,243
<b>TOTAL EXPENSE</b> .....	<b>\$20,949,998</b>	<b>\$20,975,240</b>
Operating Margins.....	\$1,193,146	\$1,267,057
Non-Operating Margins.....	\$62,343	\$6,863
Generation & Transmission Capital Credits.....	\$1,016,545	\$669,314
Other Capital Credits & Patronage Dividends.....	\$150,351	\$148,935
<b>Total Operating &amp; Non-Operating Margins</b> .....	<b>\$2,422,384</b>	<b>\$2,092,169</b>

## BALANCE SHEET

<b>ASSETS</b> .....	<b>2016</b>	<b>2015</b>
Current Assets & Other Debits.....	\$14,169,424	\$13,002,362
Fixed Assets (Net Utility Plant) .....	\$47,435,842	\$47,186,414
<b>Total Assets &amp; Other Debits</b> .....	<b>\$61,605,266</b>	<b>\$60,188,776</b>

<b>LIABILITIES</b>		
Total Current & Accrued Liabilities .....	\$3,920,992	\$3,916,421
Total Fixed Long-Term Debt & Deferred Credits .....	\$26,434,870	\$26,889,086
Total Margins & Equities.....	\$31,249,404	\$29,383,269
<b>Total Liabilities &amp; Other Credits</b> .....	<b>\$61,605,266</b>	<b>\$60,188,776</b>

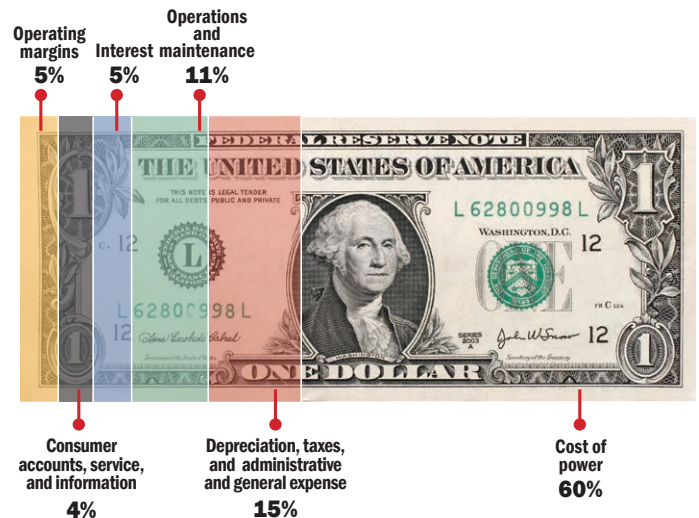
## COMPARATIVE OPERATING STATISTICS

Miles of Line Energized.....	2,273	2,275
New Services Connected.....	80	86
Total Services in Place .....	9,394	9,398
kWh's Purchased From CIPCO.....	218,180,704	213,992,697
Cost Power Purchased.....	\$13,272,255	\$13,322,207
Percent Line Loss .....	5.12%	5.28%

<b>OPERATING REVENUE</b> .....	<b>\$22,089,569</b>	<b>\$22,170,110</b>
Average kWh's Used per Month per Consumer .....	1,984	1,945
Average Monthly Bill.....	\$211.54	\$212.70
Average Cost per kWh to Consumer .....	\$0.1066	\$0.1094

<b>LOAN FUNDS</b>		
CFC .....	\$25,603,568	\$26,097,809
Other.....	\$400,000	\$400,000
<b>Total Loan Funds</b> .....	<b>\$26,003,568</b>	<b>\$26,497,809</b>

## 2016 REC DOLLARS AT WORK FOR YOU



## Our Mission

*to demonstrate the advantages of the cooperative business model*

## Our Vision

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

## ECI REC Staff



**Steve Marlow**  
CEO  
36 years



**Mike**  
Inventory/  
Maintenance  
Technician  
19 years



**Adam**  
Director of  
Member  
Service  
17 years



**Doug**  
SCADA  
Technician  
19 years



**Ben**  
Lineman  
12 years



**Rod**  
Lineman  
29 years



**Teresa**  
Manager of  
Finance and  
Consumer  
Service  
25 years



**Lisa**  
Manager of  
Communications  
15 years



**Pat**  
Lineman  
27 years



**Larissa**  
Staff  
Assistant  
13 years



**Gary**  
Operations  
Manager  
42 years



**Scott**  
Engineering  
Technician  
3 years



**Scott**  
Inventory/  
Maintenance  
Technician  
5 years



**Brian**  
Lineman  
18 years



**Travis**  
Lineman  
14 years



**Tom**  
Line  
Foreman  
26 years





**We have**  
*32 employees*



**We're here to**  
*keep your lights on*

**FIELD PERSONNEL**

- » 2 Line Foremen
- » 9 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 Service
- » 1 Information Services Administrator
- » 1 Manager of Communications



**Cole**  
Apprentice  
Lineman  
1 year



**Holly**  
Consumer  
Services  
Representative  
10 years



**Molly**  
Consumer  
Services  
Representative  
16 years



**Robert**  
Information  
Services  
Technician  
5 years



**Sam**  
*Retired*  
*December 2016*  
Engineering De-  
sign Technician  
41 years



**Nathan**  
Information  
Services  
Administrator  
10 years



**Jared**  
Lineman  
5 years



**Dave**  
Engineering  
Design  
Technician  
22 years



**Robin**  
Consumer  
Services  
Representative  
6 years



**Shawn**  
Apprentice  
Lineman  
1 year



**Dane**  
Third Class  
Lineman  
3 years



**Kelly**  
Consumer  
Services  
Supervisor  
18 years



**Jennifer**  
Cost Records  
Administrator  
21 years



**Teresa**  
Operations  
Assistant  
38 years



**John**  
Member  
Service  
Technician  
23 years



**Kevin**  
Line  
Foreman  
21 years