

# 2015 Annual Report

## Board of Directors

**Robert Hill**, Chairman, Perryville  
**Larry Wood**, Vice Chairman, Lonoke  
**Robert Maertens**, Secretary-Treasurer, Benton  
**Jimmie Crockett**, Rose Bud  
**Tom Hasty**, Almyra  
**Tracy Hudspeth**, Drasco  
**Rick Love**, Jacksonville  
**David Luebke**, Scott  
**Karissa Rushing**, Benton

## Cooperative Principles

The cooperative business model centers around seven principles that guide First Electric Cooperative.

1. Voluntary and Open 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

## On the Cover

Operation Round-Up Chairman Reedie Ray presents Barbara Sims with a \$1,000 check for Fishnet Missions of Jacksonville. The Operation Round-Up donation was possible thanks to First Electric members who allow their electric bill to be rounded up to the next even dollar amount each month. Help your community by enrolling today! Call 800-489-7405.



**First Electric  
Cooperative**

Your Touchstone Energy® Cooperative



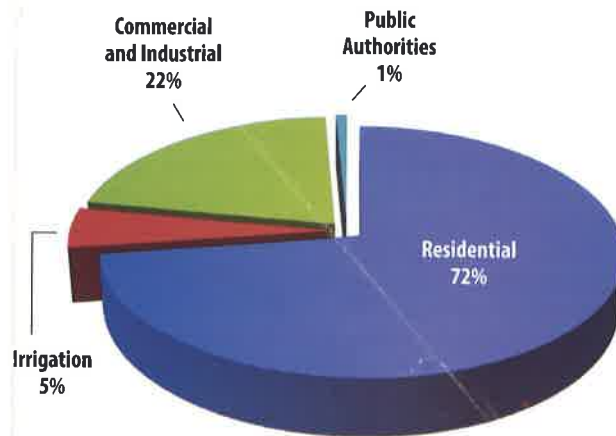
## Condensed Balance Sheet

<b>Assets</b>	<b>2015</b>	<b>2014</b>
Electric Plant	\$ 483,069,065	\$ 466,783,849
Less Accumulated Depreciation	<u>\$ 147,868,461</u>	<u>\$ 140,792,026</u>
Net Utility Plant	\$ 335,200,604	\$ 325,991,823
Other Assets	\$ 109,026,363	\$ 113,101,096
Current Assets	<u>\$ 48,791,799</u>	<u>\$ 36,188,589</u>
<b>Total Assets</b>	<b><u>\$493,018,766</u></b>	<b><u>\$475,281,508</u></b>
<b>Liabilities and Members' Equity</b>		
Members' Equity	\$ 234,291,028	\$ 225,034,484
Long-term Debt	\$ 206,263,222	\$ 198,802,377
Current Liabilities	\$ 28,198,429	\$ 28,038,201
Other Liabilities	<u>\$ 24,266,087</u>	<u>\$ 23,406,446</u>
<b>Total Liabilities and Members' Equity</b>	<b><u>\$493,018,766</u></b>	<b><u>\$475,281,508</u></b>

## Condensed Operating Statement

	<b>2015</b>	<b>2014</b>
<b>Operating Revenues</b>	<b><u>\$175,177,439</u></b>	<b><u>\$179,311,444</u></b>
Power Cost	\$ 106,432,526	\$ 109,010,437
Operations and Maintenance	\$ 37,444,538	\$ 38,664,637
Depreciation	\$ 14,620,661	\$ 14,219,256
Taxes	\$ 7,413	\$ 7,343
Interest	<u>\$ 9,080,542</u>	<u>\$ 8,469,058</u>
<b>Total Operating Expenses</b>	<b><u>\$ 167,585,680</u></b>	<b><u>\$ 170,370,731</u></b>
<b>Margins from Operations</b>	<b>\$ 7,591,759</b>	<b>\$ 8,940,713</b>
<b>Non-Operating Margins</b>	<b><u>\$ 4,156,062</u></b>	<b><u>\$ 4,647,775</u></b>
<b>Net Margins</b>	<b><u>\$ 11,747,821</u></b>	<b><u>\$ 13,588,488</u></b>

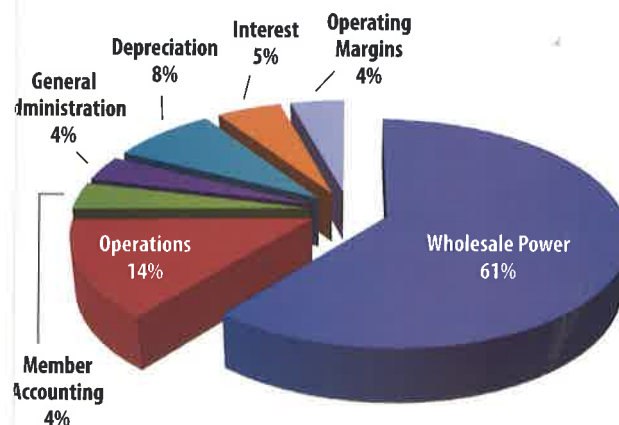
# Where the Dollar Comes From



# System Statistics

	2015	2014
Number of member accounts served	92,118	91,202
Miles of power line in operation	9,827	9,790
Number of accounts per mile of line	9.37	9.32
Total kWh bought by co-op members	1,902,547,525	1,889,474,778
Average monthly residential kWh usage	1,241	1,262
Average monthly residential bill	\$ 125.48	\$ 129.64
Average residential revenue per kWh	\$ 0.1011	\$ 0.1027
Total kWh purchased by cooperative	2,002,305,782	1,985,487,475
Total cost of power purchased by co-op	\$ 106,432,526	\$ 109,010,437
Number of employees	225	230
Number of distribution substations	44	44

# Where the Dollar Goes



## Counties served, property taxes paid

Arkansas County	\$ 266,048	\$ 240,025
Cleburne County	\$ 388,027	\$ 371,374
Conway County	\$ 63,563	\$ 56,303
Faulkner County	\$ 14,202	\$ 13,479
Garland County	\$ 1,881	\$ 1,800
Grant County	\$ 6,249	\$ 5,985
Independence County	\$ 2,188	\$ 2,085
Jefferson County	\$ 74,205	\$ 70,410
Lonoke County	\$ 561,577	\$ 536,816
Monroe County	\$ 6,811	\$ 6,523
Perry County	\$ 231,396	\$ 222,898
Prairie County	\$ 57,382	\$ 54,892
Pulaski County	\$ 441,989	\$ 445,199
Saline County	\$ 506,087	\$ 484,158
Stone County	\$ 9,332	\$ 8,631
Van Buren County	\$ 285	\$
White County	\$ 281,946	\$ 263,505
Yell County	\$ 1,135	\$ 1,061
<b>Total property taxes paid</b>	<b>\$ 2,914,303</b>	<b>\$ 2,785,144</b>

# Members Matter

2015 was a year of unity for electric cooperatives across the country. Our strength not only captured us support in Arkansas, with the 17 distribution cooperatives, but also across the country.

The movement starts with one member and spreads like wildfire across the country. Although energy policies, demographics and governmental relations may have changed throughout the years, one thing has remained constant – First Electric's commitment to our members. We work on our members' behalfs toward fair energy-related policies and laws, and we value your efforts to inform policy-makers of your opinions on these matters. The electric cooperative success stories started at the state level and continue to the federal level. They ranged from fighting an unfair pole attachment bill in Arkansas to helping pass federal legislation protecting large electric resistance water heaters often used in demand response programs. In addition, Co-op Nation came together to oppose overreaching EPA regulations on carbon dioxide emissions that could significantly increase electric bills.

Since 1937, First Electric has utilized consistent planning to ensure members have access to reliable electric service at a reasonable price in a responsible manner in the long-term. Our diverse generation portfolio includes coal, natural gas, hydroelectric assets and long-term power purchase agreements that include wind, solar and biomass energy sources. Decisions by the First Electric Cooperative Board of Directors are based on the ultimate short-term and long-term goals that benefit our membership.

In order to deliver reliable powers, First Electric is committed to facilities maintenance and new construction to serve the cooperative's growing load. In 2015, First Electric budgeted for \$14.6 million in maintenance, \$12.6 million in improvements and \$6.6 million in new services.

As a distribution cooperative, substations are the backbone of our system. One new substation was brought online in 2015 to serve increased load and improve reliability in the Shaw area of our Benton district. Two

more substations are scheduled to be completed in 2016 – Heber East and Olmstead.

Reliability, affordability and outstanding member service resonate with our membership. Annually, we survey our membership to measure your level of satisfaction. This year we are pleased to announce we scored an 88 overall on the American Customer Satisfaction Index survey. This is the nation's only cross-industry measure of customer satisfaction, which allows us to compare ourselves to other utilities and industries. For example, investor-owned utilities scored an average of 74, and Apple and Walmart scored 84 and 68, respectively.

Although reliability, affordability and member service are important, safety is our number one priority. We address safety from both a member and employee standpoint. Weekly safety meetings are conducted for field personnel, and annual safety meetings are held for internal employees. For teenagers and adults, a high-voltage safety demonstration shows the danger of contacting energized power lines. For elementary-aged children, magician Scott Davis presents "Making Accidents Disappear." The show helps children understand the dangers associated with electricity and teaches them to stop, look and think when near it.

Lastly, as a member-owned cooperative, we can offer something no other utility can – capital credit retirement. Each year, as financial conditions allow, we assign back to our members capital credits. This is a big benefit to being part of a member-owned cooperative. Last year, First Electric retired more than \$6.2 million to our membership. That brought the total to more than \$77.6 million since 1937!

In conclusion, thank you for your continued support. Our strength is you, and we know members matter!

**Robert M. Hill**  
Chairman

**Don Crabbe**  
President/CEO

