

# Improving Quality of Life

First Electric Cooperative exists because of and for the people we serve. The cooperative's goal is to provide members with safe, reliable, affordable and responsible power. This year, First Electric surpassed 91,000 meters, which is a far cry from where we started more than 77 years ago. This growth is a testament to the founders of First Electric, the board of directors and employees who continue to support the cooperative mission of improving members' quality of life.

## Safe

The culture at First Electric embraces safety and respects the potential hazards that come with working with energized lines and utility equipment. Therefore, safety is THE top priority. To reinforce its importance, weekly safety meetings are held for field personnel and annual meetings are held for internal employees.

Members come in contact with electricity on a daily basis, so First Electric provides educational opportunities for them as well. For adolescents and adults, First Electric employees use a high-voltage safety trailer to demonstrate firsthand the danger of coming into contact with energized lines. For elementary-age children, magician Scott Davis teaches them to stop, look and think when near electricity during the "Making Accidents Disappear" electrical safety show. Co-op employees also share safety and career information with students.



## Reliable

Delivering reliable power is essential. First Electric accomplishes that by maintaining the existing system and building for the future. In 2014, system maintenance expenses totaled \$14.3 million, system improvement reached \$15.5 million and new construction topped \$6.4 million. To meet the increased need of transmission, First Electric has substations in construction and on the horizon. The Shaw substation is scheduled for completion in May 2015. Heber Springs East will move load off of the existing Heber Springs substation and serve the Heber Industrial Park and rural areas east of Heber Springs and Wilburn. It is scheduled for completion in March 2016.



In 2014, First Electric asked for members' help in sending comments through Action.coop to the Environmental Protection Agency regarding the proposed carbon dioxide emissions standards. Thank you for your response. Electric cooperative members across the country submitted more than 1.1 million comments in support of a more balanced approach to emissions standards, which have a direct impact on reliability. The final rule will be released in 2015. Then, co-ops will begin working with the Arkansas Department of Environmental Quality and Arkansas Public Service Commission to develop a state implementation plan to submit to the EPA for approval.

Although we strive for 100% reliability, Mother Nature and other circumstances sometimes pose challenges. In the event of an outage, First Electric now has multiple channels, including text and the SmartHub app, to report outages and receive outage updates.

## Affordable

As a member-owned cooperative, affordability is key. The co-op works to maintain reasonable rates, and also educates members on energy efficient products and techniques. This helps members – both residential and commercial – manage energy costs.

With the assistance of the Electric Cooperatives of Arkansas, First Electric has a new tool to promote energy efficiency across our service territory. The Energy Efficiency Solution Center is designed to teach energy efficient practices and products for the home and business.



## Responsible

First Electric strives to be good stewards of our members' investments as well as the environment we call home. Through a diverse mix of generation resources (coal, hydro, natural gas and renewables) and a dedication to the members we serve, First Electric is preparing for tomorrow.

Investment in our membership through community outreach is important to First Electric. Operation Round-Up, the Youth Tour to Washington, D.C., and our scholarship program are part of that investment.

Working for our members is an honor. We're proud to be a part of the communities we serve and look forward to the future.

*Robert M. Hill*  
Chairman

*Don Crabbe*  
President/CEO



## 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



First Electric  
Cooperative

Your Touchstone Energy® Cooperative 

# 2014 Annual Report

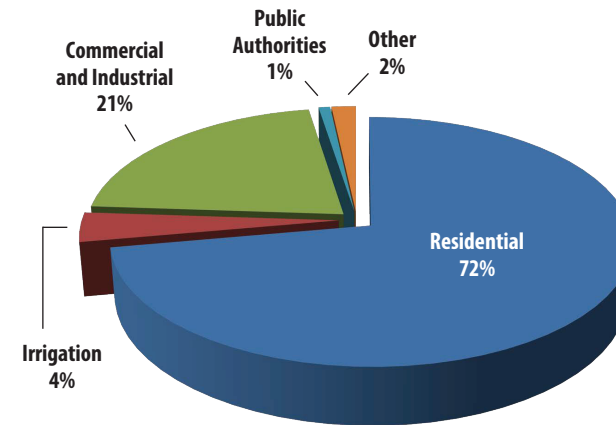
## Condensed Balance Sheet

Assets	2014	2013
Electric Plant	\$ 466,783,849	\$ 450,996,146
Less Accumulated Depreciation	\$ 140,792,026	\$ 135,153,298
Net Utility Plant	\$ 325,991,823	\$ 315,842,848
Other Assets	\$ 113,101,096	\$ 115,763,049
Current Assets	\$ 36,188,589	\$ 34,026,171
<b>Total Assets</b>	<b>\$475,281,508</b>	<b>\$465,632,068</b>
<b>Liabilities and Members' Equity</b>		
Members' Equity	\$ 225,034,484	\$ 215,229,758
Long-term Debt	\$ 198,802,377	\$ 206,592,856
Current Liabilities	\$ 28,038,201	\$ 23,032,920
Other Liabilities	\$ 23,406,446	\$ 20,776,534
<b>Total Liabilities and Members' Equity</b>	<b>\$475,281,508</b>	<b>\$465,632,068</b>

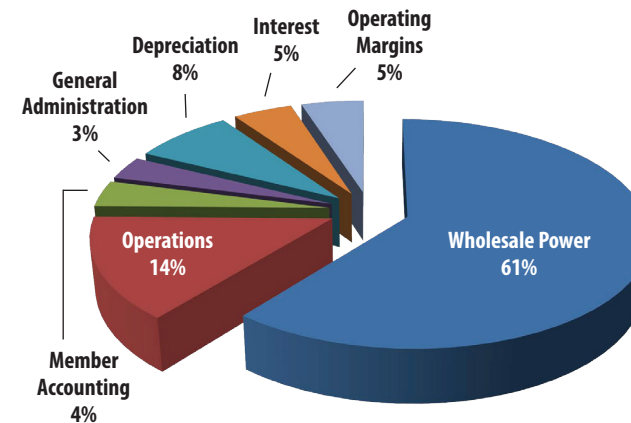
## Condensed Operating Statement

	2014	2013
<b>Operating Revenues</b>	<b>\$179,311,444</b>	<b>\$178,751,898</b>
Power Cost	\$ 109,010,437	\$ 109,566,854
Operations and Maintenance	\$ 38,664,637	\$ 38,232,313
Depreciation	\$ 14,219,256	\$ 13,831,363
Taxes	\$ 7,343	\$ 7,525
Interest	\$ 8,469,058	\$ 9,476,368
<b>Total Operating Expenses</b>	<b>\$ 170,370,731</b>	<b>\$171,114,423</b>
<b>Margins from Operations</b>	<b>\$ 8,940,713</b>	<b>\$ 7,637,475</b>
<b>Non-Operating Margins</b>	<b>\$ 4,647,775</b>	<b>\$ 5,323,798</b>
<b>Net Margins</b>	<b>\$ 13,588,488</b>	<b>\$ 12,961,273</b>

## Where the Dollar Comes From



## Where the Dollar Goes



## System Statistics

	2014	2013
Number of member accounts served	91,202	90,472
Miles of power line in operation	9,790	9,752
Number of accounts per mile of line	9.32	9.28
Total kWh bought by co-op members	1,889,474,778	1,903,071,730
Average monthly residential kWh usage	1,262	1,253
Average monthly residential bill	\$ 129.64	\$ 126.73
Average residential revenue per kWh	\$ 0.1027	\$ 0.1012
Total kWh purchased by cooperative	1,985,487,475	2,014,208,525
Total cost of power purchased by co-op	\$ 109,010,437	\$ 109,566,854
Number of employees	230	228
Number of distribution substations	44	43

### Counties served, property taxes paid

County	2014	2013
Arkansas County	\$ 240,025	\$ 235,429
Cleburne County	\$ 371,374	\$ 357,282
Conway County	\$ 56,303	\$ 55,556
Faulkner County	\$ 13,479	\$ 13,240
Garland County	\$ 1,800	\$ 1,933
Grant County	\$ 5,985	\$ 5,983
Independence County	\$ 2,085	\$ 1,949
Jefferson County	\$ 70,410	\$ 69,590
Lonoke County	\$ 536,816	\$ 532,531
Monroe County	\$ 6,523	\$ 6,283
Perry County	\$ 222,898	\$ 214,224
Prairie County	\$ 54,892	\$ 53,141
Pulaski County	\$ 445,199	\$ 427,421
Saline County	\$ 484,158	\$ 476,594
Stone County	\$ 8,631	\$ 8,582
White County	\$ 263,505	\$ 267,016
Yell County	\$ 1,061	\$ 1,088
<b>Total property taxes paid</b>	<b>\$ 2,785,144</b>	<b>\$ 2,727,842</b>