

Celebrating 75 years of service

A brief cooperative history

Tri-County Electric Cooperative was incorporated August 14, 1945, by nine founding members. The original incorporating members were: Orlan Bell of Gray; W.M. Deck of Balko; John R. King of Dombey; Rellis Loring of Hooker; J. S. Houston of Dombey; W.E. Depuy of Hooker; Russell McDaniel of Felt; Raymond Thompson of Boise City; and Ward Hanes of Keyes. Those nine members represented the three counties of the Oklahoma Panhandle.

The months following the incorporation were spent organizing and obtaining funding to get started. E.V. "Pete" Loomis of Lindsay, Okla., was hired as the cooperative's first general manager in 1946. The first round of billing was also issued in 1946 to 479 residents of Hooker, which is where the cooperative's office has always been located.

The cooperative had an unusual start in that it acquired the town of Hooker in 1946 from an existing electric utility and acquired seven additional Panhandle towns in 1947. Many cooperatives were established and served only rural areas outside of towns at that time.

In the early 1950s, the cooperative began building distribution lines to those rural areas of the Oklahoma Panhandle without power. The cooperative was replacing some of those same early lines and equipment in 2012.

In August 2006, the cooperative acquired the remaining parts of the Oklahoma Panhandle and extended its reach into Texas and Kansas with the acquisition of service territory from Xcel Energy. This was done through the leadership of the cooperative's fifth general manager, CEO Jack L. Perkins. Tri-County Electric Cooperative has more than 12,000 members, about 23,000 meters and more than 5,000 miles of line.

The cooperative's original office in downtown Hooker was built in 1961 and remodeled in 1986. Growth in the number of employees and kilowatt-hour sales led to the need for a new facility that would house all the cooperative's people and assets in a single location. In August 2015, the cooperative moved into its



new headquarters located on a 128-acre tract northeast of Hooker between Highway 64 and Highway 54. The building, including the warehouses and offices, is approximately 120,000 square feet and occupies 25 acres.

In June 2015, TCEC became the first utility in Oklahoma to launch a community solar project. Community Solar subscriptions became available to members in March 2016.

Zac Perkins stepped into the position as the cooperative's sixth chief executive officer on January 1, 2017, upon the retirement of Jack Perkins. Zac had been the acting CEO since May 2016. He started working at the cooperative in July 2007.

The cooperative's system has been decimated by significant ice storms at least four times in its history, during the years 1957, 1979, 2006/2007 and 2017. On January 15, 2017, TCEC was hit by an ice storm that significantly damaged the eastern part of its service territory. On April 29, 2017, a blizzard struck TCEC territory with high winds and wet accumulation, causing significant damage. TCEC lost about 5,000 poles due to both 2017 storms combined and costs to repair the system over the next four to six years were estimated at \$150 million.

In 2020, TCEC celebrates its 75th anniversary. At this time, due to the coronavirus (COVID-19) pandemic, plans for the format of the district meetings in August and the annual meeting in September are on hold. More details will be released with the notices closer to the meeting dates. We hope to see you then. ■

TCEC 2019 Annual Report



MESSAGE TO MEMBERS FROM CEO ZAC PERKINS

As a member of TCEC, you have a vested interest in our cooperative. As you can see, TCEC is financially stable and we are in a good position. Our goal and focus is to continue this trend.

As we've talked about the last three years, the 2017 storms devastated the cooperative. The repairs needed following the 2017 storms are costly, even with some assistance from the Federal Emergency Management Agency. Funding FEMA projects had a lot to do with the net loss in operating margins. More than two years of rebuilding our system remain.

On a positive note, we did not take on any new debt in 2019 and we paid off nearly \$5 million of long term debt while growing equity. Although we do not anticipate a rate increase in 2021, we have yet to know the full adverse financial impact the coronavirus will have on TCEC.

We will continue to work diligently to contain costs so our rates are affordable for the membership while delivering the excellent quality of service you've come to expect from us. ■

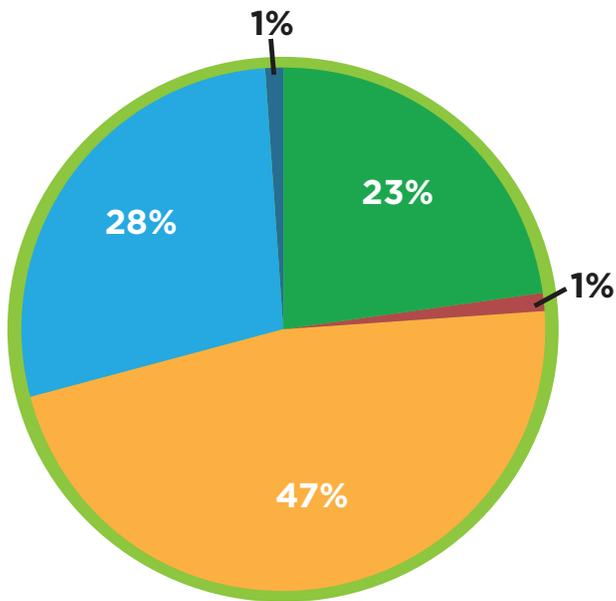
CONSOLIDATED BALANCE SHEET

	2019	2018
Net Utility Plant	235,205,104	232,276,071
Other Property and Investments	43,420,793	41,194,792
Current Assets	25,247,777	27,201,092
Deferred Debits	10,281,589	13,170,497
Total Assets and Other Debits	314,155,263	313,842,452
Total Margin and Equities	84,998,548	82,412,461
Long-Term Debt	195,848,029	183,839,344
Current and Accrued Liabilities	28,318,996	42,687,945
Deferred Credits	4,989,690	4,902,702
Total Equities and Liabilities	314,155,263	313,842,452

CONSOLIDATED OPERATING STATEMENT

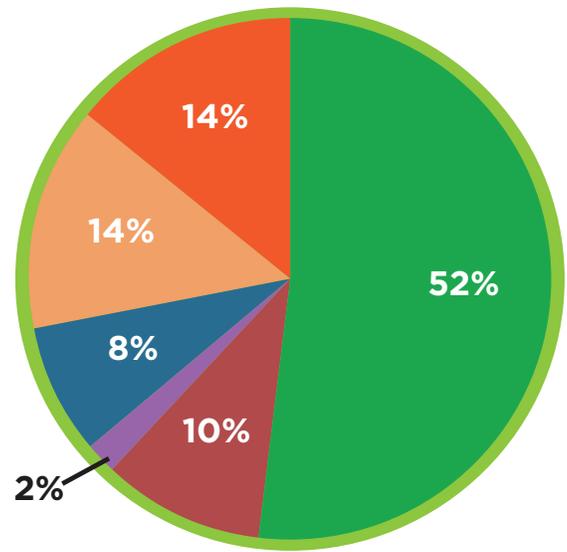
	2019	2018
Operating Revenue	81,228,398	90,313,066
Total Operating Revenues	81,228,398	90,313,066
Cost of Purchased Power	41,834,468	48,897,273
Distribution Operation & Maintenance	7,824,818	8,245,240
Consumer Accounts Expense	2,470,733	908,611
Administrative and General Expense	6,789,198	6,843,613
Depreciation Expense	11,403,630	10,223,295
Taxes and Other Expense	214,613	193,833
Interest	10,968,647	11,255,756
Total Operating Expense	81,506,107	86,567,621
Patronage Capital and Operating Margins	(277,709)	3,745,445
Non Operating Margins	656,375	2,761,750
Other Capital Credits & Patronage Dividends	3,350,819	4,953,662
Net Margins	3,729,485	11,460,857

WHERE MONEY COMES FROM



Commercial/Industrial Small	47%
Commercial/Industrial Large	28%
Residential Sales	23%
Irrigation Sales	1%
Public Street & Highway Lighting	1%

WHERE MONEY GOES



Cost of Purchased Power	52%
Distribution Operation & Maintenance Expense	14%
Consumer Accounts and Member Service Expense	2%
Administrative & General Expense	8%
Depreciation Expense	14%
Interest Expense	14%