



## **CEO Annual Meeting Report 2020**

The COVID-19 virus caused tremendous changes at OEC last year just like it did in our personal lives. However, I am very glad to report that Otsego Electric Cooperative is doing very well and OEConnect is growing extremely fast. The electric cooperative added 34 new services last year to end the year at 4,822 service locations. OEC's solely owned broadband subsidiary, OEConnect, ended the year with 2,614 subscribers; an increase of 1,919 accounts from 2019 to 2020. This is very strong growth and we have exceeded our projections well ahead of time. We were able to do this even considering the restrictions imposed by COVID-19. I am very proud of our employees and contractors who worked so hard in accomplishing so much sometimes at very serious personal risk. The onset of the pandemic during the shutdown increased demand for broadband services by unprecedented amounts. We saw our volume of traffic increase by over 40% in a matter of weeks. We are very gratified that we started building the internet business when we did because the broadband needs created by the shutdown showed this project to be the right thing to do at the right time for our members and many of our neighbors. We also received notification in November last year of the receipt of another federal grant of \$7 million to build about 100 miles of fiber to offer service to over 500 more locations. We will continue to look for more funding opportunities to help extend service to unserved locations in our area as OEC sees this as part of our mission to serve the community.

Our combined operating revenues for OEC and OEConnect set a record while finishing the year at over \$8 million. We also finished 2020 with just over \$50 million in assets. This was an increase of over \$9

million from 2019 or about 18%. Most of this addition to plant assets came from the new fiber assets. We have also needed to increase our debt to just over \$23 million to fund the broadband construction over the past few years. We have already begun reducing this debt but it may need to borrow some more as we complete our capital construction obligations for the fiber business. Finally, I am proud to report that OEC finished 2020 with a net margin of \$565,347.

We have been able to accomplish much of this growth with very few changes in personnel. We added a network administrator and a fiber technician to help with the fiber business. We also moved a couple of men to new positions in the electric and right of way departments to replace a couple of vacant positions. The needs of our members continue to evolve but we remain committed to providing reliable electric and internet services to our members (and our nonmembers on the fiber side) at cost.

I would be remiss if I did not mention and give credit to Wendell Saunders, our former director who served as a board member and Treasurer who has retired from the board after more than 49 years of service. We will forever be grateful for his valuable contributions. The board has recently appointed Patrick Hooker of the Richfield Springs area to Wendell's Board seat. Mr. Hooker has returned to the board after previously serving in that position over 15 years ago so he is uniquely qualified to step back in. Our cooperative is very fortunate to have such a dedicated and capable Board of Directors overseeing our businesses. Many thanks to our members as well who make it such a pleasure to serve. You are a fine group and I am honored to be your CEO.

Tim Johnson, CEO

August 11, 2021