



The official
publication
of the members of
Indian Electric
Cooperative



*Cowboy Hats
& Hard Hats*



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Membership to Vote on Discontinuing OCC Regulation

“Regulation by the Oklahoma Corporation Commission (OCC) is both unnecessary and expensive,” says Wanda Foster, president of IEC’s board of trustees. “That is why the board voted to ask the membership to return IEC to self-regulation by voting it out from OCC jurisdiction.”

IEC currently operates under dual regulation by the OCC and the co-op’s locally-elected board of trustees.

“Returning the co-op to self-regulation, as it was designed, is simply removing an unnecessary layer of bureaucracy which will allow the co-op to be more responsive to members in a more timely manner. Also, it saves the co-op money by eliminating fees the Corporation Commission assesses each year,” she says.

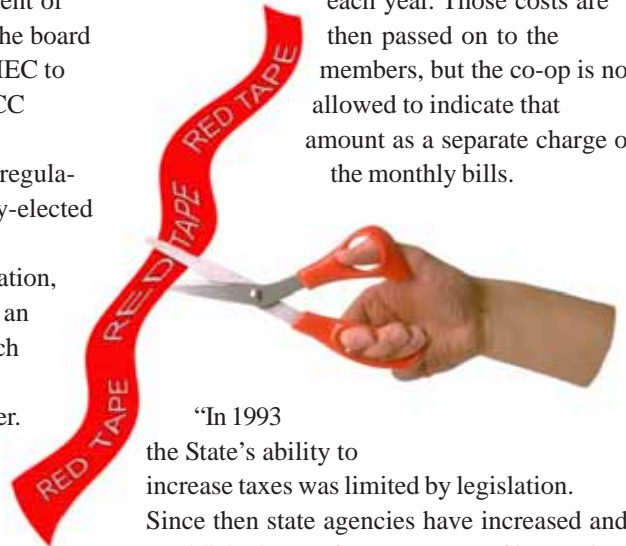
All Oklahoma utilities consented to OCC jurisdiction and regulation in 1972.

“The co-ops didn’t have to agree to the jurisdiction, but did so to gain firm territorial boundaries and to prevent piracy of certain electric loads from other utilities,” explains Foster.

She goes on to say “recent legislation points out ‘regulation by the OCC...may be duplicative of the self-regulation by the rural electric co-op(s) and may be neither necessary nor cost-effective’ for the co-ops because we regulate ourselves through our member-elected boards.”

Foster adds dual regulation is expensive.

“In the past five years, IEC has been assessed almost \$96,500, or an average of about \$20,000 each year. Those costs are then passed on to the members, but the co-op is not allowed to indicate that amount as a separate charge on the monthly bills.



“In 1993 the State’s ability to increase taxes was limited by legislation. Since then state agencies have increased and established new ‘fees’ as a way of increasing revenues without a vote of the people. The OCC began levying per-meter assessment fees to every utility it regulates.”

To date, 17 of Oklahoma’s 28 co-ops have voted out of OCC jurisdiction, and several of the remaining 11 are in the process of doing so. The majority of co-ops in Colorado, Kansas, New Mexico and Texas have also voted in favor of returning to self-regulation.

IEC’s General Manager Jack Clinkscale says ballots will be mailed to members on August 9 and need to be received before close of business on August 31. Ballots received after that will not be counted.

Continued on page 2.

IEC Offices will be closed Monday, Sept. 6 for Labor Day

Self-Regulation – A New ‘Old’ Idea by Jack Clinkscale, General Manager

By the time you read this you probably will have received a bill stuffer or read in your local newspaper that Indian Electric is seeking to remove itself from the jurisdiction of the Oklahoma Corporation Commission (OCC). This may appear to be a complex issue due to the amount of material you will be asked to read and digest in a relatively short amount of time. But please read through the information that will be provided and I think you will see the issue is indeed a rather simple one. Do we want to pay the Corporation Commission \$20,000 a year to regulate us, which amounts to handling nine complaints in the last four years, or can our local board of trustees, elected by you, the membership, do the job with which you have entrusted them?

Prior to 1972, all Oklahoma electric cooperatives like IEC were self-governed and not under the control or jurisdiction of the OCC. At that time, the cooperatives agreed to become regulated by the OCC in order to gain territorial protection from other utilities seeking to serve choice loads within cooperative boundaries. In 1993, electric cooperatives with fewer than 17,000 meters were allowed the

choice of removing themselves from jurisdiction of the OCC by an affirmative vote of the members, something the board and staff of IEC is now asking you to do.

Your board of trustees voted unanimously to call for a special election to decide this important issue. As state law mandates, you will receive a ballot you may return in the postage-paid envelope or bring to a special meeting to be held August 31 at 7 p.m. at the Cleveland High School Gymnasium, located at 323 N. Gilbert St. If you choose to return your ballot by mail, it must be received **no later** than August 31.

As you are all aware, we had a rate increase in June. The rate was approved by the Commission. If we remove ourselves from OCC jurisdiction, will this mean we can raise rates any time we want, by any amount we want? Yes, it does! Does it mean we will raise rates indiscriminately? Of course not! Our board of trustees will decide our rates and as I have pointed out in this column several times, they are rate-payers just like you and they don't want to raise their rates any more than necessary. Does this mean they will make sure the rates in place will recover enough revenue to keep IEC in sound financial condition? Of course. That

is their job. And here is the beauty of the cooperative form of business: if you don't like something about the cooperative, you can talk directly to your board member, because they are your neighbors. You can even run for the board yourself!

Please take a few minutes to look over the self-regulation material you will receive and is included in this issue of The Lamp. If you have any questions, please give us a call.

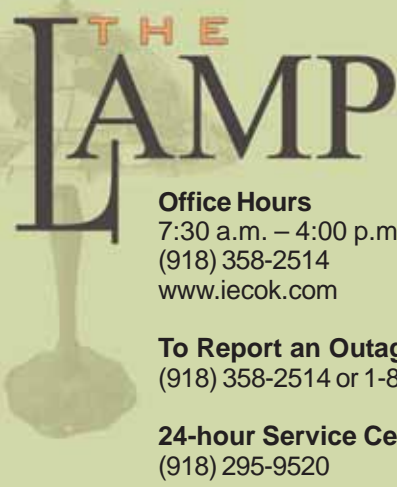
Continued from page 1.

Member OCC Vote...

Only one ballot will be mailed to each member, and no additional ballots can be given out.

To protect the integrity of the balloting process, the ballots will be returned to and tallied by an independent auditing firm.

Clinkscale encourages anyone with questions about the OCC vote to contact IEC's Member Service personnel David Wilson (918-295-9557) or Clara Eulert (918-295-9558).



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(918) 358-2514 or 1-800-482-2750

24-hour Service Center

(918) 295-9520

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Jack Clinkscale

General Manager

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Questions and Answers

Q & A

Cooperative Self-Regulation

Q. Why should IEC members return control from the Oklahoma Corporation Commission (OCC) to our board of trustees?

A. To regain local control and flexibility; also, to reduce regulatory costs and fees (and assessments) levied by the Commission.

Q. Is the idea of ‘self-regulation’ something new?

A. Not at all. In the majority of states in which electric cooperatives serve, they are not under the jurisdiction of a state public service or public utility commission, because the co-ops are locally-owned by the members. As you know, in the cooperative form of business, the members who receive service from the cooperative also own it, and govern and control it by electing directors from their own ranks to serve on the co-op’s board of trustees.

Municipal electric utilities have never been regulated by the OCC, and until 1972, Oklahoma’s electric co-ops were not either.

Q. Why did Oklahoma co-ops go under Commission jurisdiction in 1972?

A. The co-ops submitted to OCC regulation in exchange for territorial boundary protection. It was a way for co-ops to try to prevent piracy of their customers and loads by investor-owned utilities, and to prevent them from encroaching on co-op service territories.

Q. If I vote for ‘self-regulation,’ will IEC lose its territorial protection?

A. No. If the members elect to exempt IEC from OCC regulation, IEC will not lose the benefit of territorial boundary protection.

Q. Will IEC’s rates be ‘regulated’ or controlled in any way if this proposal is adopted?

A. Yes. IEC’s board of trustees, who are member-owners and rate-payers just like you, will regulate retail rates. Wholesale rates may be regulated by the Federal Energy Regulatory Commission (FERC).

Q. Why would I want to remove IEC from OCC regulation?

A. There are several reasons to seek out from OCC jurisdiction and control, but the major reasons are: 1) a return to local self-regulation; 2) more flexibility and effectiveness from IEC’s board of trustees; and 3) economic savings opportunities.

Q. What is meant by “increased flexibility and effectiveness?”

A. Each time IEC’s board of trustees determines it is necessary to adjust rates (either up or down), an application must be submitted to the OCC. This application process takes a great deal of time, and the approval process can be quite lengthy. In some instances, it has taken the OCC more than three years to approve an application. Your trustees need the flexibility to react quickly to changing market and competitive positions. They also need to be able to change the cooperative’s ‘Terms and Conditions of Service’ in a timely manner. This process is extremely expensive and time consuming when it must undergo the duplicative scrutiny of the Commission.

Q. What would IEC’s economic savings be if it were no longer under OCC jurisdiction?

A. Under current circumstances, it is quite expensive to file a rate adjustment application with the OCC. Not only does the filing require the expenditure of a great deal of IEC management and staff time in preparing and analyzing materials and details of the adjustment (up or down), but consultants and lawyers have to be employed to assist in preparing and presenting

the application to the OCC. In some cases, it has cost cooperatives more than \$200,000 to file a single rate adjustment.

Additionally, cooperatives are now being charged an ‘assessment fee’ by the OCC to fund the services the Commission staff performs. In 1993, the Commission began requiring IEC to start paying this assessment fee, which is collected as a part of your monthly bill. This annual fee can range from a few thousand dollars to tens of thousands of dollars, all paid by IEC’s members to fund the Commission in Oklahoma City. As the OCC staff continues to grow and expand, these fees could rise, meaning increased costs to ratepayers.

Q. Can IEC go back under Commission regulation at a later time?

A. Yes. IEC can be placed back under Commission jurisdiction by an affirmative vote of the membership. This voting process can occur once in 12 consecutive months.

Q. Have any other Oklahoma co-ops voted for ‘self-regulation?’

A. Yes. Seventeen co-ops have already held membership votes and have overwhelmingly approved a return to self-regulation, thus exempting their co-ops from the regulatory control of the Commission.

Q. If I have questions, whom should I call?

A. We will be glad to answer any questions you have about current OCC regulation, the benefits to you and IEC by voting out from under OCC jurisdiction, and the balloting process. Call our Member Services personnel David Wilson (918-295-9557) or Clara Eulert (918-295-9558) Monday through Friday, 7:30 a.m. to 4 p.m.

RECIPE



Delicious Blueberry Pizza

1 pkg. white cake mix
 1 & 1/2 cups quick cooking rolled oats
 1/2 cup butter, softened and divided
 1 egg

1/2 cup chopped nuts
 1/2 cup firmly packed brown sugar
 1/2 tsp. cinnamon
 1 (21-oz.) can blueberry pie filling (or your favorite)

Combine cake mix, 1 cup oats and 6 Tbsps. butter in large bowl. Beat at low speed until crumbly. Reserve 1 cup crumbs for topping. Blend remaining crumbs with eggs. Pressed into greased 12-inch pizza pan. Bake at 350-degrees for 12 minutes.

Combine reserve crumb mix, 1/2 cup oats, 2 Tbsps. butter, nuts, brown sugar and cinnamon; mix well. Spread pie filling over crust. Sprinkle with crumb mix. Bake at 350-degrees for 15 to 20 minutes or until crumbs are golden. Cool completely.

This recipe is from the "Rotarians Love to Eat" cookbook published by the Pawnee and Cleveland Rotary Clubs. The cookbooks, which contain about 250 delicious recipes from area residents, are a fund-raiser for the clubs, especially for the Pawnee Club who is wanting to meet its scholarship obligations before disbanding. To purchase a cookbook, mail \$12.50, plus \$2.50 postage, to P. O. Box 166, Cleveland, OK 74020, or contact a Rotarian. The cookbooks are also available on CD for \$5.

2004 Annual Meeting Business Spotlight Reservation Form

Business _____

Contact Person _____

Daytime Telephone _____ Evening _____

Mailing Address _____

City _____ City _____ Zip _____

Product to be sold or displayed _____

Return completed form by Wednesday, Sept. 8 to:
Indian Electric Cooperative
Attn: Clara Eulert
P. O. Box 49, Cleveland, OK 74020

Spaces reserved on a first come, first serve basis

Annual Meeting Plans Underway

Annual meeting will be here before you know it. We are already planning for this informative and fun morning meeting. Please join us Saturday, October 23 at Cleveland High School for our 65th annual meeting.

Registration will begin at 8:15 a.m. in the high school band room. Following registration, you will receive your registration gift as you enter the gymnasium for the business session which begins at 10 a.m.

This year's registration gifts are a 7-inch cut crystal bowl and a khaki cap with a pre-formed dark green visor. The hat is embroidered with the IEC logo in dark green.

Our Business Spotlight is back by popular request. Businesses in our service territory are invited to highlight their products and services. Space is limited. If you want to be an exhibitor, please complete the accompanying reservation form and return it to us by Wednesday, Sept. 8.

Entertainment this year will be Thomas Martinez and Wild Frontier.

Watch upcoming issues of The Lamp for more annual meeting information.



IEC employee and rising country music star Thomas Martinez