



No. 63 INDIAN ELECTRIC COOPERATIVE
 **IEC**
The 2002 Annual Report

Indian Electric Cooperative is a member-owned organization dedicated to the delivery of quality electric power, related value-added services and investments in our community that contribute to the quality of life for the membership.

Our Purpose

For more than 60 years, Indian Electric Cooperative, Inc. has been dedicated to providing members in north central and northeastern Oklahoma with the best electrical service at the lowest possible price. A consumer-owned, non-profit distribution cooperative, IEC supplies electric service and related products to its members in seven north-central and northeastern Oklahoma counties including Pawnee, Osage, Creek, Payne, Noble, Kay and Tulsa.

Incorporated on August 1, 1939, IEC now provides 12,566 members with service to 18,245 homes and businesses through 3,451 miles of distribution line covering a service territory of

2,500 square miles. IEC employs 75 people and has headquarters in Cleveland, a district office in Fairfax and a warehouse in Pawnee.

IEC is governed by a board of trustees from each of its nine districts. Each trustee serves a three-year term. All cooperative members have equal voting rights and have the opportunity to vote at IEC's district and annual meetings.

IEC continues to dedicate time, energy and resources to accomplishing its mission – the delivery of quality electric power, related value-added services and investments in our community that contribute to the quality of life for the membership.



Annual Meeting

The 2002 Annual Meeting of Members of Indian Electric Cooperative, Inc. will be held at 10 a.m. Saturday, October 19, 2002 at the Cleveland High School Gymnasium. The purpose of the meeting is to present IEC officer and trustee reports, elect trustees from districts 1, 4 and 7, and conduct other business that may come before the meeting.

Registration will begin at 8:15 a.m. and the meeting will be called to order at 10 a.m. Each membership will be entitled to one vote in any matter that may come before the meeting. Upon registration, non-residential memberships must present a letter on organizational stationery, signed by an official of the organization, indicating the bearer as the official voting representative of the organization.

Dedicated to serving our members...

A trusted member of the community for more than 60 years, IEC remains focused on the goal of maintaining a cooperative system based on honesty, integrity and service to our neighbors. Your IEC board members and staff still believe in the basic cooperative principles of reliability and trustworthiness upon which we were founded. As we look back on the tragic events of September 11, we are struck by the need to refocus our commitment – both personally and professionally – to reach out and care for our fellow man. We are taking time to remember and reflect on the reasons our members founded IEC in 1939 – to provide our homes, communities, farms and businesses with light, warmth and a better way of living. Our dedication to serve our members has never been stronger and our pledge to you is to do so with dedication and reliability.



“...our bottom line is measured by our ability to deliver the highest quality, most economical service to our members.”

Terry M. Jech,
IEC General Manager

In the midst of business scandals revealed during the past year in other parts of the nation, it's good to know your friends at IEC are committed to maintaining the highest standards of ethics in the way we do business. Our member-elected board represents your best interests, oversees operations, and hires independent auditors to inspect our accounting practices and procedures. As a result, IEC is a lean, stable and healthy system capable of providing reliable, efficient energy to the homes and businesses in our communities.

We value your trust and confidence and make exceptional service to you, our number one priority. We're not in business to generate a profit and we have no stock options. Rather than looking to a profit-driven bottom line for guidance, our bottom line is measured by our ability to deliver the highest quality, most economical service to our members. We don't benefit at all from collecting excessive profits. As a matter of fact, if we do have money left over after delivering your electric service and maintaining the system, we return it to you in the form of capital credits checks.

We are excited to report we are nearing the end of our first phase of right-of-way clearing throughout the system. At the end of the year, our crews will have cleared more than 1,600 miles of line providing you with higher quality, more

reliable service. That translates to less blinking lights and less voltage fluctuations. Our operations department has done an incredible job of clearing and maintaining the rights-of-way. The program has been so successful that representatives from electric cooperatives across the state have come to IEC to see how our right-of-way program works. Next year, we will begin to focus on improvements to help the overall efficiency of the system.

The ice storm that came through earlier this year gave us an unusual opportunity to demonstrate the outstanding work ethic of our employees and their commitment to the communities in which they live. Following the devastation created by that storm, IEC staff and crews worked tirelessly for nine days rebuilding nearly sixty-percent of our system to get electricity back to our members. They undertook this enormous task responding quickly and efficiently to restore electricity to the homes and businesses on IEC lines.

IEC's future is strong because of our ongoing commitment to a mission that focuses on our members and not on profits. We pledge to always keep service to you as our number one priority, and honesty and integrity as our way of doing business. As we look back on more than 60 years of service, we look forward to many more bright years ahead – working together with you to bring power to our communities.



“...we value your trust and confidence and make exceptional service to you our number one priority...”

Dr. Greg Fielding,
IEC Board of Trustees President

BALANCE SHEET

as of December 31, 2001

assets

WHAT WE OWN	Electric plant at original cost	\$	70,940,389		
	Less Depreciation	\$	23,661,012	\$	47,279,377
	Cash			\$	2,115,958
	Investments				13,030,021
	Accounts Receivable				3,482,982
	Materials & Supplies				308,824
	Prepayments, other accrued assets and deferred debits				870,905
	Total			\$	67,088,067

liabilities

WHAT WE OWE	Long Term Debt - RUS, CFC	\$	30,890,138		
	Current Maturities of Long Term Debt		901,917		
	Member Deposits		971,227		
	Accounts Payable		1,385,771		
	Deferred Credits		11,778		
	Other Liabilities		3,025,748		
OUR NET WORTH	Membership Fees	\$	639,100		
	Patronage Capital		28,112,296		
	Other Equities		1,150,092		
	Total			\$	67,088,067

I am pleased to present the 2001 results for Indian Electric Cooperative. The 2001 financial statements were audited by Baird, Kurtz & Dobson, Certified Public Accountants. In their opinion, the 2001 financial statements present fairly, in all material respects, the financial position and results of operation for Indian Electric in conformity with generally accepted accounting principles.



Secretary/Treasurer
Board of Trustees

investing in our future...

During 2001, Indian Electric Cooperative collected \$415,519.30 in gross receipts tax for the 30 school districts in our service territory. This is just another example of the many benefits of local, member-owned electric cooperatives like IEC. Want to see how much your school received? Stop by our website at www.iecok.com.



STATEMENT OF OPERATIONS

as of December 31, 2001

Operating Revenues 2000 2001
expenses \$ 23,500,965 \$ 23,697,654 **WHAT WE TOOK IN**

Cost of purchased power	12,101,554	12,249,408	WHERE IT WENT
Distribution expense - Operations	956,556	994,544	
Distribution expense - Maintenance	2,190,967	1,904,561	
Member accounts & sales expenses	1,359,830	1,569,299	
Administrative & general expenses	1,852,010	2,206,413	
Depreciation & amortization	1,990,428	2,000,096	
Taxes	-	-	
Interest expense	1,852,351	1,778,815	
Other deductions	614,856	325,723	

Total Cost of Electric Service \$ 22,918,552 \$ 23,028,859

margins **WHAT WE HAVE LEFT**

Operating margins	582,413	668,795
Non-operating margins	692,006	680,365
Other capital credits	579,224	423,707

Total Operating & Non-Operating Margins \$ 1,853,643 \$ 1,772,867 **CHANGES IN PATRONAGE**

Patronage capital - beginning of year \$ 25,206,334 \$ 26,767,947

Total margins \$ 1,853,643 \$ 1,772,867

Retirement of capital credits (292,030) (428,518)

Transfer to other equities

Patronage Capital - end of year \$ 26,767,947 \$ 28,112,296



supporting our communities

Indian Electric Cooperative collects rural fire department dues on behalf of 11 departments in our service territory. This collaboration between IEC and the community saves the rural fire departments over \$10,000 annually in handling and processing costs. During the 2001 fiscal year, \$70,941.26 in dues were collected at no cost to local fire departments.

OPERATION ROUND-UP

Balance Sheet

December 31, 2000 and 2001

assets

	<u>2000</u>	<u>2001</u>
Cash	\$ 74,044.67	\$ 85,373.13
Receivable	3,808.93	--
	<u>\$ 77,853.60</u>	<u>\$ 85,373.13</u>

fund balances

General	\$ 72,778.81	\$ 81,994.65
Reserved for Encumbrances	5,074.79	3,378.48
	<u>\$ 77,853.60</u>	<u>\$ 85,373.13</u>

Statement of Changes in Fund Balances

Years ended December 31, 2000 and 2001

additions

Endowments	\$ 46,482.54	\$ 44,281.11
Investment Income	3,628.44	4,010.00
	<u>\$ 50,110.98</u>	<u>\$ 48,291.11</u>

grants & endowments

Fire & Police Agencies	\$ 2,560.00	\$ 2,890.00
Education Organizations	5,200.00	1,845.00
Religious Organizations	2,488.00	3,500.00
Healthcare Organizations	1,800.00	2,300.00
Civic Organizations	2,513.52	4,186.33
Public Libraries	--	--
	<u>\$ 14,561.52</u>	<u>\$ 14,721.33</u>

special assistance to individuals

Food & Household Staples	\$ 1,020.00	\$ 200.00
Shelter, Dwelling & Auto Assistance	23,613.96	16,383.28
Medical & Dental	1,379.87	2,503.16
Clothing	--	73.33
Home Improvements	3,319.92	2,538.43
Miscellaneous	--	1,726.17
	<u>\$ 29,333.75</u>	<u>\$ 23,424.37</u>

Total Program Services	<u>\$ 43,895.27</u>	<u>\$ 38,145.70</u>
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management & general expenses

Telephone	\$ --	\$ --
Travel - Vehicle Reimbursements	1,150.41	1,289.60
Miscellaneous	--	125.00
Postage	75.20	36.28
Office Supplies	--	--
Audit Fees & Tax Preparation	1,175.00	1,175.00
	<u>\$ 2,400.61</u>	<u>\$ 2,625.88</u>

Total Expenditures	<u>\$ 46,295.88</u>	<u>\$ 40,771.58</u>
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Increase in Fund Balances	\$ 3,815.10	\$ 7,519.53
Fund Balance, Beginning of Year	74,038.50	77,853.60
Fund Balance, End of Year	<u>\$ 77,853.60</u>	<u>\$ 85,373.13</u>

The 62nd Annual Meeting - October 2001

The Annual Meeting of Members of Indian Electric Cooperative, Inc. was held at the Cleveland High School Multi-Purpose Room and Gymnasium on Saturday, October 20, 2001. At approximately 10:00 a.m., LeRoy Meyer, President of the Board of Trustees, called the meeting to order.

Mr. Meyer introduced members of American Legion Post #3 who led a salute to the flag of the United States. Dr. Gene Perry, minister of the Westport Baptist Church of Cleveland, delivered the invocation. Indian Electric employee Janice Brown sang the National Anthem, followed by "God Bless America."

Dale Norrid of the City Council of Cleveland was introduced and welcomed visitors to Cleveland.

Greg Fielding, Vice President of the Board of Trustees, was introduced and explained options for donating capital credits checks to the disaster relief effort as a result of the tragic events of September 11, 2001 to members.

Mr. Fielding conducted several prize drawings and turned the meeting back to President Meyer.

Mr. Meyer introduced Wanda Foster, Secretary of the Board of Trustees, and advised that Mrs. Foster would serve as Secretary of the Annual Meeting.

Mrs. Foster announced the membership of the Cooperative is currently 12,566 and the Bylaws require that five-percent of the members must register their attendance in order to constitute a quorum and have a legal meeting. She reported that 660 members had registered and declared a quorum in attendance.

A true copy of the official Notice of the Annual Meeting of Members for 2001 was mailed to all members in accordance with the Bylaws of the Cooperative.

Mrs. Foster then called for any additions or corrections to the minutes of the 2000 Annual Meeting. There were no additions or corrections and on motion duly made and seconded, the minutes of the 2000 Annual Meeting of Members were declared approved as written. Mrs. Foster turned the meeting back to President Meyer who called upon Vice President Greg Fielding. Vice President Fielding introduced honored guests and visiting Cooperative representatives. He further introduced members of the Board of Trustees and turned the meeting back to President Meyer.

The next order of business was the election of Trustees to the Cooperative's Board to represent Districts 3, 6 and 9 for the next three years. Michele Drummond, Corporate

Counsel, explained results of district meetings held, stating there was no quorum at the District 3 meeting where J. W. Perry is the incumbent trustee; that at the District 6 meeting, incumbent Loris Peckenpaugh was nominated as Trustee; and that at the District 9 meeting, incumbent Berry Keeler was nominated to represent Post 2 of that district. Ms. Drummond then called for a motion to elect those nominees to their respective districts by acclamation. Motion was made, seconded and carried. J. W. Perry will represent District 3; Loris Peckenpaugh will represent District 6; and Berry Keeler will represent District 9, Post 2, all for three-year terms.

Ms. Drummond announced the two candidates from District 9, Post 1, as being Rock Reese, the official nominee from District 9, Post 1, and Jim Nunn, incumbent Trustee and nominated by petition.

Ms. Drummond explained members should vote for one candidate in District 9. All remaining ballots were then cast, the ballot box declared to be officially closed, and all ballots sent to be counted. Ms. Drummond turned the meeting back to President Meyer.

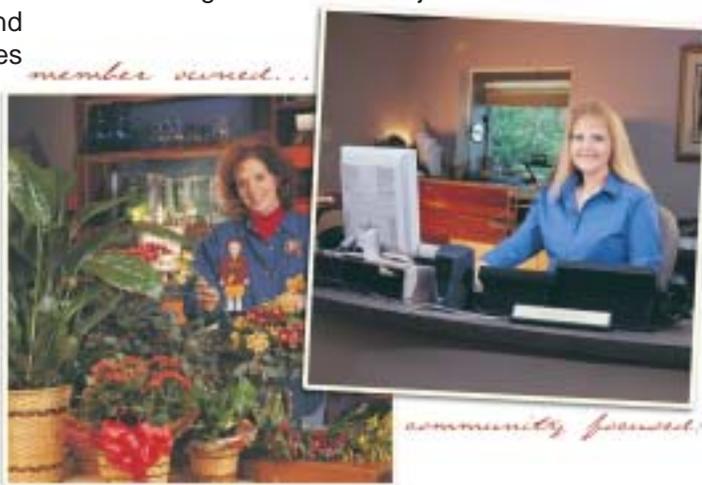
President Meyer introduced Gene McFall with the Witty World of Will Rogers who entertained the audience.

General Manager Terry M. Jech made a presentation to the membership, first honoring trustee Ralph "Doc" Sullivent and corporate counsel Richard Burt, both now deceased, and then briefly discussing the recent events in our country, state and city.

Official results of the balloting were announced. In District 9, Rock Reese received 344 votes and Jim Nunn received 132 votes. Mr. Reese was announced winner of the election and will represent District 9, Post 1, for a three-year term.

Vice President Greg Fielding conducted more prize drawings with the grand prize presented at the conclusion.

There being no further business, the 2001 Annual Meeting of Members adjourned.



INDIAN ELECTRIC COOPERATIVE BOARD OF TRUSTEES



Dr. Greg Fielding
President
District 8



Loris Peckenpugh
Vice-President
District 6



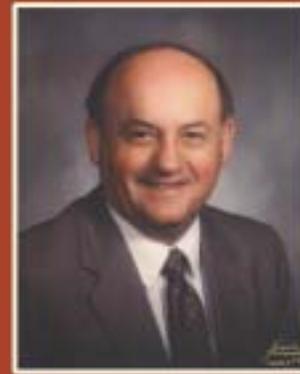
Wanda Foster
Secretary/Treasurer
District 5



LeRoy Meyer
District 1



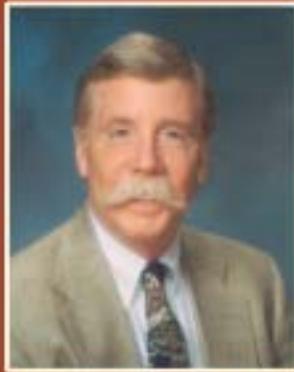
Mike Spradling
District 2



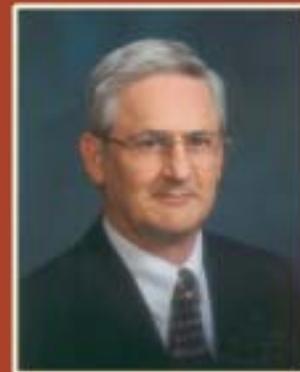
J.W. Perry
District 3



Leon Day
District 4



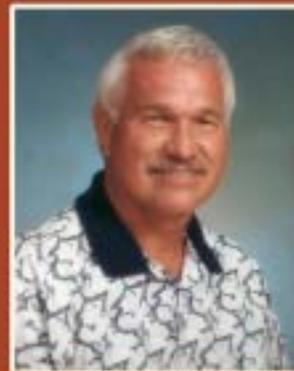
Bill Boone
District 7



Gary Moore
District 8



Rock Reese
District 9



Berry Keeler
District 9