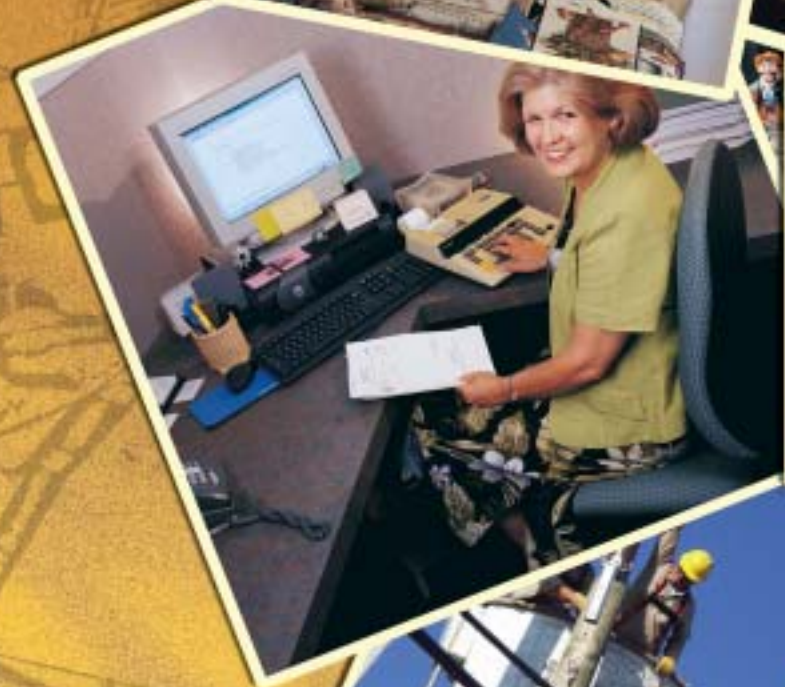
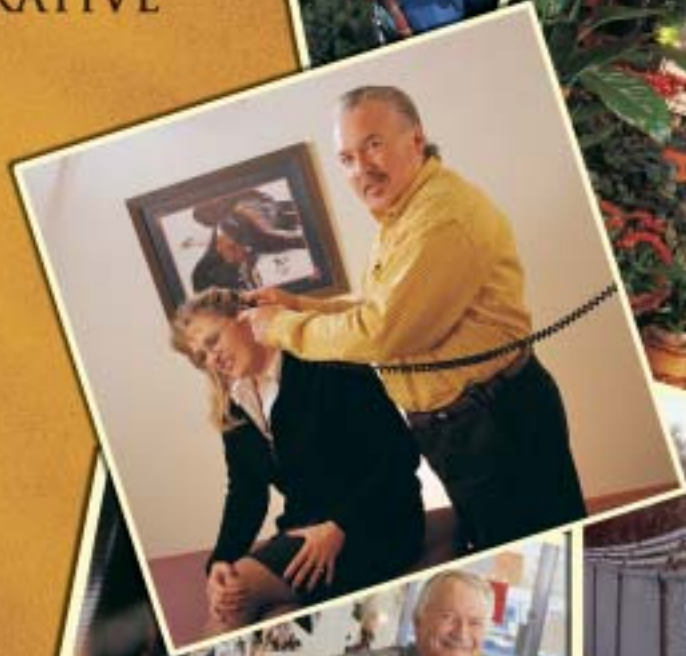


# 2002 ANNUAL REPORT

INDIAN ELECTRIC COOPERATIVE



## OUR PURPOSE AND PROFILE

### OUR MISSION

*Indian Electric Cooperative is dedicated to enhancing the quality of life of our member-owners by promoting a positive economic, political, social and regulatory environment.*

*Indian Electric Cooperative, Inc. has been dedicated to providing our members with the best electrical service at the lowest possible price for almost 65 years. A consumer-owned, non-profit distribution cooperative, IEC supplies electric service and related products to its members in all or portions of seven north-central and northeastern Oklahoma counties including Creek, Kay, Noble, Osage, Pawnee, Payne and Tulsa.*

*Incorporated August 1, 1939, IEC now provides 12,486 members with service to 18,247 homes and businesses through 3,475 miles of distribution line covering a service territory of 2,500 square miles. IEC*

*employs 76 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 — to enhance the quality of life of our member-owners by promoting a positive economic, political, social and regulatory environment.*

## ANNUAL MEETING NOTICE

*Notice is hereby given that the 2003 Annual Meeting of Members of Indian Electric Cooperative, Inc. will be held at 10 a.m. Saturday, October 18, 2003, at the Cleveland High School Gymnasium located in Cleveland, Pawnee County, Oklahoma.*

*Purpose of the meeting is to act on the following matters:*

- 1. Reports of Officers and Trustees;*
- 2. Election of trustees of the Cooperative from Districts 2, 5, and 8;*
- 3. All other business that may come before the meeting or any adjournments thereof.*

*Registration for the 2003 Annual Meeting will commence at 8:15 a.m., Saturday, October 18, and*

*the meeting will be called to order at 10 a.m.*

*Each membership, whether it is a single membership or a joint membership, shall be entitled to one vote in any matter that may come before the meeting.*

*Memberships other than residential must present a letter on organizational stationery, signed by a recognized official of the organization, indicating the bearer as the official voting representative of the organization. The bearers must present the letters at the time of registration.*



*Wanda Foster  
Secretary, Board of Trustees*





## PRIVILEGES AND RESPONSIBILITIES

*by Dr. Greg Fielding  
President, Board of Trustees*

*I have always felt the popular credit card advertising campaign that “membership has its privileges” more accurately fits electric cooperatives than it does the credit card company. But I also feel that motto doesn’t go far enough. When talking about cooperatives, I think it should include responsibility; membership has its privileges and its responsibilities.*

*In today’s world, it is easy to assume all electric utilities are the same; that when you turn on the light switch we will provide the electricity you want and require. At IEC we agree with that statement. We not only offer the same level of service and dependability people believe larger utilities provide, but we actually provide more, because of fulfilling our responsibilities to our owners. Our relationship with our consumers is different because we have a facet those other utilities do not. We are owned, not just utilized. We are responsible to you. We have privileges and responsibilities.*

*Membership in IEC gives you privileges customers of other utilities don’t have.*

*You have the privilege of access to your cooperative. Our service territory is divided into nine districts that are represented by members residing in each of those districts. You have the privilege of being represented equally no matter how many IEC meters serve you, or how much electricity you purchase. You have the privilege and responsibility of voting for that representation. And you have the privilege of serving as a trustee if you choose.*

*As a member of IEC, you have the privilege of not only discussing your thoughts, opinions, concerns, questions and suggestions with your trustee or co-op management, but also of knowing they represent you and are interested in listening to you.*

*As a co-op member you have the privilege of being involved in the operation of governing your cooperative*

*through such things as voting on proposed changes to the co-op’s bylaws. You also have the responsibility of learning about those changes so you can cast an informed vote.*

*You have the privilege of attending district and annual meetings, where you join with other members just like yourself, to conduct co-op business, have access to your representatives and management personnel, and where you can learn of new programs, services, current and future industry issues, and current and future legislative action that will affect you and your cooperative.*

*You have the privilege of being involved in your cooperative and of the cooperative seeking your involvement. You also have the responsibility of being involved, active and informed.*

*Saturday, October 18 trustees you have elected and the personnel they have employed, will hold your Annual Meeting. This is our biggest event each year. We plan it for months and it takes weeks to execute. We do it to give you the opportunity to exercise your privilege of cooperative membership and the responsibilities that come with that ownership.*

*If you have not taken advantage of your co-op privilege, attending the Annual Meeting is a great way to start. It is a great way to see first hand the difference between those other utilities and Indian Electric Cooperative. It is also a great way to spend an enjoyable morning with your neighbors.*

*It is also a responsibility to be involved and to experience co-op ownership at work, as we report on the progress and future of your cooperative, and as you elect trustees to represent the membership.*

*Come and enjoy both the privilege and responsibility of owning your electric cooperative.*

# BALANCE SHEET

as of December 31, 2002

## Assets

<b>WHAT WE OWN</b>	Electric plant at original cost	\$75,960,967	
	Less Depreciation	25,412,543	<b>\$50,548,424</b>
	Cash		1,013,311
	Investments		11,799,307
	Accounts Receivable		3,604,589
	Materials & Supplies		300,779
	Prepayments, other accrued assets and deferred debits		748,003
	<b>Total</b>		<b><u>\$68,014,413</u></b>

## Liabilities

<b>WHAT WE OWE</b>	Long Term Debt - RUS, CFC	\$29,197,247
	Current Maturities of Long Term Debt	1,535,000
	Member Deposits	1,061,122
	Accounts Payable	1,338,647
	Deferred Credits	12,493
	Other Liabilities	3,929,907

<b>OUR NET WORTH</b>	Membership Fees	\$666,620
	Patronage Capital	29,040,728
	Other Equities	1,232,649
	<b>Total</b>	<b><u>\$68,014,413</u></b>

*I am pleased to present the 2002 results for Indian Electric Cooperative. The Cooperative's 2002 financial statements were audited by Regier, Carr & Monroe, Certified Public Accountants, and Barbara Spess, CPA audited the Operation Round Up® financial records. In their opinions, the 2002 financial statements present fairly, in all material respects, the financial position and results of operation for Indian Electric Cooperative, and the IEC Foundation in conformity with generally accepted accounting principles.*

*Kanda Lester*

Secretary/Treasurer  
Board of Trustees



### Investing in our Future

During 2002, Indian Electric Cooperative collected \$520,912 in gross receipts tax for the 29 school districts in our service territory. This is just another example of the many benefits of local, member-owned electric cooperatives such as IEC.

# STATEMENTS OF REVENUE & PATRONAGE CAPITAL

as of December 31, 2002

	2002	2001
<i>Operating Revenues</i>	\$24,161,199	\$23,368,359
Electric	<u>71,995</u>	<u>329,295</u>
Other	<u>24,233,194</u>	<u>23,697,654</u>
<i>Total Operating Revenues</i>		
 <i>Operating Expenses</i>		
Purchased Power	12,817,893	12,249,408
Depreciation	2,175,418	2,000,096
Maintenance	2,004,295	1,905,375
Consumer Accounts	1,207,804	1,154,299
Administrative and General	2,162,336	2,291,739
Operations	1,136,305	997,068
Consumer Service and Information	487,444	436,055
Other	<u>59,080</u>	<u>216,004</u>
<i>Total Operating Expenses</i>	<u>22,050,575</u>	<u>21,250,044</u>
<i>Operating Margins Before Interest Expense</i>	<b>2,182,619</b>	<b>2,447,610</b>
 <i>Interest Expense</i>	<u>1,708,325</u>	<u>1,778,815</u>
<i>Operating Margins After Interest Expense</i>	<u><b>474,294</b></u>	<u><b>668,795</b></u>
 <i>Non-Operating Margins</i>		
Interest Income	264,057	467,986
Other	<u>158,902</u>	<u>212,379</u>
<i>Total Non-Operating Margins</i>	<u>422,959</u>	<u>680,365</u>
 <i>G&amp;T Cooperative &amp; Other Capital Credits</i>	<u>462,327</u>	<u>423,707</u>
<i>Net Margins (Loss)</i>	<b>1,359,580</b>	<b>1,772,867</b>
 <i>Patronage Capital - beginning of year</i>	28,112,296	26,767,947
Capital Credits Retired	<u>(431,148)</u>	<u>(428,518)</u>
<i>Patronage Capital - End of Year</i>	<u><b>\$29,040,728</b></u>	<u><b>\$28,112,296</b></u>

## Supporting our Communities

Indian Electric Cooperative collects rural fire department dues on behalf of 12 departments in our service territory. This collaboration between IEC and the community saves the rural fire departments annually in handling and processing costs. During the 2002 fiscal year, \$73,740.72 in dues was collected at no cost to local fire departments.



# OPERATION ROUND UP®

*Balance Sheet - December 31, 2001 and 2002*

<i>Assets</i>	<b>2002</b>	<b>2001</b>
Cash	\$73,300.23	\$85,373.13
Receivable	3,498.12	0.00
	<b>76,798.35</b>	<b>85,373.13</b>
<i>Fund Balances</i>		
General	\$72,358.33	\$81,994.65
Reserved for Encumbrances	4,440.02	3,378.48
	<b>76,798.35</b>	<b>85,373.13</b>

## *Statement of Changes in Fund Balances*

*Years ended December 31, 2001 and 2002*

<i>Additions</i>		
Endowments	\$42,580.07	\$44,281.11
Investment Income	3,178.44	4,010.00
	<b>45,758.51</b>	<b>48,291.11</b>
<i>Grants &amp; Endowments</i>		
Fire & Police Agencies	\$1,200.00	\$2,890.00
Education Organizations	7,000.00	1,845.00
Religious Organizations	678.00	3,500.00
Health Care Organizations	4,000.00	2,300.00
Civic Organizations	10,927.71	4,186.33
Public Libraries	0.00	0.00
	<b>23,805.71</b>	<b>14,721.33</b>
<i>Special Assistance to Individuals</i>		
Food & Household Staples	\$1,247.72	\$200.00
Shelter, Dwelling & Auto Assistance	19,100.82	16,383.28
Medical & Dental Care	1,623.82	2,503.16
Clothing	0.00	73.33
Home Improvements	2,169.71	2,538.43
Miscellaneous	2,845.68	1,726.17
	<b>26,987.75</b>	<b>23,424.37</b>
<b>Total Program Services</b>	<b>\$50,793.46</b>	<b>\$38,145.70</b>
<i>Management &amp; General Expenses</i>		
Telephone	\$ 0.00	\$ 0.00
Travel - Vehicle reimbursements	2,163.36	1,289.60
Miscellaneous	125.00	125.00
Postage	19.60	36.28
Office Supplies	56.87	0.00
Audit Fees & Tax Preparation	1,175.00	1,175.00
	<b>3,539.83</b>	<b>2,625.88</b>
<b>Total Expenditures</b>	<b>\$54,333.29</b>	<b>\$40,771.58</b>
Decrease in Fund Balances	(8,574.78)	7,519.53
Fund Balance, Beginning of Year	85,373.13	77,853.60
<b>Fund Balance, End of Year</b>	<b>76,798.35</b>	<b>85,373.13</b>

# THE 63RD ANNUAL MEETING - OCTOBER 2002

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 19, 2002. At approximately 10:00 a.m., Dr. Greg Fielding, President of the Board of Trustees, called the meeting to order.

Dr. Fielding introduced members of the American Legion Post #3, who led a salute to the flag of the United States. Dr. Gene Perry, Pastor of the Westport Baptist Church in Cleveland, delivered the invocation. Indian Electric employee Janice Brown sang the National Anthem.

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

Loris Peckenpaugh, Vice-President of the Board of Trustees, was introduced. Vice-President Peckenpaugh introduced honored guests and visiting cooperative representatives. He further introduced members of the Board of Trustees and turned the meeting over to Wanda Foster, Secretary of the Board, who conducted several prize drawings and turned the meeting back to President Fielding.

President Fielding advised that Wanda Foster, Secretary of the Board of Trustees, would serve as Secretary of the Annual Meeting.

Mrs. Foster informed that the membership of the Cooperative currently has 12,940 members and the Bylaws require 5 percent of the members must register their attendance in order to constitute a quorum and have a legal meeting. She reported that 1,003 had registered and declared a quorum in attendance.

A true copy of the official Notice of the Annual Meeting of Members for 2002 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 2001 Annual Meeting. There were no additions or corrections and on motion, duly made and seconded, the minutes of the 2001 Annual Meeting of Members were declared approved as written. Mrs. Foster turned the meeting back to President Fielding.

The next order of business was the election of Trustees to the Cooperative's Board to represent Districts 1, 4 and 7 for the next three years. President Fielding turned the chair over to Michele Drummond, Corporate Counsel. Ms. Drummond explained results of district meetings held, stating there was no quorum at the

District 4 meeting where Leon Day is the incumbent trustee and there was no quorum at the District 7 meeting where Bill Boone is the incumbent trustee. Ms. Drummond then called for a motion to elect those nominees to their respective districts by acclamation. Motion was made, seconded and carried. Leon Day will represent District 4 and Bill Boone will represent District 7, both for three-year terms.

Ms. Drummond announced the two candidates from District 1 as being Robert G. Burk, the official nominee from District 1, and LeRoy Meyer, incumbent Trustee and nominated by petition. Each candidate was allowed four minutes to speak to the membership.

Ms. Drummond explained members should vote for one candidate in District 1. All remaining ballots were then cast, the ballot box declared to be officially closed, and all ballots sent to be counted.

Ms. Drummond then presented to the membership proposed changes in the Cooperative Bylaws, Article IV, Sections 402 and 405. Section 402 deals with qualifications for a Trustee with regard to the duality rule as provided in 51 Okl. Stat. (2000) §6. Proposed changes in Section 405 covered quorum requirements at District Meetings and the voting process. Ms. Drummond stated that notice of such proposed changes were given in accordance with the Bylaws. Motion to change the Cooperative Bylaws as proposed was made and seconded. Discussion followed and upon a counted hand vote, the motion carried.

Ms. Drummond turned the meeting back to President Fielding.

President Fielding introduced Robert Stemmons, "The Whistler" who entertained the audience.

General Manager Terry M. Jech made a presentation to the membership, briefly discussing recent events in our country, state, city and service area.

Official results of the balloting were announced. In District 1, Robert G. Burk received 512 votes and LeRoy Meyer received 213 votes. Mr. Burk was announced winner of the election and will represent District 1 for a three-year term.

Secretary Wanda Foster conducted more prize drawings with the grand prize presented at the conclusion.

There being no further business, the 2002 Annual Meeting of Members adjourned.



INDIAN ELECTRIC COOPERATIVE BOARD OF TRUSTEES



**Dr. Greg Fielding**  
President  
District 8



**Loris Peckenpaugh**  
Vice-President  
District 6



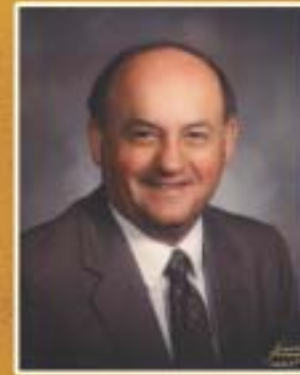
**Wanda Foster**  
Secretary/Treasurer  
District 5



**Robert Burk**  
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