

# INDIAN ELECTRIC COOPERATIVE ANNUAL REPORT 2008

EFFICIENCY  
THROUGH  
TECHNOLOGY



A Touchstone Energy<sup>®</sup> Cooperative 





## Electric Energy Future Still Unc

## Mission Statement

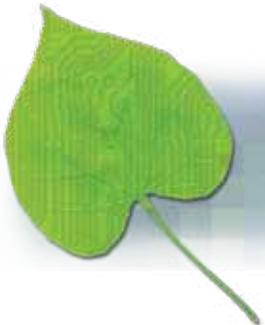
*Indian Electric Cooperative is a member-owned organization dedicated to the delivery of quality electric power related to value-added services and the investment in our communities that contribute to the quality of life for the membership.*

Indian Electric Cooperative has experienced an unprecedented rise in member rates for the past several years. Your cooperative has had rate increases in four of the past five years. These rate increases were driven by increases in the wholesale price of electricity IEC purchases, which has also increased four times in the past five years. Rate increases are always the last resort that your Board of Trustees considers while fulfilling its fiduciary duty of keeping the cooperative in sound operational and financial condition.

As anyone knows who looks at a cooperative publication or reads a newspaper, the electric industry, along with the entire domestic energy business, is in one of the most turbulent periods in recent history. Rising costs of natural resources along with the most stringent regulatory and pollution control requirements ever experienced, have driven energy prices to record highs. While the price of gasoline and natural gas has decreased in recent months, this welcome relief may be only temporary. The United States Senate will soon be debating a “cap and trade” program whose stated goal is to reduce carbon emissions of U.S. power plants. In reality, it could lead to astronomical increases in the price of energy produced from fossil fuels, including coal which is used to produce a majority of the wholesale power purchased by IEC.

What is your cooperative doing to prepare for the future? We are working closely with KAMO Power and Associated Electric Cooperative, our wholesale power suppliers, to align generation resources to enable us to continue to provide reliable power at a reasonable cost. Your Board of Trustees closely monitors the operation of your cooperative to insure that we operate as efficiently and economically as possible while continuing to provide quality service. The Board and staff continue to examine new technological innovations and implement those which will help us better meet your needs and operate more efficiently. IEC works with the National Rural Electric Cooperative Association (NRECA) and the Oklahoma Association of Electric Cooperatives (OAEC) on state, regional and national levels to inform and educate our elected officials on issues vital to the rural electric program. The decisions they make in the near future could have a profound effect on the price of your electricity.

What can you as cooperative members do to help keep electricity affordable? Make sure your elected officials know that you want reliable power at an affordable price. Our national cooperative organization, NRECA, has created a program called “Our Energy, Our Future” to help further the message of affordable electricity. You can go to the website [www.ourenergy.coop](http://www.ourenergy.coop) and voice your concerns. This site will allow you to send a letter via e-mail to





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**Greg Fielding**, *President*  
**Jack Clinkscale**, *General Manager*

## Corporate Profile

all your federal legislators. While it is easy to feel overwhelmed by the vastness of the federal legislative process, your voice does make a difference. Grass roots support is sorely needed to make sure rural areas are not unfairly disadvantaged by federal regulations.

At this year's IEC annual meeting, Doug Rye, one of the foremost experts in energy efficiency, will address the membership. He will provide affordable tips to make your home or business as energy efficient as possible. You as cooperative members can help with future electric generating needs by making wise and efficient choices in your home and business energy use.

Although the electric energy industry is experiencing turbulent times, IEC will never forget that we are member owned and member controlled. Our mission has always been and always will be to provide our members with reliable power and quality service at the most reasonable cost possible.

*Incorporated on April 14th, 1939, IEC serves **12,978 members** in over **18,810 homes and businesses** through **3,550 miles of line** covering a service territory of **2,500 square miles**.*

*IEC employs **84 individuals** and has its headquarters in Cleveland, a district office in Fairfax, and a warehouse in Pawnee.*

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## Official Notice

Notice is hereby given that the 2009 Annual Meeting of Members of Indian Electric Cooperative, Inc. will be held at 6:30 p.m., Thursday, Oct. 8, 2009, at the Cleveland High School Event Center located in Cleveland, Pawnee County, Oklahoma.

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

1. Reports of Officers and Trustees;
2. All other business that may come before the meeting or any adjournments thereof.

Registration for the 2009 Annual Meeting will commence at 5:30 p.m., Thursday, Oct. 8, and the meeting will be called to order at 6:30 p.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 bearer must present the letters at the time of registration.



# Revenue and Patronage Capital

For the years ended December 31, 2008 and 2007

	2008	2007
<b>Operating Revenues</b>	<b>\$36,782,938</b>	<b>\$29,231,107</b>
<b>Operating Expenses:</b>		
Cost of Power	20,626,842	16,572,323
Distribution Expense - Operation	2,125,504	1,795,987
Distribution Expense - Maintenance	1,733,819	1,351,097
Consumer Accounts	1,287,951	1,319,636
Customer Service and Information	369,204	326,907
Administrative and General	2,536,866	2,595,927
Depreciation	2,904,856	2,662,275
Taxes	747,159	616,452
Interest on Long-Term Debt	1,474,836	1,590,234
Other Interest and Deductions	151,369	117,823
<b>Total Operating Expenses</b>	<b>\$33,958,406</b>	<b>\$28,948,661</b>
<b>Net Operating Expenses</b>	<b>2,824,532</b>	<b>282,446</b>
<b>Non-Operating Margins</b>		
Interest Income	202,226	477,015
Other	123,174	119,222
<b>Total Non-Operating Margins</b>	<b>\$325,400</b>	<b>\$596,237</b>
<b>Generation and Transmission Cooperative and Other Capital Credits</b>	821,059	470,108
<b>Net Margins for Year</b>	<b>\$3,970,991</b>	<b>\$1,348,791</b>
<b>Patronage Capital - Beginning of Year</b>	33,775,041	33,040,631
Retirement of Capital Credits	(\$296,221)	(\$614,381)
<b>Patronage Capital - End of Year</b>	<b><u>\$37,449,811</u></b>	<b><u>\$33,775,041</u></b>



# Balance Sheet

as of December 31, 2008

## Assets:

<b>Electric Plant In Service</b>	<b>\$95,838,655</b>	
<b>Less Depreciation</b>	<b>-32,190,376</b>	<b>63,648,279</b>

## WHAT WE OWN

Cash		1,551,976
Investments		12,824,148
Receivables		5,034,597
Material and Supplies		341,072
Prepayments, Other Accrued Assets and Deferred Debits		90,910
<b>Total</b>		<b><u>\$83,490,982</u></b>

## Liabilities:

Long-Term Debt		37,085,875
Current Maturities of Long-Term Debt		2,079,049
Member Deposits		2,092,795
Accounts Payable		2,428,879
Deferred Credits		217,198
Other Liabilities		686,843

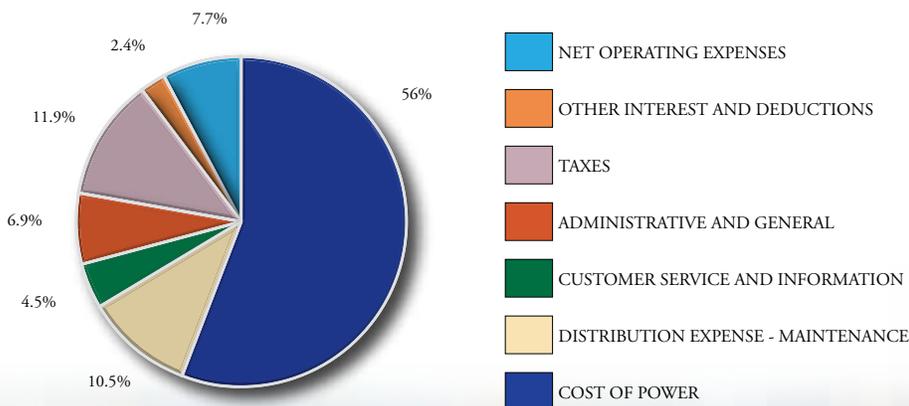
## WHAT WE OWE

Membership Fees		787,500
Patronage Capital		37,449,811
Other Equities		663,032

## OUR NET WORTH

<b>Total</b>		<b><u>\$83,490,982</u></b>
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# Use of Revenue



I am pleased to present the 2008 financial results for Indian Electric Cooperative. The cooperative's 2008 financial statements were audited by Briscoe, Burke & Grigsby, LLP, Certified Public Accountants. George Nobles, CPA, audited the Operation Round Up© financial records reported on page 5 of this annual report. In the opinions, the 2008 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.

Secretary, Board of Trustees

# Operation Round Up©

Financial Statements for years ended December 31

Changes in unrestricted net assets:

	2008	2007
<b>Revenues:</b>		
Operation Round Up©	\$51,025.81	\$42,849.03
Investment income	1,874.78	2,572.52
Total	\$52,900.59	\$45,421.55
<b>Expenses:</b>		
Grants To:		
Fire and police agencies	1,130.00	540.00
Educational organizations	3,750.00	2,500.00
Religious organizations	4,300.00	0.00
Health care organizations	1,181.00	1,540.00
Civic organizations	2,458.91	2,742.40
Public libraries	0.00	0.00
Total	\$12,819.91	\$7,322.40
Neighbor Assistance:		
Food and household staples	1,011.05	4,082.60
Medical and dental care	6,485.92	3,306.88
Clothing	0.00	200.00
Home improvements	3,299.77	1,984.41
House and car payments	30,162.61	12,735.85
Miscellaneous	3,959.41	1,380.91
Total	\$44,918.76	\$23,690.65
<b>Support Expenses:</b>		
Audit fees	1,175.00	1,175.00
Office supplies	23.20	\$43.18
Travel expenses	3,511.76	2,494.81
Postage	0.00	0.00
Miscellaneous	0.00	10.00
Total	\$4,709.96	\$3,722.99
<b>Increase (Decrease) in unrestricted net assets</b>	-9,548.04	10,685.51
<b>Net assets at beginning of year</b>	66,479.22	55,793.71
<b>Net assets at end of year</b>	<u>\$56,931.18</u>	<u>\$66,479.22</u>
<b>Assets:</b>		
Checking	6,119.44	15,228.67
Investments	50,811.74	51,250.55
Total Assets	56,931.18	66,479.22
<b>Net assets:</b>		
Unrestricted	<u>56,931.18</u>	<u>66,479.22</u>

# Minutes of 2008 Annual Meeting

Cleveland Event Center  
Saturday, October 25, 2008

The 69th Annual Meeting of Members of Indian Electric Cooperative, Inc. was held at the Cleveland High School Event Center on Saturday, October 25, 2008. At approximately 10:00 a.m., Board President Dr. Greg Fielding called the meeting to order. Mr. Fielding introduced Rev. Connie Taylor of the First United Methodist Church in Cleveland, who delivered the invocation. Members of the Cleveland American Legion Post #3 were introduced and led a salute to the Flag of the United States. Pake McEntire and Stephanie Ann, joined by the audience, sang the National Anthem. Mr. Fielding informed the members that Berry Keeler, Secretary-Treasurer of the Board of Trustees, would serve as Secretary of the Annual Meeting. Secretary Keeler informed the membership that the Cooperative currently has 12,864 members and the Bylaws require that five percent, or 643, of the members must register their attendance in order to constitute a quorum and have a legal meeting. He reported that 646 had registered and he declared a quorum in attendance.

A true copy of the Official Notice of the Annual Meeting of Members for 2008 was mailed to all members in accordance with the Bylaws of the Cooperative. The Bylaws further state minutes of the previous Annual Meeting of Members will be read. Motion was duly made and seconded to dispense with the reading of the minutes and to approve them as written. Motion carried. Mr. Keeler turned the meeting to Robert Burk, Trustee for

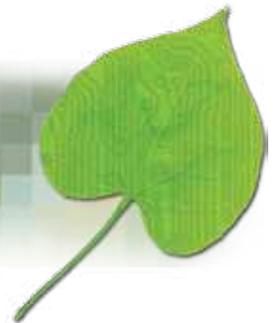
District 1. Mr. Burk introduced honored guests and visiting Cooperative representatives. He further introduced Corporate Counsel Ron Barber and all members of the Board of Trustees. The next order of business was the introduction of the Bylaw changes recommended by the Board of Trustees, staff and legal counsel. Mr. Burk turned the chair over to Ron Barber who referenced the proposed Bylaw changes and entertained a motion to adopt the proposed Bylaws as written. Motion was duly made and seconded to approve the proposed Bylaw changes as written. Motion carried.

The next order of business was the election of Trustees from Districts 1, 4 and 7. Mr. Barber explained the results of the previously held elections for District 1 and District 7 which resulted in incumbents, Robert Burk (District 1) and Bill Boone (District 7) being selected as official candidates for their districts. Incumbent Trustees Robert Burk and Bill Boone were unopposed and by reason thereof, became the official nominees for their respective Districts. District 4 remains vacant. Mr. Barber then called for a motion to elect those nominees to their respective districts by acclamation. Motion was made, seconded and carried. Robert Burk will represent District 1, and Bill Boone will represent District 7 for the next three years. District 4 will remain vacant. Mr. Barber turned the chair over to Berry Keeler and Jim Hadlock who conducted several prize drawings. Mr. Keeler then introduced IEC General Manager Jack Clinkscale.

Mr. Clinkscale addressed the audience, conveying appreciation for the opportunity to serve members in the area and shared appreciation for the exemplary work and effort exhibited by the IEC staff. Mr. Clinkscale reminded members of the December ice storm which caused power outages in the area and personally thanked IEC employees for their hard work, commitment and selflessness during the outage. Employees were asked to stand in recognition of their exemplary efforts and were greeted by loud applause from appreciative members.

Mr. Clinkscale referenced utility cost increases incurred over the past few years and informed members that power costs are expected to continue to increase. 2009 will see a significant increase in April that will need to be passed to members. Mr. Clinkscale emphasized IEC's commitment to continue providing members with reliable power as cost effectively as possible. Mr. Clinkscale turned the chair over to Wanda Foster and Mike Spradling who conducted more prize drawings. Mr. Spradling encouraged the members to share their appreciation for local businesses contributing to the prize drawings. Mr. Spradling and Mrs. Foster conducted the grand prize drawings for two \$500 cash prizes and one energy-efficient Maytag front-loading washer & dryer set.

There being no further business, the 2008 Annual Meeting of Members adjourned.

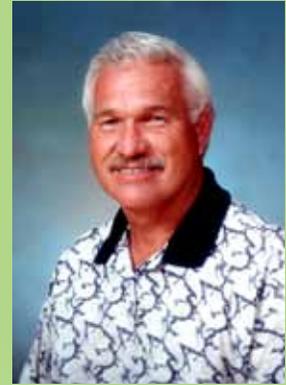




**Greg Fielding**  
President  
District 4



**Wanda Foster**  
Vice President  
District 5



**Berry Keeler**  
Secretary-Treasurer  
District 1



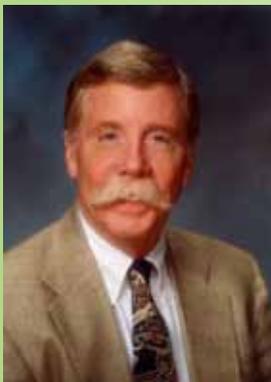
**Robert Burk**  
District 6



**Mike Spradling**  
District 7



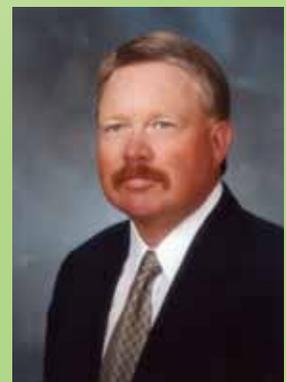
**Loris Peckenpaugh**  
District 3



**Bill Boone**  
District 8



**Jim Hadlock**  
District 2



**Jack Clinkscale**  
General Manager