

IEC

INDIAN | ELECTRIC
cooperative



2000
TECHNOLOGY BUILT ON TRADITION
ANNUAL REPORT
ANNUAL REPORT



MISSION

OUR MISSION STATEMENT

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

CORPORATE PROFILE

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

SECOND OFFICIAL NOTICE OF 2001 ANNUAL MEETING

Notice is hereby given that the 2001 Annual Meeting of Members of Indian Electric Cooperative, Inc. will be held at 10 a.m. Saturday, October 20, 2001 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 3, 6 and 9;
3. All other business that may come before the meeting or any adjournments thereof.

Registration for the 2001 Annual Meeting will commence at 8:15 a.m., Saturday, October 20, 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

MEMBER FOCUSED

IN A CHANGING INDUSTRY

A MESSAGE FROM YOUR PRESIDENT & GENERAL MANGER.

The issue on the minds of many people concerning the electric industry this year has been the California deregulation fiasco and how deregulation will affect us if and when it is implemented in Oklahoma. Although the future of deregulation in Oklahoma is still unclear and the path Oklahoma will take remains uncertain, Indian Electric Cooperative remains committed to providing our member/owners with reliable, affordable electricity and to making sure that the financial, social, and economic interests of our member/owners are protected.

Because of the negative results of deregulation in California, Oklahoma's legislators have stepped back to take a better look at deregulation and the measures needed to protect Oklahoma consumers. The last thing we want to do is create a system that is less advantageous for Oklahoma consumers. As a result, the Oklahoma legislature has created the Electric Restructuring Advisory Committee to study the deregulation process.

The committee is currently studying electric transmission issues and the rules necessary for the transmission of bulk power across Oklahoma. Their report is due December 31, 2001.

The group will also study the tax structure in Oklahoma to determine the possibility of doing away with ad valorem tax and replacing it with a gross receipts tax. We want to be sure that through this process, property tax owners and consumers don't receive an added tax burden.

As the committee studies the deregulation issue, the question remains: is customer choice good? Our answer is: it depends on how it will affect you, our member/owners. You can be sure that through the process of studying deregulation and determining where Oklahoma needs to be, we will make certain that the voices of our rural consumers are heard. Our continued commitment to you is that our employees will work hard to



LeRoy Meyer
President



Terry Jech
General Manager

ensure that this organization will stay competitive and that our board will provide the rural infrastructure needed for the well being of our rural consumers.

The bottom-line is that as a cooperative, we are a non-profit, consumer-owned company that will only survive if our members are protected. Because we are a cooperative, we are not profit-driven, we're consumer driven. That means our primary focus is on service and cost. One of our major goals is to make certain we maintain an adequate power supply and that the electrical services we provide are reliable and affordable for our member/owners. We've worked diligently to control costs. If we do make a profit, it is distributed back to our membership.

Essentially, the cooperative philosophy can be compared with that of a family. Together we provide direction, strength and stability. We work, survive and succeed based on the strength of our cooperative as a whole. The intent of our focus is on sticking together. Even through the ups and downs that the world brings and the uncertainty of deregulation, we will take care of each other because that's the family thing to do.

BALANCE SHEET

AS OF DECEMBER 31, 2000

ASSETS

<u>WHAT WE OWN</u>	Electric plant at original cost	\$ 67,804,390	
	Less Depreciation	\$ 22,191,844	\$ 45,612,546
	Cash		928,855
	Investments		14,426,544
	Accounts Receivable		4,284,766
	Materials and Supplies		37,133
	Prepayments, other accrued assets and deferred debits		959,502
	Total		\$ 66,591,346

LIABILITIES

	Long Term Debt-RUS,CFC	\$ 31,782,502	
	Current Maturities of Long Term Debt	1,199,635	
<u>WHAT WE OWE</u>	Consumer Deposits	899,533	
	Accounts Payable	1,557,993	
	Deferred Credits	7,496	
	Other Liabilities	2,655,682	
	Membership Fees	\$ 616,715	
<u>OUR NET WORTH</u>	Patronage Capital	26,767,947	
	Other Equities	1,103,843	
	Total		\$ 66,591,346

I am pleased to present the 2000 results for Indian Electric Cooperative. The 2000 financial statements were audited by Baird, Kurtz & Dobson, Certified Public Accountants. In their opinion, the 2000 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

OPERATING REVENUES

	<u>1999</u>	<u>2000</u>	<u>WHAT WE TOOK IN</u>
	\$ 20,748,091	\$ 23,500,965	
OUR EXPENSES			
Cost of purchased power	11,620,881	12,101,554	
Distribution expense - Operations	879,035	956,556	
Distribution expense - Maintenance	1,578,454	2,190,967	
Consumer accounts and sales expenses	1,401,375	1,359,830	<u>WHERE IT WENT</u>
Administrative and general expenses	1,764,570	1,852,010	
Depreciation and amortization	1,917,699	1,990,428	
Taxes	-	-	
Interest expense	1,801,750	1,852,351	
Other deductions	22,784	614,856	
Total Cost of Electric Service	\$ 20,986,548	\$ 22,918,552	

OUR MARGINS

Operating margins	(238,457)	582,413	
Non-operating margins	691,422	692,006	<u>WHAT WE HAVE LEFT</u>
Other capital credits	543,276	579,224	
Total Operating and Non-Operating Margins	\$ 996,241	\$ 1,853,643	

Patronage capital - beginning of year	\$ 25,220,430	\$ 25,206,334	
Total margins	\$ 996,241	\$ 1,853,643	<u>CHANGES IN PATRONAGE CAPITAL</u>
Retirement of capital credits	(990,337)	(292,030)	
Transfer to other equities			

PATRONAGE CAPITAL - END OF YEAR

\$ 25,206,334 \$ 26,767,947

YEARS ENDED DECEMBER 31, 1999 AND 2000

STATEMENT OF OPERATIONS

Operation Round-Up Balance Sheet

December 31, 1999 and 2000

	2000	1999
Assets		
Cash	\$74,044.67	\$70,077.13
Receivable	<u>\$3,808.93</u>	<u>\$3,961.37</u>
	<u>\$77,853.60</u>	<u>\$74,038.50</u>
Fund Balances		
General	\$72,778.81	\$67,693.53
Reserved for Encumbrances	<u>\$5,074.79</u>	<u>\$6,344.97</u>
	<u>\$77,853.60</u>	<u>\$74,038.50</u>

Statement of Changes in Fund Balances

Years ended December 1999 and 2000

Additions:		
Endowments	\$46,482.54	\$47,002.75
Investment Income	<u>\$3,628.44</u>	<u>\$3,237.52</u>
	<u>\$50,110.98</u>	<u>\$50,240.27</u>
Grants and Endowments:		
Fire and Police Agencies	2,560.00	1,525.00
Educational Organizations	5,200.00	4,000.00
Religious Organizations	2,488.00	249.00
Health Care Organizations	1,800.00	2,000.00
Civic Organizations	2,513.52	11,534.16
Public Libraries	<u>0.00</u>	<u>0.00</u>
	14,561.52	19,308.16
Special Assistance to Individuals:		
Food and Household Staples	1,020.00	947.35
Shelter, Dwelling & Auto Assistance	23,613.96	20,298.65
Medical and Dental Care	1,379.87	3,064.38
Clothing	0.00	0.00
Home Improvements	<u>3,319.92</u>	<u>1,578.75</u>
	29,333.75	25,889.13
Total Program Services	<u>43,895.27</u>	<u>45,197.29</u>
Management and General Expenses:		
Telephone	0.00	0.00
Travel ñ Vehicle Reimbursement	1,150.41	1,156.41
Miscellaneous	0.00	7.50
Postage	75.20	16.60
Office Supplies	0.00	61.99
Audit Fees and Tax Preparation	<u>1,175.00</u>	<u>1,175.00</u>
	<u>2,400.61</u>	<u>2,417.50</u>
Total Expenditures	<u>46,295.88</u>	<u>47,614.79</u>
Increase in Fund Balances	3,815.10	2,625.48
Fund Balance, Beginning of Year	<u>74,038.50</u>	<u>71,413.02</u>
Fund Balance, End of Year	<u>77,853.60</u>	<u>74,038.50</u>

OPERATION ROUND UP

Operation Round-Up is a community service program, voluntarily funded by members of Indian Electric Cooperative.

Participating co-op members allow IEC to 'round-up' their monthly electric bills to the higher dollar and use the funds to assist individuals or groups within the co-op's service area. The member's average yearly cost is between \$6 and \$10.

A board separate from the co-op board, the IEC Foundation, administers the funds. The IEC Foundation, Inc. has donated more than \$200,000 to community programs, organizations, individuals, and families since IEC launched Operation Round-Up in 1994.

ANNUAL MEETING MINUTES

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 21, 2000. At approximately 10 a.m., LeRoy Meyer, President of the Board of Trustees, called the meeting to order.

Mr. Meyer welcomed all members to the 61st Annual Meeting and opened with several prize drawings. He then 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.

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

Mr. Meyer introduced Wanda Foster, Secretary of the Board, and advised that Mrs. Foster would serve as Secretary of the Annual Meeting. Mr. Meyer conducted additional prize drawings and then turned the meeting over to Mr. Greg Fielding, Vice-President of the Board, who introduced honored guests and visiting Cooperative representatives as well as other members of the Board of Trustees.

Wanda Foster, Secretary of the Board of Trustees, informed that the membership of the Cooperative currently has 12,509 members 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 549 had registered by 10:00 a.m.; however the required quorum had not been established.

On September 7, 2000, a true copy of the official Notice of the Annual Meeting of Members for 2000 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 1999 Annual Meeting. There were no additions or corrections and on motion duly made and seconded, the minutes of the 1999 Annual Meeting of Members were declared approved as written.

The next order of business was the election of Trustees to the Cooperative's Board to represent Districts 2, 5

and 8 for the next three years. Richard Burt, Corporate Counsel, explained the results of district meetings held, stating there was no quorum at any of the three. He then called for a motion for re-election by acclamation. Such motion was made, seconded and carried. Mike Spradling will represent District 2; Wanda Foster will represent District 5; and Greg Fielding and Gary Moore will represent District 8, all for three-year terms.

President LeRoy Meyer conducted prize drawings and then turned the meeting over to General Manager Terry M. Jech. Mr. Jech introduced guest speaker, Mr. Larry Watkins, General Manager of Oklahoma Association of Electric Cooperatives. Mr. Watkins gave an informative talk on upcoming deregulation and restructuring, pointing out how Oklahoma and other states could be affected and how we are preparing.

Mr. Jech then made a presentation to the membership, briefly covering the financial operation of the Cooperative, and answered questions from the audience.

President LeRoy Meyer conducted more prize drawings with the grand prize presented at the conclusion.

There being no further business, the 2000 Annual Meeting of Members adjourned.

**2001 Annual Meeting
to be held at
Cleveland High School
on Saturday,
October 20.**

your

INDIAN ELECTRIC COOPERATIVE

BOARD OF TRUSTEES



LeRoy Meyer
President



Greg Fielding
Vice-President



Wanda Foster
Secretary



Mike Spradling



J. W. Perry



Leon Day



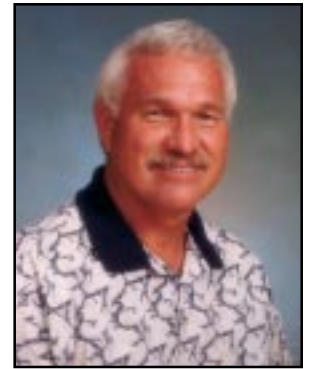
Loris Peckenpaugh



Gary Moore



Jim Nunn



Barry Keeler

62nd ANNUAL MEETING AGENDA

Saturday, October 20, 2001, Cleveland High School

8:15 a.m.	Member Registration Good Neighbor Arts & Crafts Fair Good Neighbor Health Booth Co-op Information Booth	Band Room Multi-Purpose Room Home Economics Room Multi-Purpose Room
10:00 a.m.	Business Meeting	Gymnasium