



Corporate Profile

Created 66 years ago by people joining together to improve the quality of life for themselves and their neighbors, Indian Electric Cooperative meets that objective daily by delivering quality electric service at the lowest possible price.

As a consumer-owned, non-profit distribution cooperative, IEC supplies electricity 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 Aug. 1, 1939, IEC now provides 12,760 members with services to 18,453 homes and businesses through 3,497 miles of distribution line covering a service territory of 2,500 square miles. IEC employs 80 people and has headquarters in Cleveland, a district office in Fairfax and a warehouse in Pawnee.

IEC is governed by a board of trustees comprised of one trustee from each of the cooperative's nine districts. Each trustee is elected to serve a three-year term.

All cooperative members have equal voting rights along with the opportunity to vote at the cooperative's district and annual meetings.

Mission Statement

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

Official Notice

2006 Annual Meeting

Notice is hereby given that the 2006 Annual Meeting of Members of Indian Electric Cooperative, Inc. will be held at 10 a.m. Saturday, Oct. 21, 2006, 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 Cooperative Trustees from Districts 2, 5, and 8;
3. All other business that may come before the meeting or any adjournments thereof.

Registration for the 2006 Annual Meeting will commence at 8:15 a.m., Saturday, Oct. 21, 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 bearer must present the letters at the time of registration.

Secretary-Treasurer, Board of Trustees

A Direction to Navigate Future Storms

This year has been both a good year and a very busy year for your cooperative. We were blessed with a winter free of any major storms and a warm summer. KiloWatt-hour sales reached record levels as we continued to add new services. While load growth is always appreciated, it presents the unique challenges of constructing new facilities while maintaining quality service to all members.

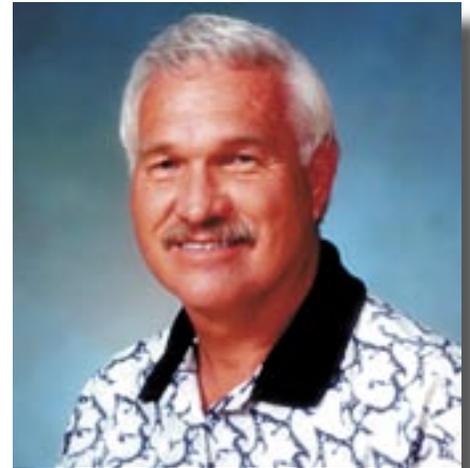
While things have been going well at IEC, there are ominous clouds on the horizon. The rising cost of fuel will affect IEC as it has our members. The cost of generation for Associated and KAMO, our power suppliers, is going up. While most of our power is generated by coal, the cost of that coal and the rail transportation from the Powder River Basin of Wyoming to Missouri where the plants are located is increasing rapidly. The price of natural gas, used to generate a smaller portion of our power, has also risen. Due to the extreme lack of rainfall in the midwest, the portion of lower cost hydropower that Associated receives has been restricted. Combine these escalating costs with equipment needed for stringent air quality emission controls, and you have the "perfect storm" of factors leading to increased costs. We do not expect any increases in 2007 but we will probably have increases begin-

ning in 2008. We will keep you informed as new information becomes available.

IEC will soon start installing an automated meter reading (AMR) system. An extensive study by the Board of Trustees revealed many technical advantages and cost savings by being able to read all meters over the power lines and approval was given to begin the project. It will take two to three years to change out all the meters in the entire system but the wait should be well worth it. The new AMR system will alleviate members having to read their own meters or cooperative personnel manually reading meters.

As per the bylaw change of 2005, your Board of Trustees has been reduced to nine members with the retirement of Gary Moore of Cleveland. We thank him for the many years of valuable service to Indian Electric Cooperative and wish Gary and his wife Carol all the best as they ease into retirement.

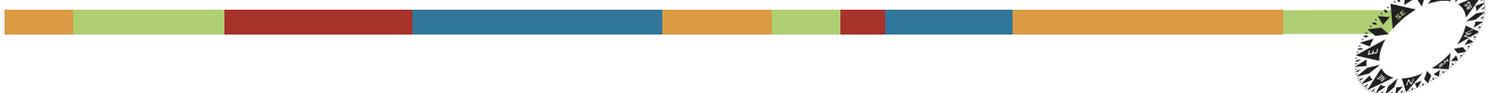
As you can see, IEC has many challenges to face in the coming years. With the diligent efforts of our dedicated Trustees and employees, we will meet those challenges head on and continue to provide quality power at the lowest cost possible.



Berry Keeler
President, Board of Trustees



Jack Clinkscale
General Manager





Revenue and Patronage Capital

For the years ended December 31, 2005 and 2004

	2005	2004
Operating revenues	\$27,148,529	\$25,128,531
Operating expenses:		
Cost of power	13,825,315	13,279,098
Distribution expense - operations	2,824,792	1,803,685
Distribution expense - maintenance	1,257,529	1,664,792
Consumer accounts	1,418,171	1,532,863
Customer service and information	354,416	310,368
Administrative and general	2,953,395	2,437,337
Depreciation	2,290,581	2,238,647
Taxes	524,259	487,891
Interest on long-term debt	1,407,456	1,347,192
Other interest and deductions	148,078	138,748
Total operating expenses	\$27,003,992	\$25,240,621
Net operating margins	144,537	(112,090)
Non-operating margins:		
Interest income	204,818	188,971
Other	148,747	235,991
Total non-operating margins	\$353,565	\$424,962
Generation and transmission cooperative and other capital credits	644,290	402,286
Net margins for year	1,142,392	715,158
Patronage capital - beginning of year	29,863,936	29,257,261
Retirement of capital credits	(156,101)	(108,483)
Patronage capital - end of year	<u>\$30,850,227</u>	<u>\$29,863,936</u>

Balance Sheet

as of December 31, 2005

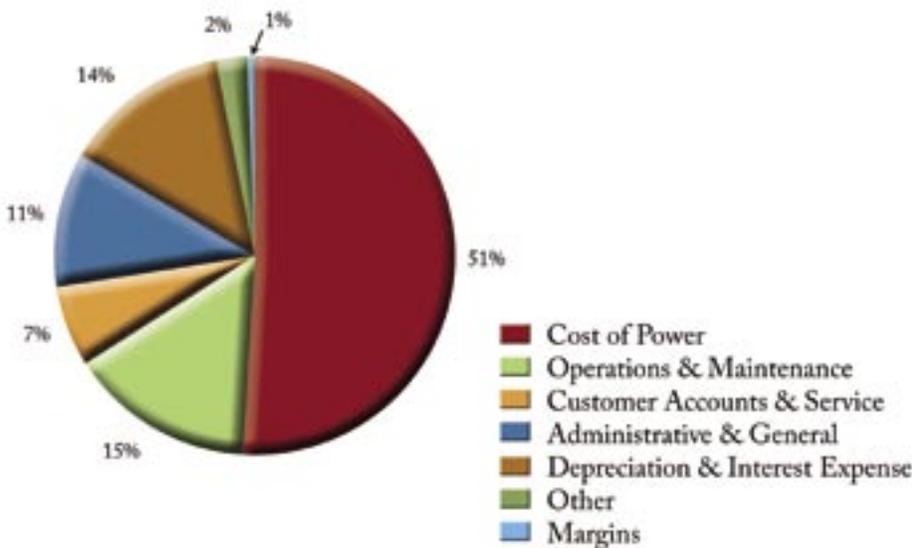
Assets:

	Electric plant in service	\$81,620,133	
	Less depreciation	27,098,544	54,521,589
WHAT WE OWN	Cash		3,097,162
	Investments		15,428,499
	Receivables		4,011,965
	Material and supplies		341,921
	Prepayments, other accrued assets and deferred debits		90,074
	Total		

Liabilities:

WHAT WE OWE	Long term debt		38,893,598
	Current maturities of long term debt		2,009,000
	Member deposits		1,426,635
	Accounts payable		1,499,965
	Deferred credits		188,593
	Other liabilities		434,868
OUR NET WORTH	Membership fees		729,965
	Patronage capital		30,850,227
	Other equities		1,458,359
	Total		

Use of Revenue



I am pleased to present the 2005 financial results for Indian Electric Cooperative. The cooperative's 2005 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 6 of this annual report. In their opinions, the 2005 financial statements present fairly, in all material respects, the financial position and results of operations for Indian Electric Cooperative and the IEC Foundation in conformity and generally accepted accounting principles.

Bill Bone

Secretary, Board of Trustees





Operation Round Up[©]

Financial Statements for years ended December 31

	2005	2004
Changes in unrestricted net assets:		
Revenues:		
Operation Round Up [©]	\$41,707.53	\$40,111.81
Investment income	1,464.00	1,094.98
Total	\$43,171.53	\$41,206.79
Expenses:		
Grants to:		
Fire and police agencies	1,785.00	1,050.00
Educational organizations	2,750.00	3,300.00
Religious organizations	0.00	0.00
Health care organizations	615.87	2,000.00
Civic organizations	2,210.00	2,822.17
Public libraries	0.00	1,000.00
Total	\$7,360.87	\$10,172.17
Neighbor Assistance:		
Food and household staples	2,594.03	1,223.57
Medical and dental care	3,104.37	1,265.73
Clothing	0.00	0.00
Home improvements	1,899.00	1,459.72
House and car payments	23,508.23	22,047.34
Miscellaneous	3,013.61	1,062.22
Total	\$34,119.24	\$27,058.58
Support Expenses:		
Audit fees	1,175.00	1,175.00
Office supplies	39.06	104.50
Travel expense	3,074.36	2,690.26
Postage	0.00	0.00
Miscellaneous	100.00	100.00
Total	\$4,388.42	\$4,069.31
Increase (Decrease) in unrestricted net assets	(2,697.00)	(93.27)
Net assets at beginning of year	56,380.741	56,474.01
Net assets at end of year	<u>\$53,683.74</u>	<u>\$56,380.74</u>
Assets:		
Checking	2,751.53	5,327.82
Investments	50,932.21	51,052.92
Total Assets	53,683.74	56,380.74
Net assets:		
Unrestricted	<u>\$53,683.74</u>	<u>\$56,380.74</u>

Minutes of 2005 Annual Meeting

Cleveland High School and Gymnasium
Saturday, October 22, 2005

The 66th Annual Meeting of Members of Indian Electric Cooperative, Inc. was held at the Cleveland High School Multi-Purpose Room and Gymnasium on Saturday, October 22, 2005. At approximately 10:00 A. M., Board Member Mike Spradling called the meeting to order.

Mr. Spradling introduced Sid Sperry, Director of Public Relations for the Oklahoma Association of Electric Cooperatives, who delivered the invocation.

Members of Cleveland American Legion Post #3 were introduced and led a salute to the Flag of the United States. Indian Electric employees Janice Brown, Darrell Murray, Amanda Ramsay, and Teresa Robertson sang the National Anthem.

Mr. Spradling advised that Leon Day, Secretary of the Board of Trustees, would serve as Secretary of the Annual Meeting.

IEC Trustees Wanda Foster and Greg Fielding conducted several prize drawings.

Following the prize drawings, Secretary Day informed the membership of the Cooperative currently has 12,760 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. He reported 743 had registered and declared a quorum in attendance.

A true copy of the official Notice of the Annual Meeting of Members for 2005 was mailed to all members in accordance with the Bylaws of the Co-op.

Mr. Day then called for any additions or corrections to the minutes of the 2004 Annual Meeting. There were no additions or corrections and on motion duly made and seconded, the minutes of the 2004 Annual Meeting of Members were declared approved as written. Mr. Day turned the meeting back to Mr. Spradling.

Mr. Spradling introduced Berry Keeler, Vice-President of the Board of Trustees, who introduced honored guests and visiting Cooperative representatives. He further introduced Corporate Counsel and all members of the Board of Trustees and turned the meeting to Secretary Leon Day.

Mr. Day asked Mrs. Carla Perry come to the podium for presentation of a plaque in memory of her husband and IEC Trustee, J. W. Perry. Mrs. Perry graciously accepted the award and addressed the audience. Mr. Day turned the meeting back to Mr. Spradling.

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. Mr. Spradling turned the chair over to Ron Barber, Corporate Counsel. Mr. Barber explained results of district meetings, stating the incumbent Trustees in each of the districts were unopposed and by reason thereof, became the official nominees. Those individuals were named as Robert Burk, District 1; Leon Day, District 4; and Bill Boone District 7. 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, Leon Day will represent District 4, and Bill Boone

will represent District 7, all for three-year terms.

Mr. Barber then explained proposal by the Board of Trustees to amend Article IV of the Bylaws to provide for a reduction in the number of Trustees from eleven to nine. He advised the effect of the proposed amendments would be to provide for the election of a single Trustee from each Trustee District and to authorize and obligate the Board to review the district boundary lines from time to time to insure that each district provides, as nearly as possible, equal representation to members residing in each district with those residing in any others. Notice of proposed changes was duly given as provided by the Bylaws.

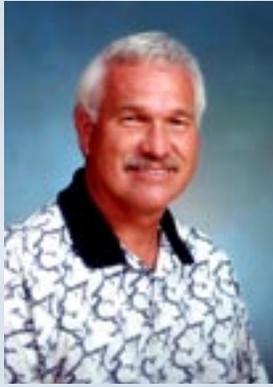
Mr. Barber called for a motion to approve amendment to Article IV of the Bylaws as explained and published. Motion was made, seconded and carried to amend the Bylaws as presented. Mr. Barber turned the meeting to Wanda Foster and Greg Fielding who conducted additional prize drawings.

Mr. Spradling then introduced General Manager Jack Clinkscale. Mr. Clinkscale addressed the audience and gave a brief overview of Indian Electric's operations.

Wanda Foster and Greg Fielding conducted more prize drawings with an iPod Mini and grand prizes presented at the conclusion.

There being no further business, the 2005 Annual Meeting of Members adjourned.

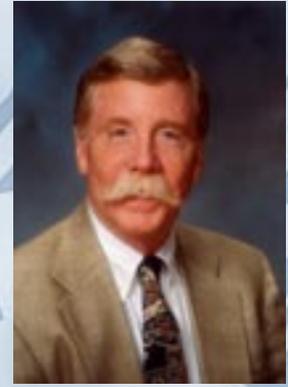




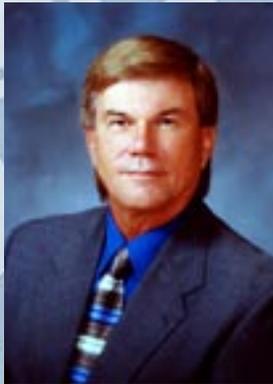
Berry Keeler
President
District 3



Leon Day
Vice-President
District 4



Bill Boone
Secretary-Treasurer
District 7



Robert Burk
District 1



Mike Spradling
District 2



Wanda Foster
District 5



Loris Peckenpaugh
District 6



Greg Fielding
District 8



Rock Reese
District 9