

THE LAMP

Indian Electric Cooperative, Inc 2009 Annual Report



Electric Energy Future Still Uncertain



Jack Clinkscale
General Manager



Greg Fielding
President

At this year's annual meeting, the IEC Board of Trustees will be asking you to approve amendments to IEC's bylaws. These amendments are summarized in this annual meeting notice and we hope you will take time to analyze them. The Trustees of IEC know this is your cooperative and that they are responsible to you, our members and owners. These bylaws simplify our election process to make the voting process easier and more accessible and will afford all members the opportunity to participate in the governance of their cooperative.

After experiencing rate increases in four of the past five years due to increased wholesale power costs, Indian Electric Cooperative has entered into a period of rate stability. After the last increase in May of 2009, no other rate increases have been needed. This stability should continue until the federal government adopts a carbon "cap and trade" program. Cap and trade involves the amount of carbon emissions that someone emits, in IEC's case that would be power plants owned by Associated Electric Cooperative which provide us wholesale power. Each carbon emitter would be issued credits based on the amount of their emissions. The government would then set carbon limits for each emitter and emission credits could then be purchased and sold in an exchange like any other stock. High carbon emitters (or "dirty plants" if you will) would be allowed to purchase emission credits from emitters below their established carbon emissions ("clean" plants).

How does this help the global warming problem that some people want to blame on carbon emissions if dirty plants continue to operate by buying credits from clean plants? In our opinion, it doesn't. Why would the government want to adopt a cap and trade program if it really doesn't address short term pollution problems? Remember the exchange that will be established to trade emission credits? This exchange will generate significant amounts of money from which our cash-strapped government will get more than their fair share. It is simply nothing more than a back-door method of taxation.

You might also wonder why some major power companies as well as the Edison Electric Institute (an organization comprised of large investor owned utility companies) have voiced no opposition and even mild support to suggestions of a cap and trade program. Quite simply, it won't cost them a dime and will please the current administration which will be more favorable to future requests from this group. If they have to spend money, how will it not cost them a dime? That's the key to this issue, they will simply pass the additional costs straight through to their consumers.

What will IEC do if we experience future increases in power costs due to a cap and trade program? Unfortunately, we too will pass those costs on to you. We simply have no choice; IEC operates as efficiently as possible and cannot absorb these additional costs without passing them on. The only difference, we hate to pass on unnecessary costs on to our members and will fight as long and as hard as possible to prevent it.

So, for now, power costs are stable. If a cap and trade program is adopted, costs will increase. You, the ultimate consumer, will bear those costs. So pay attention when you hear debates on the cap and trade program. The money they are talking about is all yours.

Greg Fielding *Jack Clinkscale*

Minutes of the 70th Annual Meeting

Cleveland Event Center - Thursday, October 8, 2009

The 70th Annual Meeting of Members of Indian Electric Cooperative, Inc. was held at the Cleveland High School Event Center on Thursday, October 8, 2009. At approximately 6:00 p.m., Board President Dr. Greg Fielding called the meeting to order. Mr. Fielding introduced Reverend 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. Ed Turley, 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 12,966 members and the Bylaws require that five percent, or 648, of the members must register their attendance in order to constitute a quorum and have a legal meeting. He reported that 817 had registered and declared a quorum in attendance.

A true copy of the official Notice of the Annual Meeting of Members for 2009 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 Mike Spradling, Trustee for District 7.

Mr. Spradling 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 announcement of the election results from Districts 4, 5, and 7. Mr. Spradling turned the chair over to Ron Barber who informed the members that three district meetings were held in accordance with the IEC bylaws. Greg Fielding won his election and is the Trustee for District 4 and President of the Board. Wanda Foster won her election for District 5 and is the Vice-President of the Board. Mike Spradling was unopposed and will remain the Trustee for District 7. Mr. Barber turned the chair over to Mr. 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 encouraged members to complete the IEC member survey, discussed cap and trade legislation being considered by Congress, and updated the membership on information relating to wholesale power costs. Employees were asked to stand in recognition of their exemplary efforts and were greeted by loud applause from appreciative members.

Mr. Clinkscale turned the chair over to Wanda Foster and Jim Hadlock who conducted more prize drawings. Mrs. Foster turned the chair over to Mr. Fielding who introduced Doug Rye, the Will Rogers of Energy, who enlightened members about residential energy efficiency.

Mr. Fielding turned the chair over to Mr. Boone and Mr. Spradling who conducted the grand prize drawing for one Honda Rancher ATV.

There being no further business, the 2009 Annual Meeting of Members Adjourned.

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.

The Lamp (USPS 942-940) Volume 49, Number 10 is published monthly by Indian Electric Cooperative, Inc., P.O. Box 49, Highway 64 Southeast, Cleveland, Oklahoma 74020 for the interest of its membership. Subscription price was \$0.25 per month in 2008. Periodical postage paid at Cleveland, Oklahoma and additional mailing offices. Postmaster: Send address changes to *The Lamp*, P.O. Box 49, Cleveland, OK 74020.

Proposed Bylaw Changes



Indian Electric works hard to remain transparent and accessible to its members. In order to improve transparency and accessibility IEC's board of trustees, aided by staff and legal counsel, offers the following Bylaw changes to its members. These Bylaw changes will make the voting process at IEC meetings more accessible to members. Greater accessibility allows more members to participate in the democratic process of governing IEC.

The changes are being presented so you can become familiar with them. According to David Wilson, IEC manager of member services, members will vote on all of the changes in one motion, instead of voting on each proposal.

Wilson says copies of the bylaws are always available at co-op offices in Cleveland and Fairfax, and encourages anyone with questions on the proposed changes to call him at (918) 295-9557, Monday through Friday from 7:30 a.m. to 4 p.m.

ARTICLE III MEETING OF MEMBERS

Section 3.04 – Quorum

Clarification of voting and quorum requirements Section 3.04 establishes voting and quorum under the Annual Meeting Polling Process and the District Meeting Polling Process which shall be governed by sections Section 3.06 and 4.05(e) respectively.

Section 3.06 – Annual Meeting Polling Process

Addition of Annual Meeting Polling Process Section 3.06 now allows business to be conducted through a polling process during the annual meeting. When the Annual Meeting Polling Process is utilized, the voting of the members

shall be conducted by secret written ballot and the ballots will be collected on the same date and location as the annual meeting for a time to be determined by the Board of Trustees. At least five (5%) percent of the members must cast a ballot in order for quorum to be established and the vote to be valid.

Section 3.07 – Order of Business

Order of business at meetings

Section 3.07 establishes that the order of business at the annual meeting and at all other meetings will be conducted in accordance with an agenda established by the Board of Trustees.

Section 3.08 – Parliamentary Procedure

Parliamentary Procedure for Annual Meeting Polling Process

Section 3.08 was added to clarify that when the Annual Meeting Polling Process is utilized, that applicable rules of order regarding quorum are found in Article III (Meetings of Members) and in Article XII (Rules of Order).

ARTICLE IV TRUSTEES AND THEIR ELECTION

Section 4.03 – Terms of Office

Elected Trustee assumes office

Section 4.03 now states that each elected Trustee shall assume office at the first meeting of the Board following the district meeting which the Trustee was elected and shall serve until a new Trustee shall be elected. Trustees previously assumed office at the first meeting of the Board following the annual meeting.

Section 4.05 – Election of Trustees by District

Improvement of district Trustee elections

- Section 4.05(a) establishes that Trustee elections will be conducted subject to the District Meeting Polling Process (described in Section 4.05(e)) and that upon closure of District Meeting Polling Process, the winning Trustee candidate will be announced and non-election business, if any, will commence.
- Section 4.05(b) adds language requiring a person desiring to serve as a Trustee in his or her district to file a notice of candidacy (form provided by Cooperative) at the Cooperative's main office, which shall include signature of ten (10) members who support the candidate and are eligible to vote in the candidate's district.
- Section 4.05(c) was changed from previously requiring the Secretary to send notice of each district meeting, to now requiring notice to be sent by a duly authorized

representative of the Cooperative.

- Section 4.05(d) establishes that district meetings shall be called to order by the incumbent Trustee who will appoint a chairman and secretary; and announce the winning Trustee. Section 4.05(d) further provides that the presence of 5% of the members residing in the district shall be required to constitute a quorum for any purpose other than election of a Trustee to represent the district and that the District Meeting Polling Process (as explained in Section 4.05(e)) shall be followed for the election of a Trustee to represent a district.
- Section 4.05(e) establishes the District Meeting Polling Process. The poll will be open for a time determined by the Board. Ballots from 5% of the members within the district will be required in order to constitute a "quorum" for the election of a Trustee and the candidate who receives the most votes from the ballots cast shall be declared the winning Trustee candidate.

Corporate Profile

*Incorporated on April 14th, 1939, IEC serves **18,966** members in over **18,825** homes and businesses through **3,558** miles of line covering a service territory of **2,500** square miles.*

*IEC employs **85** individuals and has its headquarters in Cleveland, a district office in Fairfax, and a warehouse in Pawnee.*

IEC Annual Meeting Information

IEC has moved the date of the annual meeting to Thursday, August 26th, 2010, 7 p.m. at the Cleveland Event Center located at 324 N Gilbert in Cleveland, OK. We want to make the annual meeting more accessible to our members. Many members at last October's Annual meeting voiced their opinion over the meeting starting after dark. With that in mind and knowing we have a wonderful air conditioned facility we decided to move the Annual Meeting to the longer days of summer.

Registration doors will open at 5:00 p.m. The registration gift this year will be \$20.00 cash given to the first 1000 registered members. Registered members are entered into door-prize drawings totaling over \$3,500.00. The grand prize for this year's annual meeting is a 2006 F150 4X4 Pickup with a 5.4 liter engine and automatic transmission. The truck has 77,975 miles on the odometer and has been regularly serviced by IEC. There is no warranty with this truck. The winner takes possession as is at the end of the meeting. The winner is responsible for all applicable state and local taxes.



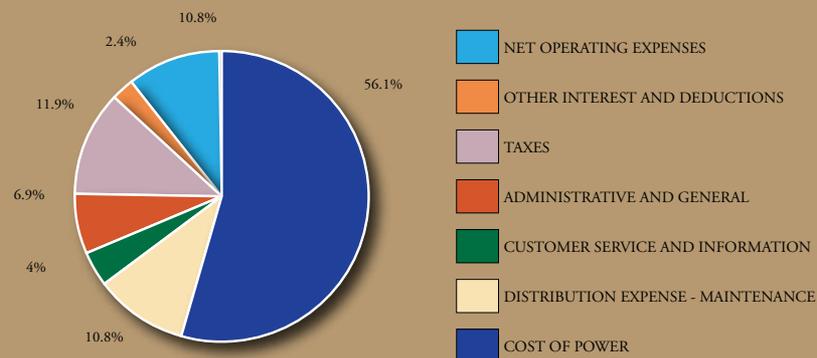
Revenue and Patronage Capital

For the years ended December 31, 2009 and 2008



	2009	2008
Operating Revenue	\$40,077,503	\$36,782,938
Operating Expenses:		
Cost of Power	\$25,388,337	\$20,626,842
Operations & Maintenance	\$4,189,245	\$3,859,323
Consumer Accounts, Service and Information	\$1,783,086	\$1,657,155
Administrative and General	\$2,858,586	\$2,536,866
Depreciation and Taxes	\$3,858,695	\$3,652,015
Interest and other deductions	\$1,536,843	\$1,626,205
Total Operating Expense	\$39,614,792	\$33,958,406
Net Operating Margins	\$462,711	\$2,824,532
Non-Operating Margins	\$187,631	\$325,400
G&T Cooperative and other capital credits	<u>\$1,984,653</u>	<u>\$821,059</u>
Net Margins for year	<u>\$2,634,995</u>	<u>\$3,970,991</u>
Patronage capital - beginning of year	\$37,449,812	\$33,775,041
Retirement of capital credits	(\$950,717)	(\$296,220)
Patronage Capital - End of Year	<u>\$39,134,090</u>	<u>\$37,449,812</u>

Use of Revenue



Balance Sheet as of December 31, 2009

Assets

Electric Plant in Service	\$101,034,312
Less Depreciation	(\$33,911,311)

WHAT WE OWN

Other Property and Investments	\$12,952,059
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Cash	\$2,673,888
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Investments	\$2,119,000
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Receivables	\$4,704,833
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Materials and Supplies	\$265,715
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Other current and accrued assets	\$84,305
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Total current assets	<u>\$9,847,741</u>
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Total

\$89,922,801

Liabilities

OUR NET WORTH

Memberships	\$792,115
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Patronage Capital	\$39,134,090
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Other Equities	\$797,481
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Total equities and margins	\$40,723,686
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WHAT WE OWE

Long-term Liabilities	\$40,634,174
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Current Liabilities	\$8,331,815
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Deferred Credits	<u>\$233,126</u>
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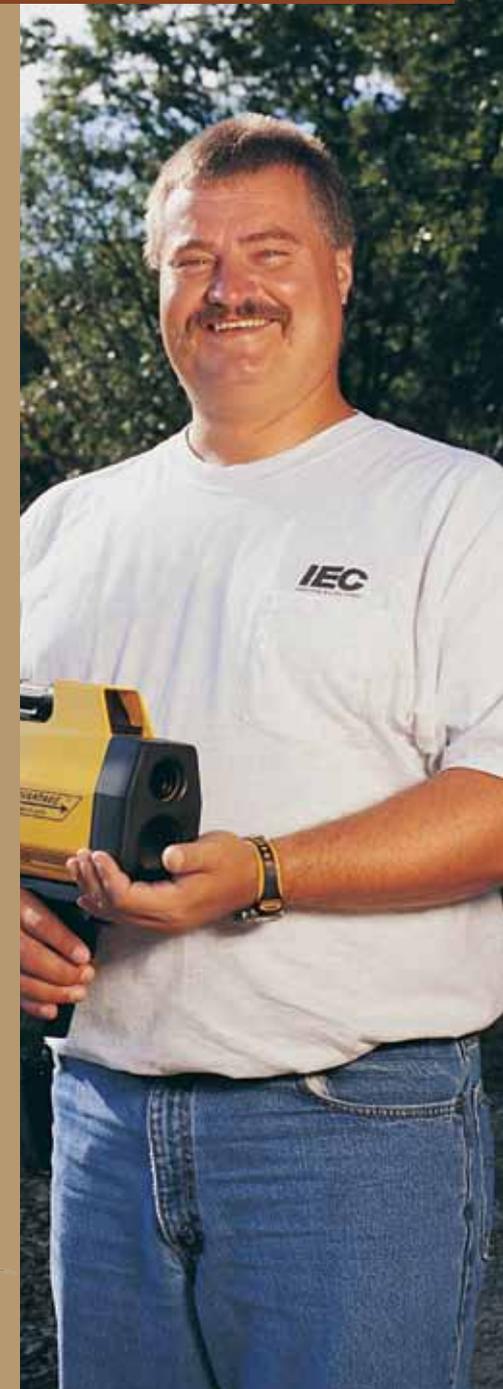
Total

\$89,922,801

I am pleased to present the 2009 financial results for Indian Electric Cooperative. The cooperative's 2009 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 2009 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





From Left to Right: Greg Fielding - President, Mike Spradling, Wanda Foster - Vice President, Bill Boone, Berry Keeler - Secretary/Treasurer, Jim Hadlock, Loris Peckenpaugh - Assistant Secretary/Treasurer, Robert Burk

Official Notice

Notice is hereby given that the 2010 Annual Meeting of Members of Indian Electric Cooperative, Inc. will be held at 7:00 p.m., Thursday, August 26, 2010, 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. Vote on proposed Bylaw changes;
3. All other business that may come before the meeting or any adjournments thereof.

Registration for the 2010 Annual Meeting will commence at 5:00 p.m., Thursday, August 26, and the meeting will be called to order at 7:00 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.

