

Supplement to Oklahoma Living

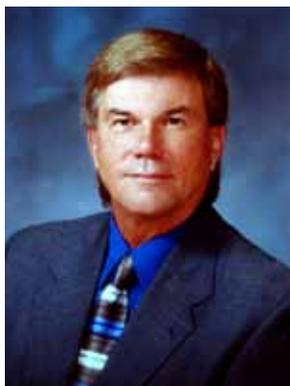
THE LAMP

Indian Electric Cooperative, Inc 2011 Annual Report



TOGETHER WE WIN

2011 will be remembered at Indian Electric Cooperative as being another good year but with many uncertainties remaining on the horizon. For the fifth year in a row, IEC was able to return over \$1 million dollars to members as a rebate on their December power bills. This member rebate was preceded by the cooperative's annual retirement of capital credits which appeared as a credit on member's November bills.



Robert Burk
President

We get many questions on both capital credits and rebates each year. The main question is "What is a capital credit and why do I get this credit on my bill?" Cooperatives such as IEC are organized as member-owned, not-for-profit corporations. This means that all margins (profits) that remain after all expenses are deducted from revenues received are returned to our members/owners. These margins are allocated to each member's account as capital credits based on their kWh use during the year. The actual cash is held for capital investments to our plant (poles, wires, meters, etc.) and for operating expenses. As the financial condition of the cooperative allows, these capital credits are returned to members. This is what makes cooperatives such a unique business model. Capital credits are

now returned to members as a bill credit rather than an actual check due to the enormous cost savings experienced by savings in both the cost of producing the check and the postage to mail it.



Jack Clinkscale
General Manager

The second most asked question is "Why don't you just lower my rate rather than giving me a rebate at the end of the year?" IEC borrows money for capital improvements from the Rural Utilities Service (RUS)(formerly REA), National Rural Utilities Cooperative Finance Corporation (CFC) and the Bank for Cooperatives (Co-Bank). These lending agencies have mortgages on IEC's assets and have financial requirements that must be met every year to insure that the cooperative remains financially sound and is able to repay its debts. IEC budgets every year to meet these requirements. Allowances must be made for mild or severe weather conditions which greatly impacts kilowatt hour sales, severe storm conditions that damage our system and greatly impact our cash position, and many other factors both known and unknown. It is a case of plan for the worst and hope for the best. IEC has been fortunate for the last several years to have strong sales and minimal storm damage which has allowed us to exceed our expected margins. In the true cooperative spirit, your Board of Trustees has voted to return the excess margins to you, our members.

While times have been good, there are still clouds looming on the horizon. IEC buys its power from KAMO Power in Vinita who buys it from Associated Electric Cooperative, Inc. (AECI) headquartered in Springfield, MO. Sixty to seventy percent of AECI's power is produced by coal, with the remainder coming from natural gas, hydro and wind. Environmental concerns with coal threaten the future of AECI's coal plants which have been a benefit for many years, producing reliable and cost effective energy which has allowed IEC rates to remain reasonable. Depending on future actions of the Environmental Protection Agency (EPA), the cost of producing coal-fired electricity may skyrocket which would greatly impact the future costs of wholesale power for IEC.

While these threats remain on the horizon, we will continue to work closely with our national and state-wide cooperative organizations as well as state and federal legislators to protect the interests of IEC members. Your Board of Trustees will continue to strive to keep IEC a reliable and cost effective energy supplier. As we say in the cooperative world, "Together we win".

Robert B. Burk *Jack Clinkscale*

INDIAN ELECTRIC COOPERATIVE MINUTES

72nd ANNUAL MEETING August 11, 2011 Cleveland High School Event Center Cleveland, Oklahoma

The 72nd Annual Meeting of Members of Indian Electric Cooperative, Inc. was held at the Cleveland High School Event Center on Thursday, August 11, 2011. At approximately 7:00 p.m., Board President Greg Fielding called the meeting to order. Mr. Fielding introduced Gary Holt of the Christian Church in Fairfax, who delivered the invocation. Ed Turley and the Midnight Special Band, joined by the audience, sang the National Anthem. Mr. Fielding turned over the chair to Mike Spradling who introduced honored guests and visiting Cooperative representatives. He further introduced Corporate Counsel, all members of the Board of Trustees and the Board of Trustees for the IEC Foundation, Inc., Operation Round-Up Program. Mr. Spradling then turned the chair over to Board Vice-President Wanda Foster and Trustee Robert Burk, who conducted prize drawings.

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 13,051 members and the Bylaws require that five percent, or 653, of the members must register their attendance in order to constitute a quorum and have a legal meeting. He reported that 897 had registered and declared a quorum in attendance.

A true copy of the official Notice of the Annual Meeting of Members for 2011 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. The motion carried. Mr. Keeler turned the meeting to Corporate Counsel Ron Barber for district meeting election results.

Mr. Barber explained the results of the previously held elections for Districts 6 and 8 which resulted in incumbents, Robert Burk (District 6) and Bill Boone (District 8), who were each unopposed and thus reelected as Trustees for their respective districts for the next three years.

Mr. Barber turned the chair over to Greg Fielding who introduced guitar comedian Matt Jernigan. After Matt's performance, Mr. Fielding turned the chair over to Bill Boone and Mike Spradling who conducted more prize drawings, including a special drawing for the children in attendance. Mr. Spradling and Mr. Boone conducted the grand prize drawing for one Dixon ZTR SE 42 riding mower.

There being no further business, the 2011 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 50, Number 8 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 \$0.32 per month in 2010. Periodical postage paid at Cleveland, Oklahoma and additional mailing offices. Postmaster: Send address changes to *The Lamp*, P.O. Box 49, Cleveland, OK 74020.

IEC Foundation, Inc. - Operation RoundUp[®]

For the Years Ended December 31, 2011 and 2010

	2011	2010
Revenues and other support:		
Operation Round-Up	\$41,668	\$42,965
Investment Income	680	643
Total revenues and other support	<u>42,348</u>	<u>43,609</u>
Expenses:		
Grants to:		
Fire and police agencies	932	-
Educational organizations	3,350	3,655
Religious organizations	-	1,700
Healthcare organizations	500	1,500
Civic organizations	1,800	2,850
Public libraries	-	-
Total	<u>6,582</u>	<u>9,705</u>
Neighbor assistance:		
Food and household staples	5,917	1,061
Medical and dental care	3,079	7,250
Clothing	-	-
Home Improvements	1,420	1,587
House and car payments	14,206	17,314
Miscellaneous	2,794	4,583
Total	<u>27,416</u>	<u>31,796</u>
Support services:		
Audit fees	1,500	1,500
Office supplies	75	-
Travel expenses	3,239	3,516
Postage	-	-
Miscellaneous	200	100
Total	<u>5,013</u>	<u>5,116</u>
Total Expenses	39,012	46,616
Excess of revenues (expenses) and changes in unrestricted assets	3,336	(3,008)
Net assets at beginning of year	<u>53,602</u>	<u>56,610</u>
Net assets at end of year	<u>\$56,938</u>	<u>\$53,602</u>

IEC Annual Meeting Information



IEC's annual meeting will be held Thursday, August 9th, 2012, 7 p.m. at the Cleveland Event Center located at 324 N Gilbert in Cleveland, OK.

Registration doors will open at 5:00 p.m. The registration gift this year will be \$20.00 cash given to the first 800 registered members. Registered members are entered into door prize drawings totaling over \$5,500.00. The grand prize for this year's annual meeting is a Sharp 60" 3D Television. The winner is responsible for all applicable state and local taxes.

Two special drawings will be held this year. Both drawings will be for a \$100 bill credit. Bring in your July IEC power bill and expedite your registration. All members who use their IEC power bill to register will be entered into a drawing. Members who complete and return the annual meeting survey, received when you register, will be entered into a second drawing.

After registering, members may browse the food court and The Business and Arts Spotlight in front of the Event Center. The food vendors are a great addition to our meeting. The food court and spotlight will be located in front of the Cleveland Event Center.

The Capital Credits will appear as a credit on your bill. Crediting the amount to your bill helps reduce the cost of distributing capital credits.

Shuttles will be available for attendees requiring assistance and will be traveling the parking areas. Wheel chair assistance will be provided at the door for those who need assistance with stairs.

If you have any questions feel free to call (918) 295-9500 and ask for Member Services.



Corporate Profile

*Incorporated on April 14th, 1939, IEC serves **13,051** members in over **19,147** homes and businesses through **3,519** miles of line covering a service territory of **2,500** square miles.*

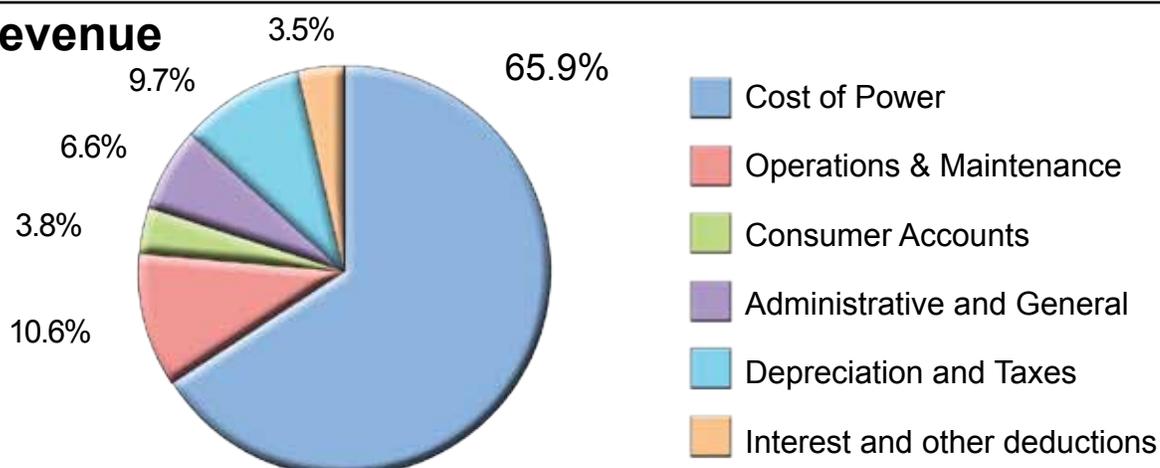
*IEC employs **83** individuals and has its headquarters in Cleveland and a district office in Fairfax.*

Revenue and Patronage Capital

For the years ended December 31, 2011 and 2010

	2011	2010
Operating Revenue	\$44,502,512	\$43,445,925
Operating Expenses:		
Cost of Power	\$28,475,711	\$26,856,368
Operations & Maintenance	\$4,575,618	\$4,652,089
Consumer Accounts, Service and Information	\$1,622,493	\$1,631,802
Administrative and General	\$2,831,833	\$2,742,520
Depreciation and Taxes	\$4,171,552	\$3,999,170
Interest and other deductions	\$1,528,584	\$1,615,448
Total Operating Expense	<u>\$43,205,791</u>	<u>\$41,497,397</u>
Net Operating Margins	<u>\$1,296,721</u>	<u>\$1,948,528</u>
Non-operating Margins	\$213,112	\$235,689
G&T Cooperative and other capital credits	\$1,752,350	\$1,624,147
Net Margins for year	<u>\$3,262,183</u>	<u>\$3,808,364</u>
Patronage capital - beginning of year	\$42,290,218	\$39,134,090
Retirement of capital credits	(\$906,010)	(\$652,236)
PATRONAGE CAPITAL - END OF YEAR	<u>\$44,646,391</u>	<u>\$42,290,218</u>

Use of Revenue

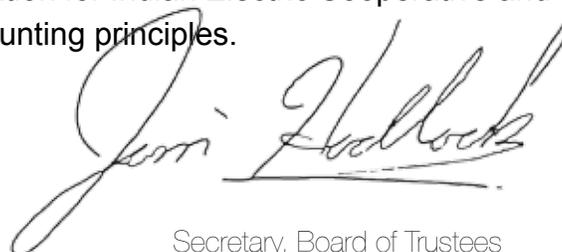


Balance Sheet

as of December 31, 2011

	2011	2010
Electric Plant in Service	\$107,791,168	\$104,766,876
Less Depreciation	\$34,668,527	\$34,893,926
Net Utility Plant	\$73,122,641	\$69,872,950
Other Property and Investments	\$15,603,907	\$14,097,577
WHAT WE OWN		
Cash	\$4,603,628	\$3,437,892
Investments	\$899,747	\$135,500
Receivables	\$3,957,440	\$4,457,064
Materials and Supplies	\$318,692	\$269,264
Other current and accrued assets	\$87,315	\$96,025
Total current assets	\$9,866,822	\$8,395,745
TOTAL ASSETS	\$98,593,370	\$92,366,272
Equities and margins:		
Memberships	\$733,755	\$757,975
Patronage Capital	\$44,646,391	\$42,290,218
Other Equities	\$1,834,543	\$1,669,016
Total equities and margins	\$47,214,689	\$44,717,209
WHAT WE OWE		
Long-term Liabilities	\$41,722,556	\$38,949,924
Current Liabilities	\$9,343,151	\$8,439,152
Deferred Credits	\$312,974	\$259,987
TOTAL LIABILITIES	\$98,593,370	\$92,366,272

I am pleased to present the 2011 financial results for Indian Electric Cooperative. The cooperative's 2011 financial statements were audited by Briscoe, Burke & Grigsby, LLP, Certified Public Accountants. CBEW Professional Group LLP, CPA, audited the Operation RoundUp® financial records reported on page 4 of this annual report. In the opinions, the 2011 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 , Mike Spradling, Wanda Foster, Bill Boone - Vice President, Berry Keeler, Jim Hadlock - Secretary/Treasurer, Loris Peckenpough - Assistant Secretary/Treasurer, Robert Burk - President

Official Notice

Notice is hereby given that the 2012 Annual Meeting of Members of Indian Electric Cooperative, Inc. will be held at 7:00 p.m., Thursday, August 9, 2012, 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 2012 Annual Meeting will commence at 5:00 p.m., Thursday, August 9, 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.