



TOGETHER WE SAVE

2009 Annual Report



**Raccoon Valley
Electric Cooperative**

A Touchstone Energy® Cooperative 

Message to Our Members

Welcome to Raccoon Valley Electric Cooperative's first annual meeting. This has been a busy year for the board and staff as we have worked to consolidate operations while recovering from back-to-back ice-storms that paralyzed western Iowa.

Great strides have been made in taking the best practices from each cooperative to form a cost-effective, reliable supplier of electricity to our member owners. We would like to thank the board and staff for their tireless work this past year. We continue to take advantage of the savings made possible from the consolidation and aggressively look for ways to cut costs while increasing reliability.

One way we are cutting costs is by honoring our promise to reduce the total number of board members. When the consolidation vote was taken, we had a total of 14 board members (seven from Sac County REC and seven from Glidden REC). At the end of tonight's meeting, that number will be reduced to nine, and over the next two years the number will be further reduced to seven. We would personally like to thank each director for his service.

We encourage you to contact your board member or your RVEC staff with any questions or suggestions that you have. An active membership is the foundation of any successful cooperative.



LaVerne J. Greving,
Board President



Jim Bagley,
CEO

Your Directors



Your Directors are committed to making RVEC the most efficient Cooperative in the state of Iowa. First row from left to right: Gene Mentzer, Steve Seidl, and Mark Ludwig; second row: Rick Handlos, Kim Laursen, LaVerne Greving, and Jeff Cranston; third row: Dave Onken, Bill Schreck, Tim Reever, Brad Polzien, Keith Kenny, and Keith Mentzer.

District 1
Steve Seidl
Bill Schreck

District 3
Tim Reever

District 5
Brad Polzien
Mark Ludwig

District 2
LaVerne Greving

District 4
Dave Onken
Rick Handlos

District 6
Keith Mentzer
Gene Mentzer
Kim Laursen
Jeff Cranston

District 7
Keith Kenny

GALVA	EUREKA 1	EDEN 2	DELAWARE 3	DOUGLAS 4	WILLIAMS	
SILVER VALLEY	COOK 5	BOYER VALLEY 6	JACKSON 7	CEDAR 8	GARFIELD	
BLAINE	RICHLAND 09	CLINTON 10	WALL LAKE 11	COON VALLEY 12	ELM GROVE	
WHEELER 13	LEVEY 14	6 VIOLA 15	7 SAC 16	JACKSON 8	9 CALHOUN	
STOCKHOLM	JACKSON	11 WHEATLAND	12 KNIEST	13 SHERIDAN	14 JASPER	15 CEDAR
	16 ARCADIA	17 MAPLE RIVER	18 GRANT	19 GLIDDEN	20 KENDRICK	
	22 ROSELLE	23 PLEASANT VALLEY	24 RICHLAND	25 SCRANTON		
	27 EDEN	28 NEWTON	29 UNION	30 WILLOW		
	32 CAMERON	33 VIOLA	34 ORANGE	35 HIGHLAND		

“OUR MISSION IS TO PROVIDE SAFE, RELIABLE AND COMPETITIVE SERVICES WHILE BEING A LEADER IN OUR COMMUNITY’S PROSPERITY AND GROWTH.”

Storm Update

The combinations of two back-to-back winter storms in December and January wreaked havoc on our members' lives and on our system this past year. We experienced the worst ice storm that your cooperative or any cooperative in the state of Iowa has ever encountered.

Raccoon Valley Electric Cooperative (RVEC) counted more than 1,000 broken poles, several hundred broken cross-arms and hundreds of miles of downed power lines. There were 2,700 members without power at the height of the storm and RVEC called in more than 200 additional personnel to assist with the repairs. In some areas, sections of distribution lines laden with ice weighed in excess of 900 pounds between poles. That equals around 3,600 pounds between two poles on three-phase lines. The weight of that ice, along with the speed of the wind, caused a tremendous amount of damage to our system.

During the storm, most of the repairs were temporary fixes needed to restore power to our members. The cost to permanently repair and rebuild the RVEC system has been estimated by the Federal Emergency Management Agency (FEMA) to cost \$47 million.



FEMA has given RVEC limited permission in its restoration efforts. RVEC has several bid packets out to contractors requesting bids for repairing or building portions of our system. Once FEMA gives RVEC the go ahead, we will move aggressively with the permanent repairs and rebuilding of approximately 700 miles of line. If RVEC moves forward without FEMA's consent, the cooperative will have to pay the total cost of repairing and rebuilding the lines instead of the 15% share it would pay with FEMA consent. Making full repairs will take RVEC crews and contractors three to five years to complete and return the system to full reliability.

Again, we want to thank you – the members – for your patience, your assistance, the wonderful food you shared and so many other acts of kindness. Additionally, we want to thank our RVEC linemen, office staff and all the additional personnel who came in and assisted. This was a true demonstration of the cooperative spirit!



Corn Belt Power Update

2009 was a year of growth, financial success and extended memberships and connections for Corn Belt Power Cooperative.

We extended our access to power supply and other resources in 2009 when the cooperative became a Class A member of Basin Electric Power Cooperative, Bismarck, North Dakota.



Corn Belt Power Cooperative located in Humboldt, Iowa.

The decision to become a Class A member of Basin Electric was a relatively easy one. As a larger cooperative, Basin Electric offers economies of scale that a small system alone cannot achieve. Basin Electric is a well-run cooperative that allows us more financial leverage, political advantage and additional resources that come from a larger geographical footprint. Our Class A membership mitigates the reliability risk should one of Corn Belt Power's large generators experience an unexpected outage. With Basin Electric membership, Corn Belt Power is not subjected so readily to volatile market power prices.

It is important that co-ops make sure our state's regulators and legislators know about our energy efficiency efforts. Co-ops in Iowa plan to spend \$71.5 million in the next five years on energy efficiency. Corn Belt Power's share of that amount will total \$8.4 million. This programming shows that we are responsibly helping members use energy efficiently and that it is unnecessary to mandate specific spending levels or programs.

We found that maintenance and reconstruction of our aging transmission system was integral for withstanding the freezing rain and ice that Mother Nature sent with winter storms this past year. We know that having a strong transmission system is vitally important to Corn Belt Power's bottom line. Rebuilding transmission line may seem expensive, but it pays in the long term.

Corn Belt Power achieved financial success in 2009, with a strong operating margin, a significant increase in its equity level and good debt service coverage and times interest earned ratios. The Corn Belt Power board decided to write off expenses from the Sutherland plant and to defer some 2009 revenue in order to reduce future rate increases.

Certainly, 2009 was a successful year in which Corn Belt Power extended its connections to a new power supply partnership, new renewable energy sources, a new dispatching arrangement and new energy efficiency opportunities.

Grassroots Update

Electric co-ops fared well in the Iowa General Assembly in 2010. There wasn't any co-op opposed legislation that became law. Bills that did become law, we supported. Our support of, or opposition to, legislation is guided by what is in the best interest of our member-consumers.

On the federal level, there continues to be a lot of debate on legislation to address concerns about global warming – climate change, and we continue to closely watch this issue.

If an energy bill comes up for a vote and it's bad for Iowans, all member-consumers at electric co-ops across the state will need to make our voices heard in Washington, D.C.

Electric co-op member-consumers did a great job of that last year. In Iowa last fall, more than 75,000 postcards signed by people just like you were delivered to Senators Chuck Grassley and Tom Harkin, and U.S. Representatives Tom Latham and Steve King, to express their concerns about capping carbon emissions and trading them in the marketplace because we all feared significantly more expensive electricity if that happened. Both listened to your concerns and spoke up on your behalf. Thank you for your help; it sends a powerful message to our elected officials.



L to R Jim Bagley, CEO; Mark Ludwig and Jeff Cranston, Directors

Youth Tour Winners



Grace Smith and Jamie Wernimont

Grace Smith of Schaller and Jamie Wernimont of Auburn represented your cooperative as part of a group of 40 Iowa high schools juniors and seniors representing 24 Iowa electric cooperatives on the 2010 Iowa Electric Cooperatives' Annual Youth Tour of Washington, D.C.

All 40 Iowa students met as a group with Senators Grassley and Harkin, and U.S. Representatives Latham and King, in addition to breaking into groups to meet with the representative for each of their specific districts in the U.S. House of Representatives. Students asked the senators and representatives questions about the nation's worst ever oil spill in the Gulf of Mexico, a struggling economy, concerns about the nation's debt which some economists have said is unsustainable, nutrition at public schools and quality of education.

Answers and solutions about the issues varied among the congressional delegation, but there was a common thread on energy and environmental policies of doing what's best for the environment without harming the economy. In addition to meeting with the members of Congress that serve them, students also had time to explore the memorials, monuments and other attractions of the nation's capital.

Sac County REC – Statement of Condition

BALANCE SHEET

	DEC. 31, 2008	DEC. 31, 2009
WHAT WE OWN (ASSETS)		
TOTAL VALUE OF UTILITY PLANT	\$ 6,804,585	\$ 7,187,794
LESS: Accumulated Depreciation	2,484,360	2,635,244
NET VALUE OF UTILITY PLANT	\$ 4,320,225	\$ 4,552,551
Cash in Bank	\$ 67,699	\$ 163,371
Temporary Cash Investments	0	1,000,000
Accounts Receivable	545,799	492,100
Material Inventory	87,168	85,195
Other Assets & Long Term Invest.	36,585	29,220
Investments in Associated Org.	330,736	438,117
Investments - CFC Certificates	178,234	181,396
Deferred Debits	14,992	35,052
TOTAL ASSETS	\$ 5,581,438	\$ 6,977,002
WHAT WE OWE (LIABILITIES)		
Consumers' Deposits	\$ 7,580	\$ 7,413
Accounts Payable	269,252	268,519
Other Accrued Liabilities	68,875	63,004
Deferred Credits & Non-Current Liab.	23,441	13,556
CFC Mortgage and Notes	2,953,891	4,271,324
TOTAL LIABILITIES	\$ 3,323,039	\$ 4,623,816
NET WORTH		
Deferred Patronage	\$ 1,027,849	\$ 1,056,440
Margins - Current	220,879	221,197
Other Equities	1,009,671	1,075,550
TOTAL NET WORTH	\$ 2,258,399	\$ 2,353,186
TOTAL LIABILITIES & NET WORTH	\$ 5,581,438	\$ 6,977,002

STATEMENT OF REVENUE AND EXPENSES

	DEC. 31, 2008	DEC. 31, 2009
ELECTRIC REVENUE		
Farm and Residential	\$ 1,797,278	\$ 1,846,914
Heating & Cooling	203,113	165,257
Small Commercial	760,017	799,384
Large Commercial	314,811	306,364
Highway Lighting	2,373	1,978
Irrigation	2,730	1,873
Sales for Resale	103,424	110,678
Other Electric Revenue	-55,469	42,048
TOTAL ELECTRIC REVENUE	\$ 3,128,277	\$ 3,274,496
Purchased Power	\$ 1,804,978	\$ 1,926,661
Operation & Maintenance	270,331	272,370
Consumer Accounting	74,323	95,438
Sales	50,628	57,245
Energy Cons. & Information Exp.	22,280	21,696
General Office Expense	55,727	51,046
Maintenance of Office & Equipment	11,375	8,475
Administrative	309,006	295,046
Depreciation	188,178	192,171
Taxes - Energy Assessment	3,124	3,148
Interest on Short & Long Term Debt	177,593	169,608
Misc. Deductions & Donations	5,201	4,240
TOTAL EXPENSES	\$ 2,972,744	\$ 3,097,144
ELECTRIC MARGINS	\$ 155,533	\$ 177,352
OTHER INCOME		
Interest	\$ 7,139	\$ 8,239
Corn Belt Patronage	28,225	69,562
Other Patronage	28,655	26,799
Merchandising, & Misc.	1,328	-63,349
TOTAL OTHER INCOME	\$ 65,346	\$ 41,251
TOTAL MARGINS	\$ 220,879	\$ 218,603

Sac County REC – Statistical Highlights



Satellite office located in Sac City, Iowa

Meters Billed	1,023
Miles of Line	483
Meters per Mile of Line	2.12
Total Assets.....	\$7,187,794
Net Investments in Plant	\$4,552,551
Number of Members Receiving Service	701
Number of Members per Mile of Line.....	1.45
Plant Investment per Member	\$10,254
Total KWH's Purchased	34,620,142
Total KWH's Used by Members	32,835,406



L to R Terry Vauble, Line Sub Foreman; Chad Lankford, First Class Lineman; Logan Davids and Brian Heun, Apprentice Linemen

Glidden REC – Statement of Condition

BALANCE SHEET

	DEC. 31, 2008	DEC. 31, 2009
WHAT WE OWN (ASSETS)		
TOTAL VALUE OF UTILITY PLANT	\$ 14,334,306	\$ 15,330,279
LESS: Accumulated Depreciation	<u>3,193,978</u>	<u>3,373,122</u>
NET VALUE OF UTILITY PLANT	\$ 11,140,328	\$ 11,957,157
Cash in Bank	\$ 5,644	\$ 31,963
Temporary Cash Investments	12,610	812,717
Accounts Receivable	1,217,477	1,321,944
Material Inventory	280,949	326,341
Other Assets & Long Term Invest.	195,595	193,291
Investments in Associated Org.	693,753	895,167
Investments - CFC Certificates	236,951	261,951
Development Loans & Investments	906,131	825,539
Deferred Debits	<u>33,054</u>	<u>626,108</u>
TOTAL ASSETS	<u>\$ 14,722,492</u>	<u>\$ 17,252,178</u>
WHAT WE OWE (LIABILITIES)		
Consumers' Deposits	\$ 14,649	\$ 14,517
Accounts Payable	573,986	755,740
Other Accrued Liabilities	144,855	145,550
Deferred Credits & Non-Current Liab.	248,392	231,386
Development Grants	209,098	209,098
RUS & FFB Mortgage and Notes	6,055,278	6,560,909
CFC Mortgage and Notes	<u>2,702,479</u>	<u>4,096,140</u>
TOTAL LIABILITIES	<u>\$ 9,948,737</u>	<u>\$ 12,013,340</u>
NET WORTH		
Deferred Patronage	\$ 2,232,243	\$ 2,345,625
Margins - Current	213,927	476,166
Other Equities	<u>2,327,585</u>	<u>2,417,047</u>
TOTAL NET WORTH	<u>\$ 4,773,755</u>	<u>\$ 5,238,838</u>
TOTAL LIABILITIES & NET WORTH	<u>\$ 14,722,492</u>	<u>\$ 17,252,178</u>

STATEMENT OF REVENUE AND EXPENSES

	DEC. 31, 2008	DEC. 31, 2009
ELECTRIC REVENUE		
Farm and Residential	\$ 3,128,122	\$ 3,484,226
Heating & Cooling	192,003	214,544
Small Commercial	603,621	667,451
Large Commercial	3,892,087	4,133,196
Highway Lighting	3,022	3,552
Irrigation	1,950	0
Sales for Resale	331,477	345,283
Other Electric Revenue	<u>15,594</u>	<u>15,104</u>
TOTAL ELECTRIC REVENUE	<u>\$ 8,167,876</u>	<u>\$ 8,863,356</u>
Purchased Power	\$ 5,922,142	\$ 6,301,541
Operation & Maintenance	599,317	630,432
Consumer Accounting	115,305	117,556
Sales	84,145	32,170
Energy Cons. & Information Exp.	55,998	42,916
General Office Expense	43,750	72,910
Maintenance of Office & Equipment	47,095	52,792
Administrative	500,330	583,572
Depreciation	354,853	383,376
Taxes - Energy Assessment	7,623	7,942
Interest on Short & Long Term Debt	382,424	412,886
Misc. Deductions & Donations	<u>5,487</u>	<u>10,923</u>
TOTAL EXPENSES	<u>\$ 8,118,469</u>	<u>\$ 8,649,016</u>
ELECTRIC MARGINS	<u>\$ 49,407</u>	<u>\$ 214,340</u>
OTHER INCOME		
Interest	\$ 22,957	\$ 24,869
Corn Belt Patronage	92,216	225,139
Other Patronage	28,634	16,953
Merchandising, Wild Blue & Misc.	<u>20,713</u>	<u>-5,135</u>
TOTAL OTHER INCOME	<u>\$ 164,520</u>	<u>\$ 261,826</u>
TOTAL MARGINS	<u>\$ 213,927</u>	<u>\$ 476,166</u>

Glidden REC – Statistical Highlights



Headquarters is located in Glidden, Iowa

Meters Billed	1,688
Miles of Line	771
Meters per Mile of Line	2.19
Total Assets.....	\$17,252,178
Net Investments in Plant	\$11,957,156
Number of Members Receiving Service	1,286
Number of Members per Mile of Line.....	1.67
Plant Investment per Member	\$13,415
Total KWH's Purchased	115,763,207
Total KWH's Used by Members	113,798,619



Bruce Nelson, Line Foreman



Ryan Galloway, First Class Lineman

One Small Change

Imagine if everyone in our co-op made one small change. Now, stop imagining. Flip a switch. Seal some cracks. Screw in a CFL. Install a programmable thermostat and actually program it. Doesn't take a lot of energy to save energy. But it sure pays off. What can you do? Find out how the little changes add up at TogetherWeSave.com.



**Raccoon Valley
Electric Cooperative**

A Touchstone Energy® Cooperative 

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Your Touchstone Energy Cooperative
salutes the men and women serving in our military.
We are proud to have them as part of our electric co-op.

