



POWERING OUR FUTURE

2010 ANNUAL REPORT





Message to Our Members

What a first year Raccoon Valley Electric Cooperative (RVEC) experienced! Consolidating two separate organizations is challenging enough, but with the addition of three federally declared disasters in 18 months (along with the devastating November storm in Sac County which should have been declared a disaster) we were left traveling an uncharted path. We are finally seeing the light at the end of the tunnel, and a bright future lies ahead.

In RVEC's first year, we experienced the most devastating storms in Iowa's history. With damages totaling an estimated \$53 million, the cost of repairs ranks as the most expensive ever faced by an electric cooperative in Iowa. As we continue the recovery efforts, we will strive to alleviate the effects that you, the membership, experience.

We appreciate the outpouring of support the membership has shown. The employees, management and directors will continue to forge ahead with repairs while we look to shape the future of RVEC.

We are committed to achieving and surpassing the goals set out in the Plan of Consolidation. We will continually look for ways to cut costs without sacrificing safety or reliability.

As the cost of our wholesale power supply increases over the next few years, we will diligently look for ways to work more efficiently, do more with less, and mitigate the impact of increases on your electric bills.



LaVerne J. Greving,
Board President

Jim Bagley,
CEO

Your Directors



District 1
Steve Seidl



District 2
LaVerne Greving



District 3
Tim Reeve



District 4
Dave Onken



District 4
Rick Handlos

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	8 JACKSON	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				



District 5
Mark Ludwig



District 5
Brad Polzien



District 6
Jeff Cranston



District 7
Keith Kenny

“ Our mission is to provide safe, reliable and competitive services while being a leader in our community’s prosperity and growth.”



2010 Basin Electric President & General Manager's Report

Strength in Unity

Strength in unity was a founding concept of Basin Electric when it was formed 50 years ago: unity built on a common purpose to build a power supply system that the membership could own and control; unity built on trust, fostered by honest, forthright communication; and unity built on regionalism and a sharing of the risk, so no co-op had to go it alone. Strength in unity will continue to move us forward.

Membership growth continues

For the first time, the nation's electricity use has declined for two years in a row, but not in our region. Electricity use has continued to grow in the membership's service territories because of the strength of the energy and agricultural industries, however at a slightly lower rate than earlier projected.

Basin Electric has two power plants under construction: the coal-based Dry Fork Station near Gillette, WY, and the natural gas-fired Deer Creek Station near Elkton, SD. Dry Fork will be operational this year (2011), and Deer Creek next year (2012). When our construction program is complete, we believe member power requirements will be satisfied until 2019.

Wholesale rates will edge upward as new resources are completed and come into the rate base, as was expected. What we didn't anticipate was the tremendous amount of water in the Missouri River system providing increased hydropower that continues to depress our surplus power prices. We continue to work with the Western Area Power Administration to evaluate electricity markets to manage resources most cost-effectively.

Energy leadership needed

In the last several years, we have seen many different proposals in Congress for climate and energy bills, with no forward movement.

No decision means the Environmental Protection Agency (EPA) will not only move forward with further greenhouse gas regulations, but also a wide range of other regulations that will impact energy development and put coal's future into question.

No decision means we will proceed with new generation incrementally; only smaller projects will move forward.

We will not have a path for domestic energy development. There will be no substantial effort toward development of clean coal technologies with so much uncertainty. Utilities will follow the path of least resistance, which in the near term is a movement toward natural gas.



Ron Harper, CEO and General Manager, and Cliff Gjellstad, Board President

Congress needs to step up and develop a comprehensive energy strategy because energy security, maintaining economic vitality and clean energy technology development are not the mission of EPA.

Moving forward

As we move through our 50th year, we can unequivocally state that regional unity and grassroots activism have been Basin Electric's protective armor against forces and circumstances that would weaken our power supply system. Unity and our foundation of cooperative principles, our integrity, and our Statement of Ideals and Objectives will continue to move us forward.

Corn Belt Power Cooperative Report

2010 marked the first full year that Corn Belt Power Cooperative operated as a Class A member of Basin Electric Power Cooperative. Through our membership, we are adding several new generating sources. In 2010, Basin Electric completed the Culbertson Generation Station, a natural gas plant that provides peaking power. Work began during the year on the Deer Creek Station, a combined cycle plant that will be available to back up wind turbines.

During the year, Basin Electric continued construction on the Dry Fork Station, a coal-powered plant that will come online in 2011 and provide needed baseload generation. In 2010, Basin Electric brought on new wind energy purchased from NextEra Energy Resources and continued construction on the Crow Lake wind project, which will be the largest wind project owned solely by a cooperative in the United States.

A highlight in the area of power supply came at the end of the year when the Nuclear Regulatory Commission announced its approval of a 20-year extension for the Duane Arnold Energy Center operating license. DAEC is an important source of baseload, emissions-free generation for our members. It is a safe and well-run plant and we are pleased that we will continue to provide nuclear-powered energy through 2034.

Mother Nature was tough on Iowans in 2010. We experienced all she had to offer, from ice

and snow, to high winds and tornadoes, to heavy rains, flooding and high temperatures. Time after time our crews came through the storm repair with flying colors as they got the lights back on in the minimum amount of time.

Corn Belt Power Cooperative found that our past efforts to reinforce transmission lines were rewarded in Carroll County when a recently rebuilt line stood up to ice and wind. We continued to improve our system throughout the year, with helicopter line patrols, addition of spoilers to conductors, and installation of new equipment and wildlife protection devices in substations. This ongoing line maintenance and system improvement will pay off in the future when we will inevitably be tested again by severe weather.

A challenge that Corn Belt Power Cooperative and its member co-ops will continue to face in the future stems from the federal Environmental Protection Agency (EPA) and its efforts to impose regulations on greenhouse gases, coal ash and other environmental emissions from coal plants. We will continue to be in touch with our federal legislators and explain to them how using the Clean Air Act to regulate in ways never intended will have drastic consequences affecting the affordability of electricity.

As Corn Belt Power Cooperative looks to the future, we see many changes on the horizon. There are, however, some things that will not change. We will still need to deliver our product as efficiently and affordably as we can. We will still operate as a not-for-profit organization governed by elected representatives. And we will continue to make decisions that enhance the quality of life for our members, employees and communities.



Don Feldman, Board President, and Ken Kuyper, Executive Vice President and General Manager



Operations Report

In 2010, January blew in with a powerful winter storm, kicking off a year of severe weather that we at Raccoon Valley Electric Cooperative (RVEC) will never forget!

RVEC is working closely with the Federal Emergency Management Agency (FEMA) as we continue our rebuilding efforts. The 2010 storms caused over \$53 million in damages throughout our service area, leaving 707 miles of line to rebuild. Currently, RVEC has approximately 500 miles completed, contracted or in progress. FEMA and Iowa Homeland Security awarded RVEC disaster relief funds that will cover approximately 85% of the storm damage. The new lines are being rebuilt with larger conductors and will have more poles per mile to strengthen the facilities for the next time we encounter severe weather. We expect to complete the line rebuilding by 2014.

As farm operations continue to grow, so does member-owners' need for electrical services. Last year, several RVEC member-owners upgraded their electrical service from single-phase to three-phase service or had a new three-phase service built. Your linemen connected five new home electrical services, 12 grain bin services and eight office/shop services. These new connections were completed while crews continued rebuilding lines from the 2010 storm damage. RVEC personnel will continue to complete the work economically and efficiently while keeping your satisfaction a top priority!

Our energy-conscious members took advantage of the energy-efficiency programs offered by RVEC. These programs not only help member-owners save energy and money, they also help RVEC reduce how much electricity has to be generated or purchased to meet demand. Saving energy is good for member-owners and for

Iowa. RVEC will continue to provide safe, reliable and affordable power in an environmentally responsible manner.

Safety is a top priority at RVEC and will continue to be! RVEC participates in the formal three-year safety program assessment, which includes an on-site observation along with several unannounced visits. Since the consolidation of Glidden REC and Sac County REC, RVEC has not had a lost time accident.

One of our "Cooperative Principles" is Commitment to Our Community and one way we do that is by educating everyone about the importance of electrical safety. During 2010, RVEC educated several hundred children and adults.



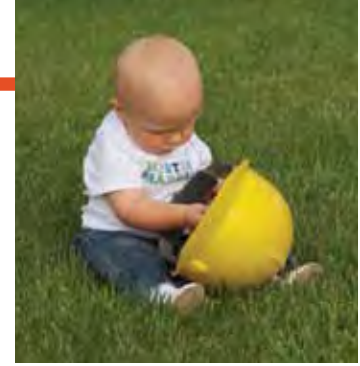
John Johnston, Member Service Director, Charley Freml, Line Superintendent – Glidden, and Mitch McKeever, Line Superintendent – Sac City

As we look forward to serving our member-owners in 2011 and beyond, RVEC directors' and employees' mission remains "To provide safe, reliable and competitive services while being a leader in our community's prosperity and growth."

Co-op Connections Card



Raccoon Valley Electric Cooperative (RVEC) member-owners cashed in savings on prescription drugs using their Co-op Connections Card in 2010. RVEC launched the Co-op Connections Cards in October of 2010 and saved member-owners over \$1,044 on their pharmacy bills. The Co-op Connections Card is FREE - and just another of the many benefits of being a cooperative member!



The Co-op Connections Card prescription drug discounts range from 10 to 60 percent. The logo and information on the back of your card is recognized at more than 60,000 national, regional and local pharmacies. The pharmacy discount has been widely used by members of Touchstone Energy co-ops across the county, resulting in combined savings of nearly \$20 million on prescriptions. Log on to www.locateproviders.com to search for pharmacies in our area honoring the card. Use code 22203 as the group number under the "Groups" login section. Next, enter your zip code. We urge you to use your card on your next prescription and see how much you can save.

Along with prescription drug discounts, the Co-op Connections Card also gives you access to online savings at more than 95 national retailers like Barnes & Noble, Hertz Rental Cars and Best Western hotels. You can check out these great national discounts at www.rvec.coop and click on the Co-op Connections Card.

We're always looking for ways to provide value to you our member-owners and to our community 365 days a year.

Appliance Recycling Program



The Pull the Plug program rewards Raccoon Valley Electric Cooperative (RVEC) member-owners by providing instant rebates for pulling the plug on old high energy use appliances.

During 2010, RVEC members-owners recycled four window air conditioners, 12 freezers and 21 refrigerators. As a whole, participating RECs in Iowa recycled 1,740 high energy use air conditioners, freezers and refrigerators. RVEC encourages members to get these energy hogs out of their homes and off co-op lines. By recycling refrigerators alone, our members saved over \$22,000 in electric costs – and that's a conservative estimate.

More than 1,740 appliances were recycled through Pull the Plug for all RECs in Iowa. Aside from the energy savings, REC members kept over **238,500** pounds of recyclable and/or hazardous material from entering landfills and ultimately soil and groundwater!



Statement of Condition

BALANCE SHEET

	DEC. 31, 2009	DEC. 31, 2010
WHAT WE OWN (ASSETS)		
TOTAL VALUE OF UTILITY PLANT	\$22,518,073	\$24,140,879
TOTAL VALUE OF UTILITY PLANT		
LESS: Accumulated Depreciation	6,008,365	6,676,496
NET VALUE OF UTILITY PLANT	\$16,509,708	\$17,464,383
Cash in Bank	\$ 195,334	\$ 35,843
Temporary Cash Investments	1,812,717	68,022
Accounts Receivable	1,814,044	3,465,282
Material Inventory	411,536	859,415
Other Assets & Long Term Invest.	222,511	131,329
Investments in Associated Org.	1,333,284	1,618,889
Investments - CFC Certificates	443,347	413,650
Development Loans & Investments	825,539	715,222
Deferred Debits	661,160	584,276
TOTAL ASSETS	\$24,229,180	\$25,356,311
WHAT WE OWE (LIABILITIES)		
Consumers' Deposits	\$ 21,930	\$ 22,968
Accounts Payable	1,024,259	901,022
Other Accrued Liabilities	208,554	546,067
Deferred Credits & Non-Current Liab.	244,942	129,582
Development Grants	209,098	209,098
RUS & FFB Mortgage and Notes	6,560,909	7,851,484
CFC Mortgage and Notes	8,367,464	7,712,754
TOTAL LIABILITIES	\$16,637,156	\$17,372,975
NET WORTH		
Deferred Patronage	\$ 3,402,065	\$ 3,681,130
Margins - Current	697,363	412,712
Other Equities	3,492,596	3,889,494
TOTAL NET WORTH	\$ 7,592,024	\$ 7,983,336
TOTAL LIABILITIES & NET WORTH	\$24,229,180	\$25,356,311

STATEMENT OF REVENUE AND EXPENSES

	DEC. 31, 2009	DEC. 31, 2010
ELECTRIC REVENUE		
Farm and Residential	\$ 5,331,140	\$ 4,987,575
Heating & Cooling	379,801	468,801
Small Commercial	1,466,835	1,605,949
Large Commercial	4,439,560	4,227,002
Highway Lighting	5,530	4,417
Irrigation	1,873	1,688
Sales for Resale	455,961	474,260
Other Electric Revenue	57,152	22,582
TOTAL ELECTRIC REVENUE	\$12,137,852	11,792,274
Purchased Power	\$ 8,228,202	\$ 7,870,290
Operation & Maintenance	902,802	888,339
Consumer Accounting	212,994	251,432
Sales	89,415	49,595
Energy Cons. & Information Exp.	64,612	82,901
General Office Expense	123,956	78,087
Maintenance of Office & Equipment	61,267	64,329
Administrative	889,708	871,307
Depreciation	575,547	702,492
Interest on Short & Long Term Debt	582,494	630,768
Misc. Deductions & Donations	15,163	9,497
TOTAL EXPENSES	\$11,746,160	\$11,499,037
ELECTRIC MARGINS	\$ 391,692	\$ 293,237
OTHER INCOME		
Interest	\$ 33,108	\$ 46,391
Corn Belt & Basin Patronage	294,701	222,872
Other Patronage	43,752	90,980
Resale Sales, Wild Blue & Visionary	45,193	-15,133
Extraordinary Income/(Expense)	-113,677	-225,635
TOTAL OTHER INCOME	\$ 303,077	\$ 119,475
TOTAL MARGINS	\$ 694,769	\$ 412,712

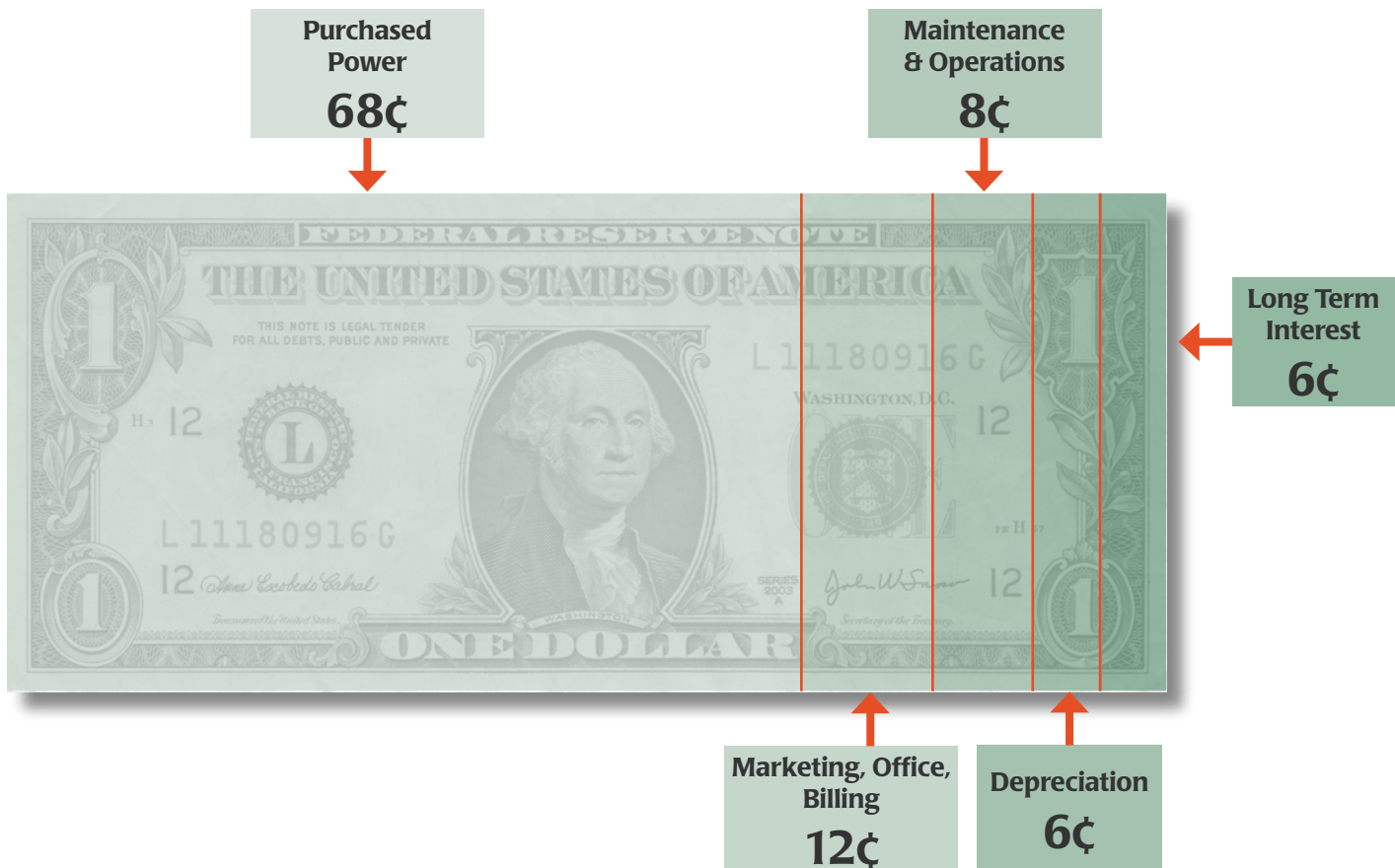
Statistical Highlights



Meters Billed.....	2,711
Miles of Line.....	1,254
Meters per Mile of Line.....	2.16
Total Assets.....	\$25,356,311
Net Investments in Plant.....	\$17,464,383
Number of Members Receiving Service.....	2,035
Number of Members per Mile of Line.....	1.62
Total Assets per Member.....	\$12,460
Total KWHs Purchased.....	139,861,886
Total KWHs Used by Members.....	135,434,648

2010 Operation Expenses

How your dollar was spent





Youth Tour Winner

Taylor Radke of Galva participated in the Electric Cooperative Youth Tour program in Washington, D.C., sponsored by Raccoon Valley Electric Cooperative (RVEC). He spent six days in Washington, D.C., with 33 peers from Iowa.

An action-filled week in June provided high school students opportunities to learn first-hand what it is like to be involved in politics, community service and today's pressing issues in the energy industry. Students met Sens. Chuck Grassley and Tom Harkin as well as Reps. Bruce Braley, Leonard Boswell, Dave Loebsack, Tom Latham and Steve King. They also saw historic sites and met over 1,500 students from across the country who participated in their state's Youth Tour program.

Taylor said he had the experience of a lifetime meeting with peers from other states and IAEC staff during the Washington trip.

"The Youth Tour was so amazing," Radke said. "It was really cool to meet my senator and representative, and learn about politics up-close. Plus, I made friends from nearly every state and experienced history first-hand. It really made me think about what it means to be an American, and shows that people my age do care about this country."



Taylor Radke



Legislative / Grassroots Update

Iowa's electric cooperatives had another successful legislative session in 2011. Any energy legislation we opposed did not make it out of subcommittee. Any energy legislation that was signed by the governor, we supported. Our support of, or opposition to, legislation is guided by what is in the best interest of our member-consumers.

Electric cooperatives worked with legislators and the governor's office to pass legislation that stops the unnecessary and duplicative survey practices by the State Historical Preservation Office when rebuilding damaged power lines and maintaining cooperative systems. In the past, such practices have resulted in additional costs and time associated with storm recovery efforts.

This year, electric cooperatives were also successful in drafting and passing legislation that increases the penalties associated with trespassing on utility property. Theft of cooperative property often results in injury to trespassers and damage to cooperative property.

Proposals that electric cooperatives opposed would have placed mandates on electric cooperatives, increasing cooperative costs. These proposals did not find the support needed to pass into law.

On the Federal level, electric cooperatives have been focused on keeping electricity affordable by fending off Environmental Protection Agency regulations that would increase the cost of providing electricity to member-consumers. Federal efforts also include supporting incentives that would make renewable energy resources more affordable for electric cooperatives.

RVEC will continue to work with legislators on any energy legislation that could adversely impact the cost of electricity.

We thank our member-owners involvement!

Basin Scholarship



Will Reever

Raccoon Valley Electric Cooperative's (RVEC) independent judges selected Will Reever, as the recipient of a \$1,000.00 scholarship.

Corn Belt Power Cooperative, Humboldt, power supplier to RVEC, along with Basin Electric Power Cooperative, Bismarck, N.D., awarded the scholarship to Will Reever, whose parents are members of RVEC. Reever plans to attend Iowa State University, Ames, to receive his degree in animal science/pre vet.

Reever has been a member of the track, golf, baseball, football teams and has been involved in band/jazz band, choir, FFA, and National Honor Society. His community involvement includes Big Brothers/Big Sisters, Glidden fire hall and pool dedication, helped install the playground equipment at Glidden-Ralston Community School and he assisted with the pastor search for Presbyterian Church along with the superintendent search for Glidden-Ralston School.



Jim Vermeer, Vice President Business Development, Corn Belt Power Cooperative; LaVerne Greving, Board President, RVEC; Jim Bagley, CEO, RVEC; and Rand Fisher, President, IADG

IADG Award

Raccoon Valley Electric Cooperative (RVEC) was honored for economic development, leadership and support award by the Iowa Area Development Group (IADG).

Rand Fisher, president of IADG stated, "We are honored to serve our member electric cooperatives, their communities and customers. This unique partnership has forged strong allies over the years including our work with USDA Rural Development. After 20 plus years, IADG and our sponsors have captured over \$50 million dollars in USDA funding for rural Iowa development projects. This effort has created 30 rural revolving loan funds across Iowa leveraging over \$500 million in capital

investment. IADG's track record for the past 25 years clearly would not have been possible without the steadfast leadership and support by Iowa's Electric Cooperatives."

Since 1985, the powerful partnerships and economic development efforts of IADG and its sponsoring utilities have helped develop and market 90 industrial parks, build 70 speculative buildings for industries, generate over \$5.6 billion dollars of capital investment and create or retain nearly 38,000 jobs for Iowa.



Raccoon Valley Electric Cooperative

A Touchstone Energy® Cooperative 

28725 Hwy 30 Glidden, IA 51443  