

Iowa Association of Electric Cooperatives

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**2008
ANNUAL
REPORT**

**IOWA'S
ENERGY
FUTURE**



“AS ENERGY AND ENVIRONMENTAL LEGISLATION IS DEVELOPED, THERE ARE THREE QUESTIONS THAT MUST BE ASKED OF POLICY MAKERS AND ANSWERED BEFORE IOWANS AND AMERICANS CAN BE EXPECTED TO LIVE BY NEW ENERGY AND CLIMATE CHANGES POLICIES, PARTICULARLY DURING AN ECONOMIC DOWNTURN.”

IOWA'S ENERGY FUTURE

Iowa's energy future is uncertain.

What we do know is that electricity demand is growing and will continue to grow. The U.S. Department of Energy projects that electricity demand will increase more than 40 percent by 2030. We also know that concerns persist about predictions of continued global warming. In 2009, new and returning Iowa legislators who promised to move forward with more renewable energy and energy efficiency goals will likely introduce new energy and environmental policies.

Federal energy and environmental policy received significant attention from both Presidential candidates, and President-elect Barack Obama and the Democratic-party controlled Congress also will move forward on new energy and environmental policies. Against this backdrop are concerns about the health of Iowa's economy, the nation's economy and the global economy.

As energy and environmental legislation is developed, there are three questions that must be asked of policy makers and answered before Iowans and Americans can be expected to live by new energy and climate changes policies, particularly during an economic downturn.



Marion Denger



Brian Kading

1. Electricity needs are growing and will soon go well beyond what renewables, conservation and energy efficiency can provide. What is your plan to make sure we have the electricity we'll need in the future?
2. What are you doing to fully fund the research required to make emissions-free electric plants an affordable reality?
3. Balancing electricity needs and environmental goals will be difficult. How much is all this going to increase electric bills and what will you do to make them affordable?

As leaders of Iowa's electric cooperatives, we need to be prepared to answer these questions when they are asked of us. That's good news, because it provides us with an opportunity to share what we're doing to provide reliable, affordable and safe electricity in an environmentally responsible manner.

At Iowa's electric cooperatives, we believe it will take a balanced approach to meet Iowa's electricity requirements in a safe and environmentally responsible manner that includes:

- **energy efficiency** to make sure consumers are using electricity as wisely as possible;
- development of renewable energy as well as **new 24/7, electric generation whether the wind is blowing or sun is shining**; and
- investment in **research and development** for new technology that will help **reduce emissions and greenhouse gases**.

IOWA'S ENERGY FUTURE

On the energy-efficiency front, in July, we reported our 2007 energy-efficiency results. In 2007, Iowa's electric cooperatives' energy-efficiency programs saved enough energy to provide power for approximately 34,000 homes or a city the size of 85,000 people, which is equivalent to Iowa City and Coralville, combined. Those savings were achieved by the investment of \$11 million in energy-efficiency programs that resulted in \$30 million in energy savings, which means nearly \$3 in energy savings was realized for every \$1 invested in energy efficiency. That's good news. To find out how we can do better, Iowa's electric cooperatives are conducting an energy efficiency of potential. Consistent with the Iowa Legislature's direction in 2008, that assessment and its resulting goals will be completed by Jan. 1, 2010. The information gleaned from this process is vital in determining how best to approach energy efficiency in Iowa in 2010 and beyond.

On the renewable energy front, electric cooperatives that are members of the Iowa Association of Electric Cooperatives have approximately 1,200 megawatts of renewable and carbon-free electric generating capacity on-line and more than 630 megawatts of renewable energy generation planned and in development. In addition, a collaborative renewable energy assessment of potential completed this fall by electric cooperatives, investor-owned utilities and government-owned municipal utilities will be used as a point of reference for state representatives and senators as they consider legislation for the development of new renewable energy in Iowa.

With the help of our committed network of advocates representing the interests of electric cooperatives' member-consumer-owners, we must tirelessly keep in touch with Iowa's elected representatives and place ourselves in a position to keep asking:

1. What is your plan to make sure we have the electricity we'll need in the future?
2. What are you doing to fully fund the research required to make emissions-free electric plants an affordable reality?
3. How much is all this going to increase electric bills and what will you do to make them affordable?

Now more than ever before, elected officials will have a direct impact on electric co-op member-consumer-owners. In 2009, the electric cooperatives' network of advocates throughout Iowa will represent the interests of the member-consumer-owners they serve by keeping in touch with their elected representatives in the Iowa Legislature and in Congress.

Marion Denger



President, Board of Directors

Brian Kading



Executive Vice President
and General Manager

**IOWA ASSOCIATION OF ELECTRIC COOPERATIVES
STATEMENTS OF FINANCIAL POSITION**

AUG. 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 1,125,530	\$ 1,353,553
Accounts receivable	82,875	51,244
Prepaid expenses	47,731	25,908
Investment securities	496,603	519,319
Other investments	55,241	53,202
Property and equipment, net of accumulated depreciation	<u>328,837</u>	<u>365,020</u>
Total assets	<u><u>\$ 2,136,817</u></u>	<u><u>\$ 2,368,246</u></u>

LIABILITIES AND NET ASSETS

Liabilities

	<u>2008</u>	<u>2007</u>
Accounts payable and accrued expenses	\$ 278,271	\$ 289,111
Healthcare plan subscriber premiums payable	<u>217,818</u>	<u>274,543</u>
Total liabilities	496,089	563,654

Net assets

Membership certificates, \$5 stated value; 44 certificates authorized and issued	220	220
Allocated deferred patronage	122,412	107,534
Board designated:		
Contingency reserve	1,125,266	1,065,266
Educational assistance reserve	119,265	119,265
Undesignated	<u>273,565</u>	<u>512,307</u>
Total net assets	<u>1,640,728</u>	<u>1,804,592</u>
Total liabilities and net assets	<u><u>\$ 2,136,817</u></u>	<u><u>\$ 2,368,246</u></u>

**IOWA ASSOCIATION OF ELECTRIC COOPERATIVES
STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED
AUG. 31, 2008 AND 2007**

REVENUE AND SUPPORT

	2008	2007
Assessments	\$ 1,846,753	\$ 1,708,610
Rent	40,454	36,270
Subscriptions	432,502	413,611
Advertising	94,342	112,020
Special pages and inserts	83,707	76,025
Education and training	376,636	353,469
Safety and loss control	567,914	539,052
Communications programs	195,456	170,831
Rates and member services	32,200	5,320
Investment income	73,872	92,248
Other	7,135	22,050
Total revenue and support	\$ 3,750,971	\$ 3,529,506

The preceding condensed presentation of the 2008 and 2007 financial statements of the Iowa Association of Electric Cooperatives has been extracted from the organization's annual financial statements. The complete presentation of those financial statements, along with the independent auditor's report of LWBJ LLP, is available by contacting the Iowa Association of Electric Cooperatives.

EXPENSES

	2008	2007
Program services		
Education and training	\$ 407,390	\$ 426,976
Rates and member services	466,896	262,878
Safety	514,295	504,958
Communications	404,620	372,862
Government relations	565,525	412,533
<i>Living with Energy in Iowa</i>	581,230	561,002
Total program services	2,939,956	2,541,209
General and administrative expenses		
General office	592,002	576,295
Accounting	175,034	168,385
Total general and administrative	767,036	744,680
Total expenses	3,706,992	3,285,889
Increase in net assets before		
unrealized gains (loss) on investments	43,979	243,617
Unrealized gain (loss) on investments	(39,103)	13,402
Increase in net assets	\$ 4,876	\$ 257,019

BACK ROW LEFT TO RIGHT:

Ross Loomans, L. Kirby Range, Larry Quinn, Roger Arthur, Brian Kading

FRONT ROW LEFT TO RIGHT:

Carroll Baker, Marion Denger, Steve Seidl, Larry Rohach



**IOWA ASSOCIATION OF ELECTRIC COOPERATIVES
BOARD OF DIRECTORS.**

- Marion Denger, President
- Carroll Baker, Vice President
- Larry Rohach, Secretary-Treasurer
- Steve Seidl, Assistant Secretary-Treasurer
- Roger Arthur
- Larry Quinn
- L. Kirby Range
- Ross Loomans

DISTRICT 1

Larry Quinn, Eastern Iowa Light and Power Cooperative

- Access Energy Cooperative
- Chariton Valley Electric Cooperative
- Eastern Iowa Light and Power Cooperative
- Farmers Electric Cooperative, Kalona
- Northeast Missouri Electric Power Cooperative
- Southern Iowa Electric Cooperative

DISTRICT 2

Larry Rohach, Grundy County REC

- Central Iowa Power Cooperative
- Consumers Energy
- East-Central Iowa REC
- Grundy County REC
- Linn County REC
- Maquoketa Valley Electric Cooperative
- T.I.P. REC

DISTRICT 3

Roger Arthur, Allamakee-Clayton Electric Cooperative, Inc.

Allamakee-Clayton Electric Cooperative

- Butler County REC
- Dairyland Power Cooperative
- Hawkeye REC
- Heartland Power Cooperative

DISTRICT 4

Carroll Baker, Southwest Iowa REC

- Clarke Electric Cooperative
- Farmers Electric Cooperative, Inc., Greenfield
- Guthrie County REC
- Pella Cooperative Electric Association
- Southwest Iowa REC

DISTRICT 5

Steve Seidl, Western Iowa Power Cooperative

- Basin Electric Power Cooperative
- Calhoun County Electric Cooperative
- Glidden REC
- Harrison County REC
- Nishnabotna Valley REC
- Sac County REC
- Western Iowa Power Cooperative

DISTRICT 6

Marion Denger, Prairie Energy Cooperative

- Boone Valley Electric Cooperative
- Corn Belt Power Cooperative
- Franklin REC
- Humboldt County REC
- Midland Power Cooperative
- Pleasant Hill Community Line
- Prairie Energy Cooperative

DISTRICT 7

L. Kirby Range, Iowa Lakes Electric Cooperative

- Iowa Lakes Electric Cooperative
- Lyon REC
- North West REC
- Northwest Iowa Power Cooperative
- Osceola Electric Cooperative
- Woodbury County REC

MANAGERS' REPRESENTATIVE

Ross Loomans, Lyon REC