



*Power Up!*



## 2010 Annual Report Annual Meeting September 30

Join us September 30th for the 2011 annual meeting at the Chauffeurs, Teamsters and Helpers #238 Union Building, 5000 J Street, SW in Cedar Rapids.

As a member of Linn County REC, you have the opportunity to vote for directors who will represent you. Members may cast their vote by mail or at the annual meeting.

**Linn County REC offices will be closed the day of the annual meeting.** A bill payment drop box is available 24 hours a day at our Marion and North Liberty offices.

### Meeting Agenda

#### 12:00 pm Doors Open (registration)

- Enjoy lunch by Dostal's
- Receive a attendance gift
- Sign up for door and grand prizes

#### 1:00 pm Business Meeting Begins

- Report of Nominating Committee; Closing of Ballots
- Reading of Official Notice and Last Year's Minutes
- President & CEO's report
- **Guest Speaker:** Craig Fricke, VP of Business Operations, CIPCO
- Election returns
- Prize drawings

## Can't Attend? Vote By Mail

If you are unable to attend the annual meeting on September 30th, you can still vote for your directors by mail ballot.

Ballots and candidate biographies will be mailed out to members the first week in September. All members may cast a vote regardless of the district you reside in.



We are awarding \$100 off of your electric bill to 20 members who vote by mail ballot.

**Mail ballots must be received in our office by Friday, September 30, 2011 in order to be valid.**

## Official Notice Of Annual Meeting

The annual meeting of the members of Linn County Rural Electric Cooperative Association, will be held at the Chauffeurs, Teamsters and Helpers #238 Union Building, 5000 J Street, SW, Cedar Rapids, Iowa on Friday, Sept. 30, 2011, at 1:00 pm to take action on the following matters:

- 1.) The report of officers, directors and committees.
- 2.) The election of three directors of the Cooperative. If you do not plan to attend the meeting, the bylaws provide that you may vote by mail. Mail ballots will be sent to you under separate cover.
- 3.) All other business which may come before the meeting or any adjournment or adjournments. In connection with the election of the three directors scheduled for this meeting, the following members have been nominated for directors by a Committee

of Nominations appointed by the Board of Directors of the Cooperative pursuant to the bylaws:

Name	Township	District
Kirk Hiland	Penn	#2
Alyn Johnson	Fairfax	#3
Roger G. Krug	Fairfax	#3
Norman Bickford	Scott	#7
James Martinek	Newport	#7
Elmer J. Vanorny	Big Grove	#7

There were no nominations by petition.  
Dated September 2, 2011

Kenny Squires, Secretary



## President and CEO's Report To The Members

It is ironic that in the 2009 annual report we commented that it was pretty unusual for Iowans not to see a stretch of hot and steamy weather during the summer. The mild 2009 summer was followed by a very warm and humid 2010. It was a summer when Linn County REC members established an all time demand for power on the distribution system. Power supply costs remained stable on the front end of the year and actually dropped slightly for last quarter of the year. On average, a Linn County REC member paid less per kilowatt hour in 2010 than 2009.

The cooperative finished within the financial requirements established by its lender. Of particular note, however, is that operating margins declined from the previous year. Linn County REC is in its ninth year without a rate increase. Considering the economy and the resulting slow down in construction, this is a notable achievement. The board is monitoring performance of the current year to determine if any action on rates will be required during 2012.

The board of directors approved payment of patronage to members for the years 1997-2000 as well as a portion of the 2010 allocation. The payments total \$930,000. You will see a credit on your September bill if you received electricity from the cooperative during these years. Total patronage now paid by Linn County REC to its members is over \$10,500,000.



Walter Scott, Jr. #4 energy center in Council Bluffs was named 2007 "Plant of the Year" for its advanced "super critical" technology. CIPCO's owns 9% of this facility.



**Gary Schropp**  
**President**



**Kim Colberg**  
**General Manager/CEO**

Almost every day there is some news about new environmental standards that will require significant upgrades to generation facilities. The Environmental Protection Agency (EPA) has proposed new emission standards to mercury and various other hazardous air pollutants. It is anticipated that it will be more cost beneficial to retire some of the older generating facilities. Couple the proposed standards with an aging fleet of generators across the nation and the potential for higher energy costs seem unavoidable.

It is the generation and transmission side of the electric business that offers the largest challenges into the future. Since generation and transmission represents over 65% of Linn County REC revenues, we have asked Craig Fricke from Central Iowa Power Cooperative (CIPCO) to come talk at this year's annual meeting. Craig, a Linn County REC member, will offer his insight about the outlook for generation sources based on his years of experience in the electric utility industry. He'll address CIPCO's current energy sources and talk about what the key energy sources may be in the future. Craig will also discuss how CIPCO makes its decisions about planning for generation that may take years to obtain permits and approvals to construct.

We hope to see you at the annual meeting. Please send in your mail ballot to vote for the director seats up for election!

## Board of Director Candidates

There are three districts up for election this year. Learn more about these candidates by reading their full biographies on your ballot or by visiting our website at [www.linncountyrec.com](http://www.linncountyrec.com).

### District 2



**Kirk Hiland, North Liberty**

**What is the biggest issue facing the co-op today?** “The biggest issue facing Linn County REC or any utility is providing the best service and delivery at the lowest price. This is what customers want and deserve. To do this requires constant vigilance of policies and procedures with no

room for complacency. A major component of providing good rates and service is economic development and a proactive stance on this is a good place to start.”

### District 3



**Alyn Johnson, Cedar Rapids**

**What is the biggest issue facing the co-op today?** “I believe the single biggest issue facing our community and world is how to keep up with ever growing demands for energy and to do it while keeping costs in line and environmentally safe. This requires good common sense and the ability to focus on the crucial issues.”



**Roger Krug, Fairfax (incumbent)**

**What is the biggest issue facing the co-op today?** “The new and increasingly more complex regulation being imposed on our industry are creating a number of challenges. Our cooperative will have to conform to these new regulations going forward, which will drive up the price of electricity and make it much more

difficult to keep energy costs affordable. I have worked hard to advocate on behalf of our membership; and last year, CIPCO actually lowered wholesale power rates by \$5.5 million. As a CIPCO director, we won’t be able to do that every year, but I am committed to keeping rates as affordable as possible.”

### District 7



**Norman Bickford, West Branch**

**What is the biggest issue facing the co-op today?** “Our societies increasing demand for electric power is placing proportionate pressures on all electric companies. REC is not immune to these pressures. To continue quality, affordable service

for tomorrow’s challenges requires thoughtful planning today. This planning requires working with fellow board members, management, and governments. I am confident the experience I have accumulated in similar roles will contribute significantly to building such a plan.”



**James Martinek, Solon**

**What is the biggest issue facing the co-op today?** “The most important issue facing any non-profit utility is providing service at the lowest cost possible. Members don’t want to think about electrical service; they just want it always available at what they feel is a reasonable cost.”



**Elmer Vanorny, Solon (incumbent)**

**What is the biggest issue facing the co-op today?** “There are two big issues not one. The cost of power has been rising and even more increases are coming with changes in EPA emission guidelines for generation plants. Closer to Linn

County REC is the need to continue to address the growth in the service territory and maintain distribution costs.”



## Assets & Liabilities

Linn County Rural Electric Cooperative Association and Subsidiary, Marion, IA Consolidated Balance Sheets, December 31, 2010 and 2009.

## Consolidated Statements of Revenue & Expenses

Linn County Rural Electric Cooperative Association and Subsidiary, Marion, IA Consolidated Statements of Operations and Patronage Capital for the years ended, December 31, 2010 and 2009.

