

TIPMONT REMC

Annual Report for the year 2009



COUNTIES SERVED:

*parts of Tippecanoe, Montgomery,
Fountain, Clinton, Carroll,
White, Benton and Boone*

NUMBER OF METERS:

24,891

MILES OF LINE ENERGIZED:

2,290

METERS PER MILE OF LINE:

10.87

POWER SUPPLIER:

Wabash Valley Power Association

NUMBER OF EMPLOYEES:

62

MISSION:

To do the right thing for our members.

VISION:

To improve the quality of life in our service area through community involvement, education, safety, personal and economic growth while providing reliable and affordable electric service for our members.

IN THE PAST...

2009 was a time of transition and it flew by in what seemed like the blink of an eye. Our long time leader, Ken Ritchey, retired in May. Much of Ken's time during his final months was devoted to mentoring me as his replacement. Ken offered a wealth of knowledge from his long career and attempted to transfer as much of it as he possibly could prior to his departure. While we continued to work throughout the year to finish various internal projects and maintain our construction and maintenance plans on our distribution system, we also worked to establish a new vision to move the cooperative forward. The leadership group met with the board of directors in August and presented a three year strategic vision that will focus on initiatives in the area of system reliability, engaging our members, energy efficiency, affordable power, and organizational development. Each area has very specific projects targeted for completion over the next 36 months. These initiatives address operational and member concerns. We will expand on

*We look forward to
another great year of
providing service to
you, our members!*

some of these items momentarily. One effort in 2009 we hope was noticed was a greater effort to communicate with you, our member. During the year we promoted the grassroots campaign "Our Energy, Our Future." We began holding CEO luncheons and dinners so randomly selected members can interact face to face with our leadership team to gain knowledge and exchange thoughts. We focused our Electric Consumer articles on specific issues impacting our membership. Finally, we solicited a great deal of feedback from our members and incorporated their thoughts into the changes we made in our internal processes, system projects, and services.

IN THE FUTURE...

In 2010 we will focus on the projects that were conceptualized and planned during 2009. The physical work on our substations and metering system will begin. This system, once installed, will work in conjunction with upgrades to our outage management system. This will allow us to better manage system interruptions and, over time, trouble shoot and restore service in a much more proactive and expedient manner. Other technology upgrades include a Geographical Information System (GIS) to improve our accuracy in mapping the distribution system and the devices located throughout. We will also install a fiber communication network connecting our Battle Ground and Linden offices as well as some of our larger substations. This system will provide a communication structure to exchange system data at a vastly improved speed with greater reliability. All of these projects are aimed at the collection of system data to provide more information to our members about their electric service and to manage our distribution system in a more proactive manner. With these tools at our disposal, we will be able to offer our members a greater amount of data to manage their energy consumption and identify trouble areas on our distribution system. Along with these projects, the leadership team and Board looked very hard at some of the ancillary services offered by the cooperative. It was decided we will be exiting ventures that are not operating as predicted from a service or financial standpoint. We will be participating in energy efficiency initiatives in conjunction with our power supplier, Wabash Valley Power Association. We will continue to pursue the construction of a Touchstone Energy home in our service territory and promote renewable energy sources. Internally, we will continue to look for ways to lower our operating costs and will structure an organizational plan to target our training efforts to get the "most bang for our buck."

Finally, we will work to become much more transparent to our membership. Our web site has been revised and we have added our year end financials as well as a balanced scorecard. This scorecard measures our performance on key business metrics and compares us to other cooperatives across the country. Look for more content to be added over time. We are here to do the right thing for our members and we want you involved. Part of this effort is to provide you with all the information we legally can about your cooperative and allow you to provide your input. We look forward to working to serve you all in the upcoming year!



Tim McCarthy joined Tipmont REMC in May of 2007 and served as Manager of Customer Service until May of 2009. At that time he assumed the overall responsibility for the cooperative operations in the role of Chief Executive Officer.

OPERATION ROUNDUP

	2009
Operation Round Up — Total Donations	\$ 706,395.94
Operation Round Up — Total Grants Awarded	\$663,150.35

Through the generosity of Tipmont REMC members who allow their electric bills to be “rounded up” to the next dollar, Operation Round Up awarded \$53,792.95 to 28 local organizations in 2009.

Tipmont REMC customers who donated their time during 2009 as members of the Operation Round Up Trust Board were Denise Newton, Linda Leamon, Roger Kunkle, Pat Crumrin, Dennis Buuck, Marilyn Spear, Joe Bloom, Janet Whittington, and Russell Serie.



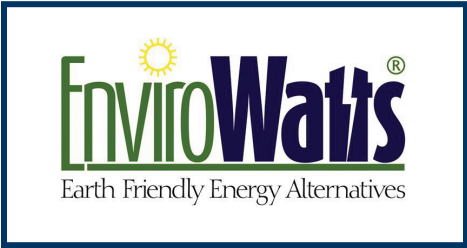
Members of the Lafayette Spinners wheelchair basketball team receive an Operation Round Up grant to purchase team jerseys and wheelchair parts. The team is sponsored by the Greater Lafayette Handicapped Sports Association. Pictured is Denise Newton, Operation Round Up board member, presenting the check to Eric Muller, president of Greater Lafayette Handicapped Sports Association. Also pictured are members of the Lafayette Spinners team.

ENVIROWATTS

Over 950 Tipmont REMC members participated in the EnviroWatts program in 2009. Their participation helps encourage power generation from renewable resources such as biomass, sun, wind and water. And part of every “good energy” dollar supports efforts to improve your local environment.

In 2009, the EnviroWatts Trust Board awarded \$41,615 to these local organizations:

- Art Museum of Greater Lafayette – *energy efficient LED lighting in gallery*
- West Lafayette Go Greener Commission – *equipment and containers for recycling volunteers*
- Engineering Projects in Community Service (EPICS) – *supplies and equipment for installation of a rain garden*
- Greater Lafayette Community Foundation – *2009 Clean & Green Sweep program*
- Sustainable Indiana – *Community Garden in Crawfordsville*
- Wolf Park – *landscaping for new entrance sign*
- Lafayette Urban Ministries – *bike rack at the Lafayette program center*
- Lafayette Tree Fund – *tree planting on Creasy Lane from US 52 to Eisenhower Rd*
- Master Gardener Association of Tippecanoe County – *public gardens at Tippecanoe County Extension Office*
- Montgomery County Master Gardeners – *update and print 2009 Montgomery County Big Tree Record*



Tipmont REMC members who donated their time during 2009 as members of the EnviroWatts Trust Board were Dean Zimmerman, Jess Cain, Harold Doremire, Larry Rose, Charles Steidle, James Scott Musselman, Stan Kenney, W. Arthur Petty and Max Bond.

MINUTES

The 69th Annual Member Meeting of Tipmont Rural Electric Membership Corporation was held at the Faith Community Center, State Road 26 East, Lafayette, Indiana on Saturday, August 1, 2009 at 9:30 AM. Registration began at 8:00 AM.

Prior to and during the registration period, members were encouraged to visit various vendor displays and Tipmont REMC displays and information centers. Early Bird drawings were conducted every thirty minutes during registration. Electric Credits in the amounts of \$250.00, \$100.00 and \$50.00 were given. DJ Miller performed during registration.

Each member registering received, a bio-degradable ink pen, a reusable bag made of recycled material, CFL bulb, ‘Our Energy Our Future’ postcard, ‘Our Energy Our Future’ letter, a wheel of ‘Green Living tips’ postcard, candidates information sheet, a Tipmont REMC glow in the dark magnet, comment sheet, two voting ballots, the Annual Report which included the 2008 Annual Meeting minutes. The Annual Meeting Registration card was mailed prior to the meeting.

President Kennedy announced that we had a quorum and called the meeting to order at 9:30 a.m.

President Kennedy thanked Faith Community Center for the use of their facility. He thanked DJ Miller for entertaining during registration.

DJ Miller sang the National Anthem. President Kennedy then introduced Corey Willis a Tipmont REMC employee who gave the invocation.

Vice President Curt Hudson announced the Early Bird drawings again.

Secretary-Treasurer Dan Haan read the official notice of the meeting and led the Pledge of Allegiance. He then asked those members present to refer to the minutes of the 2008 meeting, which were given to them at the time of registration. Secretary-Treasurer Dan Haan asked for a motion to accept the minutes as recorded. A motion was made by member Tom Moran and a second made by Lewis Beeler, motion carried, the minutes from the 2008 meeting were approved as presented.

President Kennedy presented a plaque on behalf of Tipmont and the membership to retiring General Manager Ken Ritchey. President Kennedy then introduces Senator Ron Alting who presented the ‘Distinguished Hoosier’ award to Ken Ritchey.

CEO McCarthy introduced special guest and Attorney Jeff Helmerick.

Attorney Helmerick introduced the Credential and Election Committee was also

introduced. The committee consisted of: Mel Spitznagle, District 2; Edward Crumrin, district 8; Chris Benner, district 6.

Attorney Jeff Helmerick introduced director candidates Richard W. Harlow, Jr and Stephen W. Kaiser district 2; Larry E. Carlson and John T. Hays, district 5; and Robert J. Baker, district 8. Each candidate was given the opportunity to speak. All candidates addressed the membership except Director Robert Baker who was unopposed.

Attorney Helmerick then instructed the membership to vote for districts 2 and 5 using the yellow ballot. He then called for the Credentials and Election Committee to collect and tally the ballots. The Credentials and Election Committee had previously met before the meeting started at the location of the Annual Meeting.

President Bill Kennedy introduced the current directors, he then asked all past Directors to stand. President Kennedy then addressed the membership regarding voting. He asked them to keep in mind while voting that a director also serves on various committees and is required to complete training. He stated when a director is replaced there is time and a cost associated with that. He then instructed the membership he was not suggesting they not consider new candidates, just to keep these things in mind. He then advised the membership which districts would be up for re-election in 2010.

CEO McCarthy introduced retiring General Manager Ken Ritchey.

Ken Ritchey spoke about his tenure at Tipmont. He described the growth, other services, EnviroWatts, changes in Customer Service, Community involvement and Operation Round Up. These are all services that changed or were introduce during his 14 years of service. He ended his speech by thanking his Staff and Employees, which he quoted as being the strongest in the State. He also thanked the membership for allowing him to serve such a wonderful group of people.

CEO McCarthy introduced special speaker Bruce Graham, CEO of Indiana Statewide Association of REC’s.

Bruce Graham gave a presentation on Power supply and climate change.

CEO McCarthy recapped the “Our Energy Our Future” program. He stated that today’s meeting had been awarded the Go Greener Certification by the Go Greener Commission of West Lafayette. This is a seal of approval from the city government that shows the public Tipmont’s commitment to the environment while planning our event. He advised the membership that members of Go

Greener were at booth before the meeting. For more information he encouraged the membership to go to their web site at www.gogreenerevents.org. Items to make the meeting a Go Greener Event, were bags made partially of recycled material which are 100% recyclable, all of the paper products and utensils used for serving breakfast were made of compostable materials, the pens included in the bags were biodegradable, CFL bulbs to encourage energy efficiency, a wheel of Green Living tips, the waste and trash from today’s meeting will be recycled or composted, the annual reports and other literature were printed by a local green certified printer, to show our support, our employees are wearing green shirts, and, on a personal note, he stated he drove his Tipmont hybrid vehicle to the meeting.

President Kennedy asked the members for any questions they might have. President Kennedy, Retiring General Manager Ken Ritchey and Bruce Graham responded to questions.

President Kennedy introduced the Annual Meeting Committee.

Attorney Helmerick announced the results of the election. Richard W. Harlow, Jr was elected director for district 2; Larry E. Carlson was elected director for district 5. With no opposition, District 8 ballots were not tallied.

Director Hudson announced the winners of the Early Bird drawings again, he then asked the winners of the next drawings to come forward to have a photo taken. He then conducted the drawing for three \$1,000 electric credits and two of the grand prizes, \$1,500 and \$3,500. He then asked President Kennedy to come forward for more announcements.

President Kennedy asked the membership to put their comments sheets and the ‘Our Energy Our Future’ post cards given to them in their registration bags in the blue buckets as they exit the building.

Director Curt Hudson then conducted the drawing for the \$5,000. The three grand prizes were awarded to the following members: \$1,500 to Donald and Lorraine Perigo; \$3,500 to Danny and Teresa Duncan, and \$5,000 to Howard Skees.

There being no further business the meeting was adjourned 10:55 AM.

Dan Haan
Secretary-Treasurer



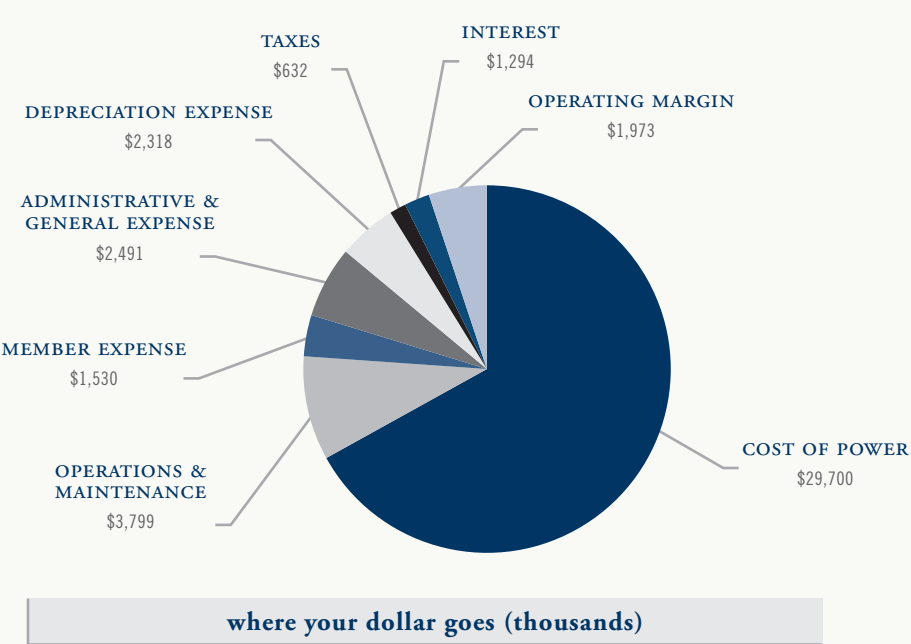
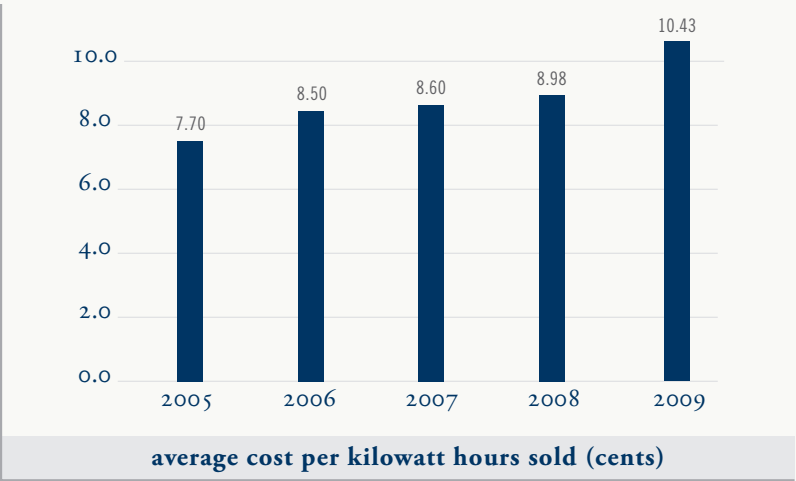
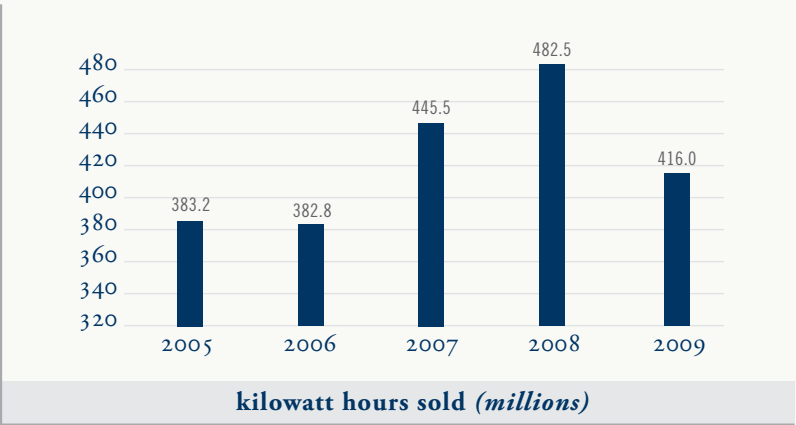
Bill Kennedy
President



EMPLOYEES

David Alspaugh	Apprentice Lineman
Ron Alting	Key Accounts Specialist
Jesse Bacon	Systems Analyst
Rex Beck	Staking Engineer
Ronna Bohlander	Accounting Representative
Kevin Bonebrake	Journeyman Lineman/Working Foreman
Donald Braun	Substation Maintenance Technician
Brian Brown	Journeyman Lineman
J Calloway	Meter Technician
Jim Clark	Energy Advisor
Sasha Clements	Communications Coordinator
Mike Cochran	Meterman
Jeff Decker	Help Desk Specialist
Natalie Decker	Member Service Supervisor
Jami Dugger	AMI System Coordinator
Garrett Foutch	Vegetation Maintenance Planner
Dee Fowler	Plant Accountant
Steve Furniss	Journeyman Lineman/Working Foreman
Jason Gates	Journeyman Lineman
Justin Heide	Apprentice Lineman
Jerry Hogue	Staking Engineer
Chad Jasheway	Journeyman Lineman
Allen Jones	GIS / Communications Analyst
Andrew Karle	Journeyman Lineman
Duane Keiser	Apprentice Lineman
Chad Keller	Journeyman Lineman
Cindy Kerker	Staking Engineer
Joe Kline	Engineering and GIS Supervisor
Terry Lafon	Engineering Technician
Tom Lewellen	Custodian
Jim Lind	Journeyman Lineman
Matt Lowe	Journeyman Lineman/Working Foreman
Tim McCarthy	Chief Executive Officer
Sandy Meade	Work Order Process Specialist
Dana Mesaros	Warehouseman
Tracey Miller	Member Service Representative
Jason Monroe	Metering Systems Supervisor
Debra Morris	Manager of Finance and Administration
Jeff Morrison	Journeyman Lineman
Traci Mountcastle	Member Service Representative
Abby O'Neill	Member Service Representative
Robert Palmer	Journeyman Lineman
Melody Peacock	Dispatcher
Scot Price	Line Superintendent
Matt Priebe	Right of Way Vegetation Maintenance Supervisor
Roger Raynes	Meter Technician
Corey Rhine	Apprentice Lineman
Benita Runion	Dispatcher
Krista Sanders	Lead Member Service Representative
Debbie Schavietello	Manager of Employee Services
Mark Sessler	Manager of Operations and Engineering
Nancy Smith	Accounting / Member Service Representative
Travis Smith	Journeyman Lineman
Lisa Thomas	Payroll Administrator
Tara Walters	Member Service Representative
Ernest Waltz Jr	Journeyman Lineman
Charles White	Maintenance Assistant
Jeff Wilcox	Journeyman Lineman
Denny Williams	Line Superintendent
Doug Williams	Journeyman Lineman
Corey Willis	Manager of Technology and Communications
Brandi Wilson	Accounting Supervisor

FINANCIALS



CONSOLIDATED BALANCE SHEETS

Year ended December 31

	2009	2008
ASSETS		
Net Utility Plant	\$ 67,811,871	\$ 63,240,126
Other Property and Investments	5,149,670	4,062,821
Current Assets	8,638,952	12,938,007
Deferred Debits	282,799	209,399
Total Assets and Other Debits	\$ 81,883,292	\$ 80,450,353
EQUITIES AND LIABILITIES		
Total Margins and Equities	\$ 44,580,647	\$ 41,863,921
Noncurrent Liabilities	25,869,553	25,619,521
Current and Accrued Liabilities	11,053,265	12,492,868
Deferred Credits	379,827	474,043
Total Equities and Liabilities	\$ 81,883,292	\$ 80,450,353
CONSOLIDATED OPERATING STATEMENT		
Operating Revenues	\$ 43,717,258	\$ 43,728,556
Total Operating Revenues	\$ 43,717,258	\$ 43,728,556
Operating Expenses		
Cost of Power	\$ 29,700,045	\$ 30,422,790
Operations	2,080,819	1,860,831
Maintenance	1,698,530	1,852,512
Consumer Accounts	1,529,765	1,527,541
Administrative and General Expense	2,491,201	2,459,719
Depreciation Expense	2,318,324	2,146,958
Taxes	631,731	639,100
Interest	1,293,882	986,563
Total Operating Expenses	\$ 41,744,297	\$ 41,896,014
Patronage Capital and Operating Margins	1,972,961	1,832,542
Non Operating Margins	69,966	191,428
Other Capital Credits and Patronage Dividends	1,062,546	1,051,911
Income/Loss from Investments	116,686	76,577
Cumulative Effect of Accounting Change	(518,593)	—
Net Margins	\$ 2,703,566	\$ 3,152,458



Current Board of Directors

front row, left to right:
Bob Baker
Joe Hathaway
CEO Tim McCarthy
Larry Carlson
Jerry Peevler

back row, left to right:
Richard Harlow
Secretary/Treasurer Brent Bible
President Bill Kennedy
Vice President Curt Hudson
Dan Haan, Attorney Jeff Helmerick



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