

Rural Electric Convenience Cooperative Co.

Annual Meeting Agenda

June 11, 2009

5:00

SupperMid-Illinois Pork Association

6:45

Early Attendance Prize Drawings.....Dir. Mbr. & Public Relations, Dana Smith

6:50

Welcome.....Vice Chairman, Chris Wilcox

Invocation..... Rev. Milton Bost, Chatham Baptist Church

Pledge of Allegiance Chris Wilcox

National Anthem Chris Wilcox

7:00

1. Call to Order..... Chairman of the Board, Jimmy L. Ayers

2. Quorum Present - Announce Registration to CloseJimmy L. Ayers

3. Announce the Annual Meeting will be Conducted by Roberts Rules of Order,
and Voting to be Conducted According to State LawJimmy L. Ayers

4. Reading of the Official Meeting NoticeJohn A. Beatty

5. Introduce Board of Directors, Attorney, President/CEO,
Appoint Recording SecretaryJimmy L. Ayers

6. Approval of Printed AgendaJimmy L. Ayers

7. Approve Minutes of 2008 Annual MeetingJimmy L. Ayers

8. Introduction of Legislators and Guests.....President/CEO, David Stuva

9. Treasurer’s ReportJohn A. Beatty

10. Chairman’s ReportJimmy L. Ayers

11. President/CEO’s Report..... David Stuva

12. Nominating Committee Report..... Committee Chairman, Carl Kessler

13. Petitions Attorney, Jerry Tice

14. Conduct Election of Directors.....Jerry Tice

15. Unfinished Business.....Jimmy L. Ayers

16. New Business.....Jimmy L. Ayers

17. Attendance Prize Drawings - Grand Prize DrawingDana Smith

18. Adjourn.....Jimmy L. Ayers

Something for everyone

There are plenty of things to do and see at your co-op's Annual Meeting! We've got activities for youngsters, as well as the adults, from 5 - 6:45 p.m.

The Air Evac Lifeteam helicopter is scheduled to land during the registration period, so you can look over the fully-equipped medical helicopter and visit with the crew next to the parking lot.

We'll have several activities for kids,

with the help of 4-H members from Virden and Girard. Miniature golf, face painting and the "line glove challenge," working with wires in heavy insulating gloves, will be open for fun. A special door prize drawing will be offered for those younger than 16 years old, in addition to the many prize opportunities for mom and dad.

The "more mature" members can get their blood pressure checked, visit

with local vendors and learn about the many programs offered by your co-op.

Our high-voltage safety demonstration includes vital information that could save your life or the life of a loved one. In the auditorium, you can see the newest Touchstone Energy® television ads before the business meeting begins.



Report of the Nominating Committee of Rural Electric Convenience Cooperative Co.

Each of the undersigned being members of Rural Electric Convenience Cooperative Co., and having been appointed by the board of directors of the cooperative to the Nominating Committee make this report to the board of directors of the cooperative.

The Nominating Committee members met at the cooperative headquarters at Auburn, IL, on March 5, 2009, at the hour of 6:30 p.m. We further report that we nominated the following members from each of the following respective districts of the

cooperative for election to the board of directors of the cooperative at the annual meeting of members to be held on June 11, 2009, to serve until the third subsequent annual meeting of members thereafter:

District No.	Name	Address
District 7	Ted Dowson	13750 Dowson Rd., Auburn, IL 62615
District 8	Lee Marten	23103 W. Frontage Rd., Waggoner, IL 62572
District 9	Cassie Eigenmann	11767 Hurricane Timber Ln., Modesto, IL 62667

The undersigned further report that after taking the foregoing action, the Nominating Committee duly adjourned.

Dated at Auburn, Illinois this 5th day of March, 2009.

John F. Welch
 John L. DeLeon
 Samuel B. Burtt
 Perry H. Galy
 Melvin Wainwright Jr.
 Paul Barr
 Shirley Lomelino
 Ted L. Slone, Chairman

Nominee by Petition

In addition to the three candidates named by the Nominating Committee, one candidate has been nominated by petition. Nominations are not allowed after the May 11 deadline, or at the Annual Meeting.

District 7	Mark Bartolozzi	10839 Sugar Creek Ln., Glenarm, IL 62536
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Candidates' information and statements are shown on next pages.

Candidate Profiles

Mark Bartolozzi – District 7

Mark Bartolozzi is a resident of Glenarm. He and his wife, Cindy, have three children attending the Ball-Chatham school district. Mark is currently the Director of Finance and Human Resources with the Springfield Park District. He is a member of St. Joseph's Catholic church where he has taught Sunday school with his wife for several years, he is a member of the Knights of Columbus council 4179, for a number of years he has been a soccer and baseball coach through Chatham Baseball and Softball Inc. (CBSI) and a Cub Scout den leader. Mark is a member of the Sangamon County Farm Bureau, a member of the Rural Electric Convenience Cooperative Com-



municators Committee, is a small business owner and is President of the Ball-Chatham school board.

Candidate's Statement:

"Energy will continue to be in the forefront locally, nationally and globally for years to come and it will continue to challenge us in new ways. Whether it is renewable energy sources such as wind, water, geothermal or cleaner coal, we as the Rural Electric Convenience Cooperative will be constantly challenged to provide electricity to our members at the lowest cost possible.

It is more important now than ever that we continue to educate our members about renewable energy sources, latest advances in technology, keep them aware of the ever-

changing legislative environment and 'green' initiatives.

The next several years will bring many financial challenges to our cooperative. I have over 20 years of experience in finance, budgeting and investments in the public and private sectors. My professional experience and background in management, finance and budgeting provide me with the necessary skills to understand and work with finances, and capital projects.

I would like to be a part of the board of directors team and share my education and experiences to keep us moving forward and continue as cooperative leaders in the energy environment. It would be a privilege to serve you on the RECC board and I respectfully ask for your support."

Ted Dowson - District 7

Thomas "Ted" Dowson has served as a director since November 1993. He and his wife, Mary Sue, have three daughters, five grandchildren and two great-grandchildren. Ted was born and raised in Sangamon County, and graduated from Divernon High School. He has been an RECC member for more than 47 years.

Ted farms with two brothers, with grain, dairy and swine operations. He has served on the Divernon School



Board and the Sangamon County Farm Bureau Board. He and his wife are active members of the Sugar Creek United Methodist Church.

Candidate's Statement:

"I struggled when I was younger getting started in business, and I understand the effect that higher energy costs have on our members. While we need to keep electricity affordable, we also need reliable service, and we've made many improvements on our lines to make them stronger. We're doing our best to find ways to cut costs

while maintaining a strong system, to save energy at the co-op, and to help our members keep their electric bills as low as possible. Just as the board has worked together to find a stable power supply, we need to work with our members to take advantage of technology like CFL light bulbs, high-efficiency heating systems and load management to reduce consumption and costs.

I hope you will take the opportunity to attend the Annual Meeting in Chatham, and I would appreciate your vote for director from District 7."

Lee Marten - District 8

Lee Marten was born and raised on a family farm in Zanesville Township in Montgomery County. He is a graduate of Lincolnwood High School in Raymond, and has an Ag Education degree from SIU Carbondale. Lee is a full-time farmer, a 38-year RECC member, and has served as a director for 15 years. He and his wife, Mary, have two daughters and a son. They are members of St. Raymond's Catholic



Church in Raymond.

Lee served six years on the Montgomery County Farm Bureau Board, with two years as president, and was on the Farm Bureau State Marketing Committee for three years. He was also on the Panhandle School Board for 12 years.

Candidate's Statement:

"Serving on the RECC board since 1994 has been an interesting and fulfilling experience. I believe our cooperative is in good financial

condition while keeping the distribution system strong and up-to-date. Our new power contract with IMEA should provide a reliable supply with rate stability in the coming years.

We've accomplished many good results at the cooperative, including the new GobNob wind turbine that's producing renewable energy for our members' use. The entire board works well together to arrive at decisions we believe are in the best interest of all our cooperative members."

Cassie Eigenmann - District 9

Cassie Eigenmann has served on the board since 1998. She graduated from Eureka College in 1974 with a Bachelor of Science Degree and has graduate courses in computer science, business management and agricultural spectroscopy. She has also successfully attended more than 20 classes for RECC, attaining both Credentialed Director and Board Leadership status. She has been employed by the DICKEY-john Corporation in Auburn for 35 years, serving in various capacities including Engineering, Manufacturing and Marketing Product Management. She also serves on the Curriculum Advisory Board of OK State University, the US Dept. of Agriculture Advisory board for FGIS, is chairman of the National Type Evaluation Committee for grain analyzers, and is on the international review boards for three OIML



standards committees for moisture measurement, near-infrared devices and software development. She is an active member of the Koke Mill Christian Church.

Candidate's statement

"Having served on the RECC board of directors for more than 10 years now, I have gained much insight into the complex process of bringing electricity to our homes and businesses. It's still an on-going learning process as I continue to attend classes and seminars to stay current in this changing industry. We, the board, have faced a number of challenges and very difficult decisions over the past 11 years regarding many critical issues, but none more so than in the past two years. Faced with the inevitable rising cost of electricity, more stringent government regulations, forever increasing environmental controls and expiring power contracts, we found ourselves

spending hours and hours in the boardroom examining innovative ideas to counteract these rising costs. In a dedicated effort to take advantage of the lowest, wholesale power cost available, we made the unprecedented move to join with a municipal power supplier to provide electricity for our members at a lower cost than we could find anywhere else. I am very proud of the accomplishments we have made and the sincere dedication we, as a board, have for the members we serve.

I have personally done my best to make every decision carefully, prayerfully and in the best interest of the members I serve. I am very grateful and sincerely thank all of you for the support you have extended me over the past 11 years. If you find my service to you, the members of this cooperative, to be favorable and beneficial, I am asking for your continued support at this time."

Chairman and President/CEO's Report: Climate Change Policy will Significantly Increase Electric Bills

Change is in the Wind...

We are definitely living in a time of change. In 2008, our stock market took a gut-wrenching dive. For many, a lifetime of savings disappeared from their 401k retirement accounts. Growing unemployment and a crumbling housing market left some in bankruptcy. We saw the biggest government bailout of private industry ever passed.

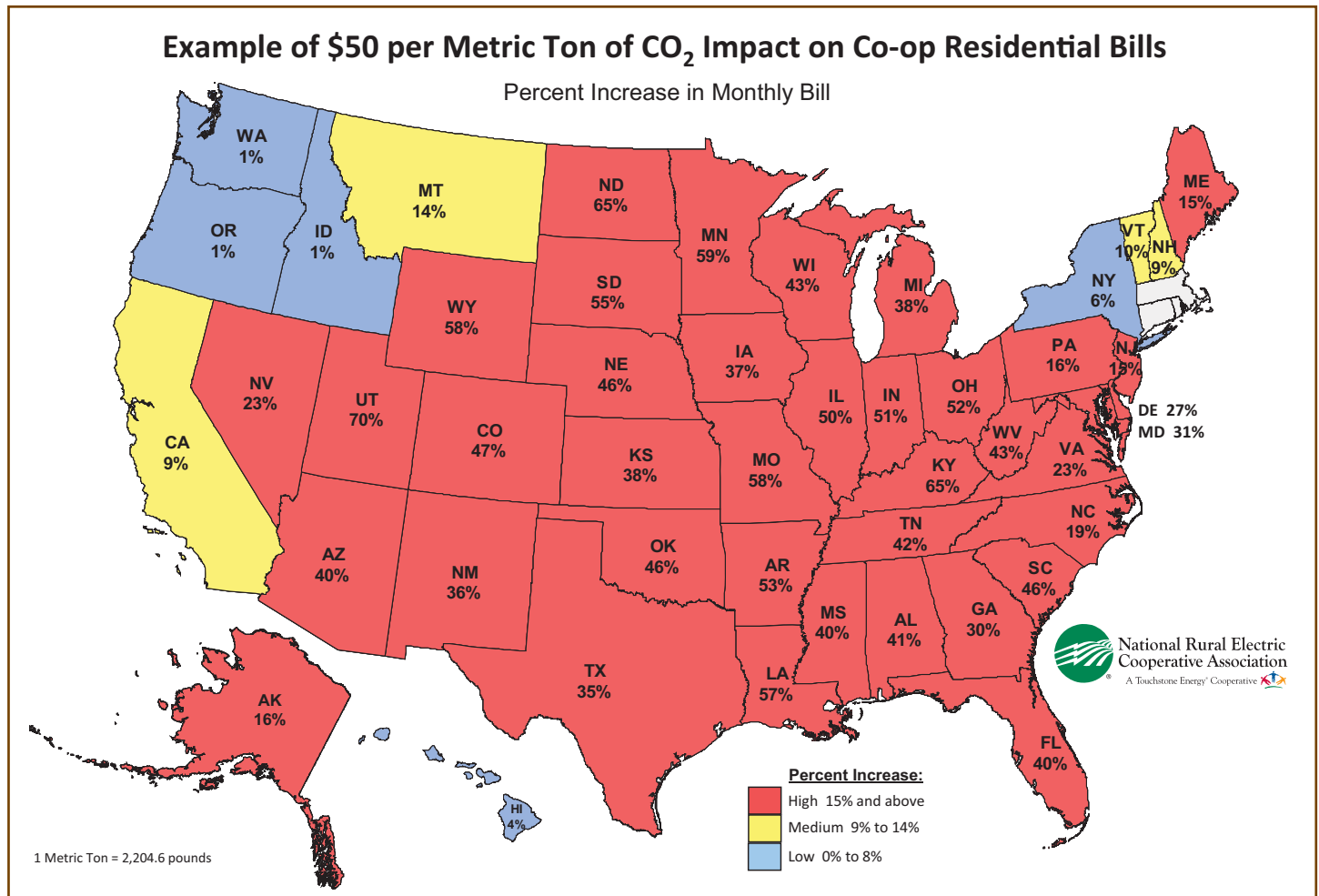
Now Congress and the Obama Administration are focused on passing

climate change legislation. Any action taken by Congress to address climate change will significantly increase the cost of electricity and will change how all of us live.

Climate change advocates seek to reduce the emission of greenhouse gases, especially carbon dioxide from power plants that burn fossil fuels like coal. Electric cooperatives support technologies to reduce carbon

dioxide emissions from power plants, but those options aren't ready. They're limited, largely untested, undeveloped and expensive. Yet proposed legislation would rely on unproven technologies to make significant carbon dioxide cuts nationwide.

The U.S. House of Representatives has announced plans to consider a climate change bill by this summer, one that may, for the first time, consider carbon



dioxide as a pollutant and impose a cap-and-trade tax to limit carbon emissions. Cap-and-trade systems work by setting a specific limit on airborne pollutants from sources like power plants, factories and refineries, and require those sources to account for all emissions with issued allowances.

Allowances would be auctioned off at undetermined prices, leading to huge cost burdens for any source of carbon dioxide emissions. In the case of power plants, those costs would ultimately be paid by the members using the power, in some cases adding \$100 or more to electric bills each month. (The corresponding map shows the proposed \$50 per metric ton tax on carbon dioxide, which would increase electric rates in Illinois by 5-cents per kilowatt-hour)

In late February, the Obama Administration pointed to such a system as a new, substantial source of revenue for the federal government. Such a backdoor tax increase would force electric cooperatives to essentially become tax collectors for the federal government, and allow Wall Street investors to set allowance prices and determine how much you pay for electricity.

Electric cooperatives want to work with Congress. We're ready to provide insight into how various policy proposals will impact our members, and urge lawmakers to address climate change in an affordable and environmentally responsible fashion. But, time may be limited. If Congress fails to act, the

U.S. Environmental Protection Agency (EPA) stands ready to step in, leaving decisions that affect consumers' pocketbooks up to unelected bureaucrats.

National energy and climate change policy must focus on reducing carbon emissions, not on "revenue enhancement" for the federal government. Money generated, through a cap-and-trade tax, should be devoted to developing related technology or returned to those who foot the bill. And Congress should take the lead on climate change, not the EPA or Wall Street speculators.

There is no getting around it, as our nation addresses energy and environmental issues, the cost of electricity will increase. You can make a difference by urging our Illinois U.S. Representatives and Senators to keep electric bills affordable. Get involved in this effort by participating in the Our Energy, Our Future™ grassroots campaign at www.ourenergy.coop.

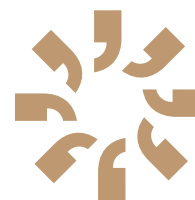
The winds of change are blowing – hang on to your electric bill.



Jimmy Ayers
Chairman



David Stuva
President/CEO



Our Energy, Our Future A Dialogue With America

www.ourenergy.coop

Minutes of the 2008 Annual Membership Meeting of Rural Electric Convenience Cooperative Co.

The 2008 Annual Meeting of Members of Rural Electric Convenience Cooperative Co. was held at Lincolnwood High School, Raymond on June 12, 2008, pursuant to Article III, Section I, of the bylaws and Notice by the Secretary of Rural Electric Convenience Cooperative Co.

Member & Public Relations Committee Chairman, Lee Marten, welcomed the members. He introduced Father Tom Donovan, St. Raymond Catholic Church, who delivered the invocation. Mr. Marten then led the members in the Pledge of Allegiance and the National Anthem.

Chairman Jimmy Ayers called the meeting to order at 7 p.m. and announced that a quorum was present with 219 members registered in person or by proxy. He announced the meeting would be conducted in accordance with Roberts Rules of Order and voting to be conducted according to state law.

Secretary/Treasurer John Beatty read the Official Notice of the 2008 Annual Meeting.

Chairman Ayers introduced each member of the board of directors. He introduced Attorney Jerry Tice and President/CEO David Stuva. He then appointed Shelley Crocks as Recording Secretary.

Chairman Ayers asked for an amendment to the agenda with combining numbers nine, 10, and 11 reports. A motion was made to amend the agenda, seconded and approved by voice vote. Chairman Ayers announced that the Agenda would stand with the stated amendment.

The Minutes of the 2007 Annual Meeting of Members, which had been reproduced in the Official Notice of the 2008 Annual Meeting and mailed to all members with the notice of the meeting, were presented to the members. Chairman Ayers called for a motion to approve same as presented. Upon motion duly made, seconded and approved by voice vote, the minutes of the 2007 Annual Meeting of Members were approved as printed, mailed, and presented.

Chairman Ayers called upon President/CEO David Stuva to introduce visiting guests.

Secretary/Treasurer Beatty proceeded

with the Treasurer's Report. In 2007, sales were 104,180,342 kilowatt hours compared to 98,507,049-kilowatt hours in 2006. This represented an increase of 6 percent more than 2006. The average monthly kilowatt-hour usage per member increased from 1,211 to 1,219 KWH in 2007. The cost of purchased power increased from \$5,971,723 in 2006 to \$6,211,705 in 2007. By far, our largest expense every year is for purchased power. Last year it was 63 percent of the coop's \$9,873,131 in total expenses.

Secretary/Treasurer Beatty reported maintenance expenses increased from \$763,226 in 2006 to \$885,653 in 2007. The biggest part of that increase was labor costs from the January ice storm. Chairman Ayers reported 26 linemen from Illinois, Iowa, and Missouri arrived Saturday, Jan. 13, 2007 to assist our crews. About 700 members lost power at some time over the weekend.

Chairman Ayers reported the ongoing repair work from the ice storms of 2006 and 2007. So far, more than 20 miles of overhead lines and poles have been replaced in the Farmersville, Honey Bend, Taylorville, and Lowder areas. Also, 2.5 miles of overhead lines were replaced with underground cable east of Farmersville. All of the damaged line is expected to be rebuilt by late fall. FEMA has agreed to cover 75 percent or more than \$2 million of the damages from the December 2006 ice storm. The coop's 25 percent share is \$681,175.

Fixed costs, such as taxes, interest, and depreciation, along with the cost of purchased power, accounted for 79 percent or \$7,781,134 of the total cost of electric service, which was \$9,873,131.

Secretary/Treasurer Beatty reported the co-op returned a total of \$503,500 in capital credits in 2007. Included in that amount was a special retirement of \$200,000 from our power supplier. This year the coop is financially able to return \$150,000 in capital credits, which will be mailed during the first week of August. This year's distribution will retire all of our capital credits through 1981. The coop has retired over \$2.9 million in

capital credits to our members since the first checks were written in 1978.

Secretary/Treasurer Beatty reminded members that the co-op gives estates an option to retire the capital credits of a deceased member's account. The payment will be discounted to reflect the early payout.

Chairman Ayers reported that on May 8, 2008, the board unanimously voted to submit our withdrawal notice to Prairie Power effective Dec. 31, 2008. The board will be evaluating our options over the next several months and making decisions to gain more control over the co-op's operating budget.

President/CEO Stuva stated our rates have been unchanged since 2003 with only minor fluctuations since 1992. With the recent explosion of higher energy prices, it became evident that our next wholesale power contract was going to be more expensive.

President/CEO Stuva reported the co-op has started a Cost of Service Study to analyze the different classes of service and the rates assigned to each class. With a new wholesale power contract to begin on Jan. 1, 2009, it's anticipated that the co-op's rates will be adjusted to maintain the needed operating margins for each class of service. The Cost of Service study looks at the investment needed to serve each class of accounts, such as Residential, Dual Meter, Small and Large Commercial, Interruptible and Grain Drying. The goal is to have each class of service provide a fair operating margin. The last study was done in 2002. When the new wholesale power contract is finalized and the Cost of Service study results are available, the directors will use the information as a guideline to develop retail rate schedules for each class of service. Those rates could be set by late fall allowing time to notify members of any changes.

Chairman Ayers reported the mounting pressure in Congress to do something about climate change. The newest concern is carbon dioxide emissions. This substance, which is vital to life, is now being considered a pollutant and many believe

it is contributing to global warming.

Chairman Ayers pointed out that several bills are pending in Congress to reduce carbon dioxide emissions by electric utilities. The Congressional Budget Office pegs the cost of the various climate change proposals at between \$50 and \$300 billion annually by 2020. Climate change is one aspect of a looming energy crisis. Experts now say some areas of the country will be short of power within one or two years.

Chairman Ayers stated that without national leadership – without a sound, responsible plan – government risks not only the reliability of our electric system, but literally the ability of many Americans to be able to afford to pay their electric bill. Chairman Ayers recommended that as electric coop members and constituents, we must call on elected officials to provide this leadership.

Chairman Ayers reported that our National Organization, NRECA, has launched a grassroots campaign titled, “Our Energy, Our Future: A Dialogue with America.” The purpose is to encourage open discussion between electric co-op members and their elected officials about the challenge of keeping the lights on.

President/CEO Stuva asked members to visit the Web site www.ourenergy.coop for more information. He stated that we have included postcards in the registration packet. If members want to fill out and sign the postcard, we will be glad to forward it to our representatives.

Chairman Ayers reported that this is the last opportunity to pick up the free compact fluorescent light bulbs. Since the program began in January, more than 1,146 members have picked up their light bulbs. In addition to the bulbs, members received a certificate good for \$5 to buy more CFLs at participating local hardware stores until June 30.

President/CEO Stuva encouraged members to check out our redesigned Web site, recc.coop. He informed members that they could pay their electric bill and view their account information online. In May, more than 25 percent of our members paid their bill electronically by using

the Web site, ACH or Credit Cards.

President/CEO Stuva stated the co-op’s Web site has interactive tools, calculators and articles about saving energy. The co-op’s Certified Comfort Home program promotes better building techniques. Co-op rebates for heat pumps and geothermal systems make high-efficiency even more affordable.

President/CEO Stuva stated that RECC has something to offer members who want to install a small renewable energy system, less than 20 KW, with our new Net Metering policy.

President/CEO Stuva informed the members that the co-op provides electric safety demonstrations for schools, firemen, and other emergency personnel. We also use the “Safety” section on our Web site to inform you on ways to protect yourself from electrical fires, fallen power lines and more.

Chairman Ayers stated that the Co-op Connections card introduced a pharmacy discount program in 2007 for savings of 10 to 60 percent on most prescription drugs, at pharmacies throughout our area. These savings are for prescriptions not covered by insurance or Medicare. Your pharmacist will tell you which program offers the lowest cost for your prescription. All members have received the Co-op Connections card. A list of offers from local businesses can be seen at our web site. There is also a link to the national Web site where you can search by state or zip codes.

President/CEO Stuva updated the members on the coop’s GobNob wind turbine project, east of Farmersville. The 220-foot tower will sit on a 60 foot “gob pile” of coal waste at the old Freeman One coal mine at Farmersville, which is now owned by the Illinois Department of Natural Resources. Foundation work for the 900-KW turbine from America’s Wind Energy will begin in a few weeks with delivery of the turbine expected in October. When running at full capacity, the wind turbine will provide electricity to about 300 homes. An access road to the top was built last fall. A long-term lease has been signed and \$750,000 in

grant money has been secured for the \$1.8 million turbine project.

President/CEO Stuva informed the members of a statewide member survey that was mailed in August 2007 with the results being very positive and encouraging. Our ACSI score was 84, which ranks in the upper echelon of all service providers.

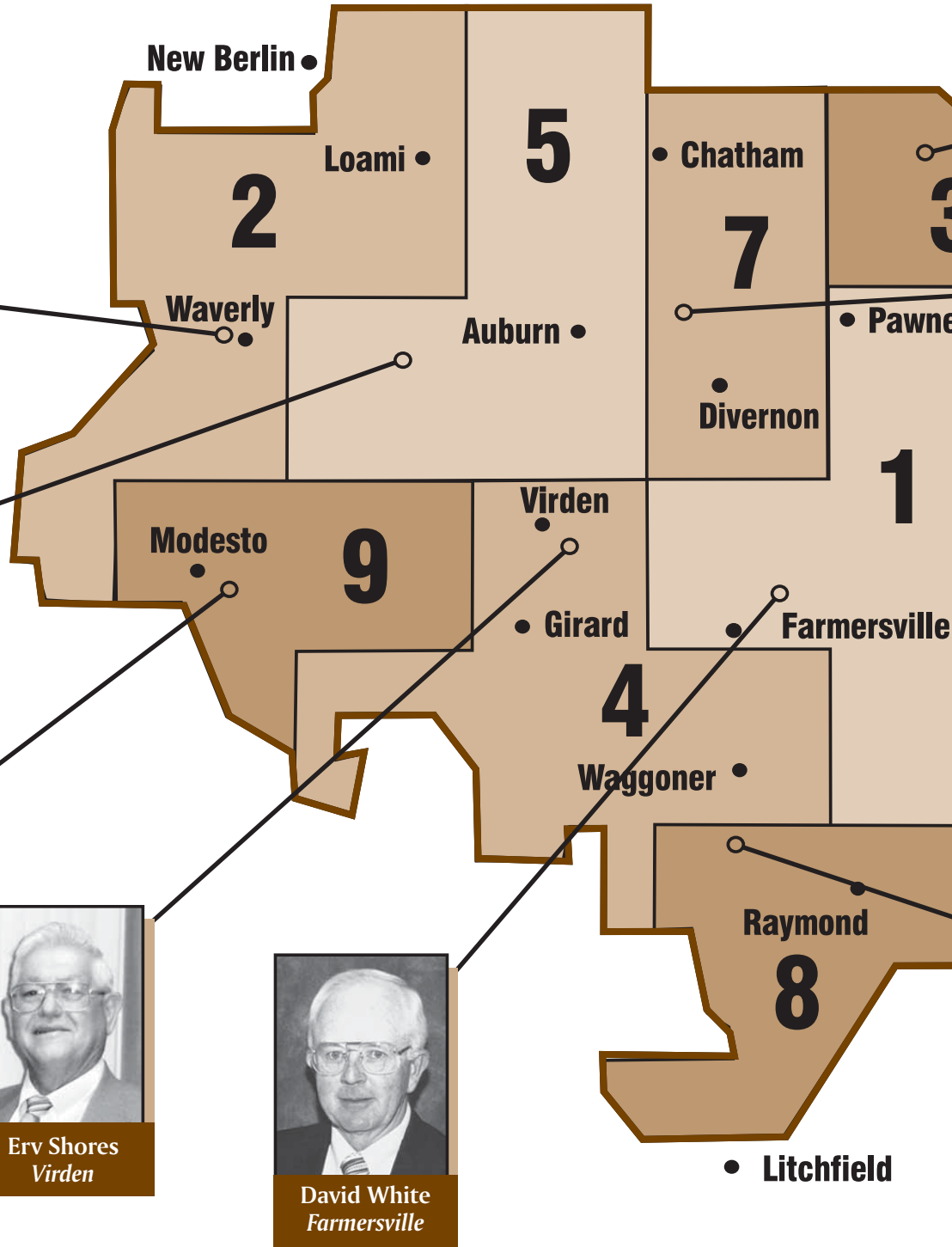
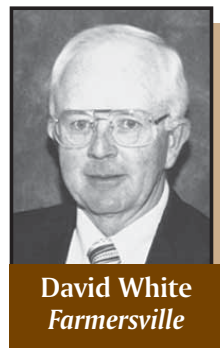
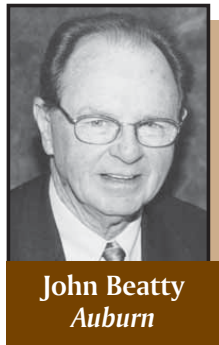
Chairman Ayers called on Galen Bailey, Chairman of the Nominating Committee to present the Committee Report. He reported the Nominating Committee met on March 6, 2008 as stated on Page four of the annual meeting notice, and nominated Ervin Shores as candidate for Director District No. 4; John Beatty as candidate for Director District No. 5; and Melvin Repscher as candidate for Director District No. 6.

Chairman Ayers called on Attorney Jerry Tice to conduct the election for directors. He reported that no nominating petitions had been filed before the meeting for Districts 4, 5 and 6. Accordingly, the candidate for Director District No 4, Ervin Shores; the candidate for Director District No. 5, John Beatty; and the candidate for Director District No 6, Melvin Repscher are the nominees for a three-year term. The Chair entertained a motion to accept the nominations of the Nominating Committee and to direct the Secretary to cast a unanimous ballot for the nominees. The motion was offered and seconded and upon voice vote, the Chair declared that the motion was unanimously carried, there being no opposing votes.

Chairman Ayers called for any unfinished business and new business. He requested that the members read through the Annual Report, and thanked all of the members for attending this year’s meeting. He informed the members that next year’s annual meeting would be on June 11, 2009, at Glenwood High School in Chatham. There being no other business, Chairman Ayers declared the meeting adjourned sine die.

Respectfully submitted,
Shelley S. Crocks
Recording Secretary

Your Neighbors Serving as Your Cooperative's Directors

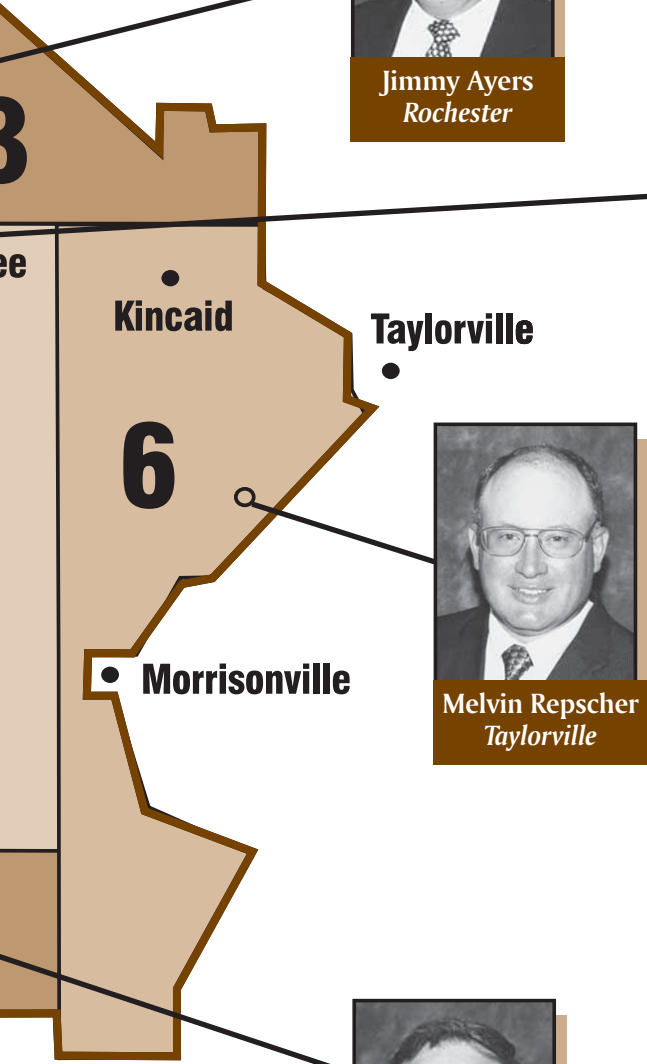




Jimmy Ayers
Rochester



Ted Dowson
Auburn

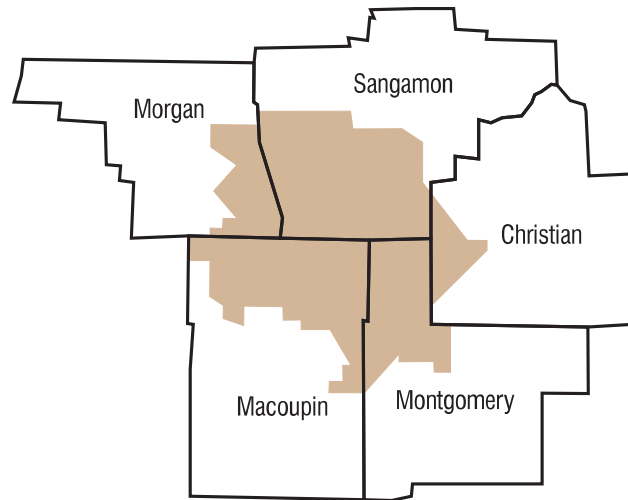


Melvin Repscher
Taylorville



Lee Marten
Waggoner

RECC Service Area



RECC Facts

	2008	2007
Miles of Line	1343	1342
Meters Connected	5779	5771
Meters per Mile of Line	4.3	4.3
kWh Purchased	119,383,657	112,335,154
kWh Sold	110,898,802	104,180,342
Line Loss	6.92%	7.06%
Avg. Monthly kWh per Member	1,598	1,505
Avg. Monthly Bill per Member	\$161.07	\$156.18

Highlights from the past year



Repairs completed from ice storms

RECC crews and contractors completed projects totaling over \$2.7 million to restore our distribution lines to the high standards we maintain, after ice storms of December 2006 and January 2007 did heavy damage across the system. Miles of overhead lines were replaced, hundreds of new poles set, and 2.5 miles of overhead lines were replaced with underground cable east of Farmersville. Disaster recovery funds from the Federal Emergency Management Administration (FEMA) covered \$2.1 million of the cost. The last FEMA reimbursement payments were received in March 2009.

RECC signs new power supply contract

The cooperative signed a long-term wholesale power supply contract with the Illinois Municipal Electric Agency (IMEA) late last fall. Headquartered in Springfield, IMEA provides wholesale power to 29 municipal electric systems in Illinois, including the Village of Chatham. The agency has a history of providing its members with stable electric rates.

A change in wholesale rates was coming on Jan. 1, 2009, regardless of the power provider. The purchase contract that we enjoyed through Prairie Power, our previous supplier, was ending on Dec. 31, after six years of fixed costs. New wholesale costs reflected the recent rise in all energy prices, and the RECC board of directors sought out the best stability possible for the next decade and beyond. They concluded that IMEA was the best fit for RECC's power needs.

Substations, transmission lines purchased



RECC now owns its nine substations, including the Glenarm substation on Gordon Drive south of Chatham. The co-op also owns the transmission line feeding Glenarm from the west side of Springfield.

As part of the switch from Prairie Power to IMEA as a wholesale power source, RECC purchased the nine substations serving our members along with 22 miles of transmission lines. In the past, the co-op paid Prairie Power a monthly fee to maintain and operate the substa-

tions. RECC's crews will now have responsibility for these facilities, where the incoming transmission lines at 34,500 or 69,000 volts are stepped down to 7,200 volts for distribution on our lines. Contractors may be used for specialty work or large projects.

GobNob wind project completed

The GobNob wind generator near Farmersville was constructed in December, and started producing clean, renewable energy on March 5. The 900-KW turbine from EmergyaWind Technologies (EWT) in The Netherlands stands 230 feet high, on top of a 60-foot “gob pile” of coal waste at the former Freeman I coal mine. All the power generated by the wind turbine is fed into the co-op’s Farmersville substation and used by our members in the surrounding area. The official dedication was held on April 20, highlighted by Governor Pat Quinn, an early supporter of the project. (See more information on the GobNob project on page 20.)



Record sales in 2009



RECC set a new record for electricity sales of 110.9 million kWhs in 2008, increasing 6.4 percent over 2007, which was also a record year. Winter sales were a little above average, due to colder temperatures, and July energy sales were also up with the warmer temperatures, but November and December were the highest sales months of all. Once again, Mother Nature was the main cause, but this time the effect was more indirect. Crops were planted very late in May and June, and stayed

green into the fall. Corn harvesting didn’t start till late September, and grain moisture levels were higher than average. Crop dryers continued to run into the heating season, resulting in a late surge of energy consumption that was most evident in seven of our nine substations that serve primarily farm accounts. November’s all-time monthly sales record was 12.6 million kWhs sold, while December was close behind at 12.0 million kWhs.

Co-op Connections card pharmacy savings hits \$7 million

The Co-op Connections card program introduced a pharmacy discount program in 2007, for savings of 10 to 60 percent on most prescription drugs at 56,000 pharmacies across the country. To date, the program has saved co-op members more than \$7.3 million on name-brand and generic drugs. This savings is for prescriptions not covered by insurance or Medicare, and pharmacies may offer discounts on certain drugs that are better than the Co-op Connections plan.



Your pharmacist will tell you which program offers the lowest cost for your prescription.

You can find a local participating pharmacy by calling 800-800-7616, Monday through Friday, 7 a.m. to 7 p.m. central time and Saturday, 8 a.m. to 5 p.m., or visiting the Web site at www.locateproviders.com. Simply type 22203 into the Group field and click log in to start searching.

To look up drug prices by location

visit www.rxpricequotes.com. You will find frequently asked questions, savings examples, a list of participating chains and a Drug Pricing Lookup tool. The Drug Pricing Lookup tool allows you to find the cost of your medications before you visit the pharmacy and look up participating locations near you.

All RECC members have received the free Co-op Connections card. You can see the list of offers from local businesses at our Web site at www.recc.coop, with a link to the national list where you can search by state or zip codes.

Revenue and Expenses

For the year 2008

Operating Revenues:

	2008	2007
Operating Revenue and Patronage Capital	\$11,180,117	\$10,813,649
Other Electric Revenue	\$105,942	\$106,755
Total Operating Revenues	\$11,286,059	\$10,920,404

Operating Expenses:

Cost of Purchased Power	\$6,196,670	\$6,211,705
Operations Expense	\$376,650	\$375,749
Maintenance Expense	\$885,845	\$885,653
Consumers' Accounting and Collecting Expenses	\$258,875	\$270,976
Customer Service and Informational Expense	\$91,842	\$75,908
Demonstration Salaries and Expenses	\$135,344	\$130,545
General Office Salaries and Expenses	\$429,059	\$388,856
Engineering, Legal and Accounting Services	\$384,830	\$62,688
Other Administrative and General Expenses	\$288,993	\$315,985
Maintenance of General Plant	\$155,529	\$148,051
Depreciation Expenses	\$901,946	\$932,409
Taxes	\$79,733	\$74,606
Interest on Long-Term Loans	\$491,231	\$556,817
Short-Term Interest	\$65,483	\$5,597
Other Deductions	\$3,859	\$4,399
Total Operating Expenses	\$10,745,889	\$10,439,944

<u>Electric Operating Margins</u>	\$540,170	\$480,460
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Non-Operating Margins:

Capital Credits-Associated Organizations	\$16,952	\$12,695
Capital Credits - G & T	\$152,167	\$108,253
Non-Operating Margins	\$38,903	\$74,604
Patronage Capital and Margins	\$208,022	\$195,552

<u>Total Patronage Capital and Margins</u>	\$748,192	\$676,012
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Obligation to RUS, CoBank and CFC

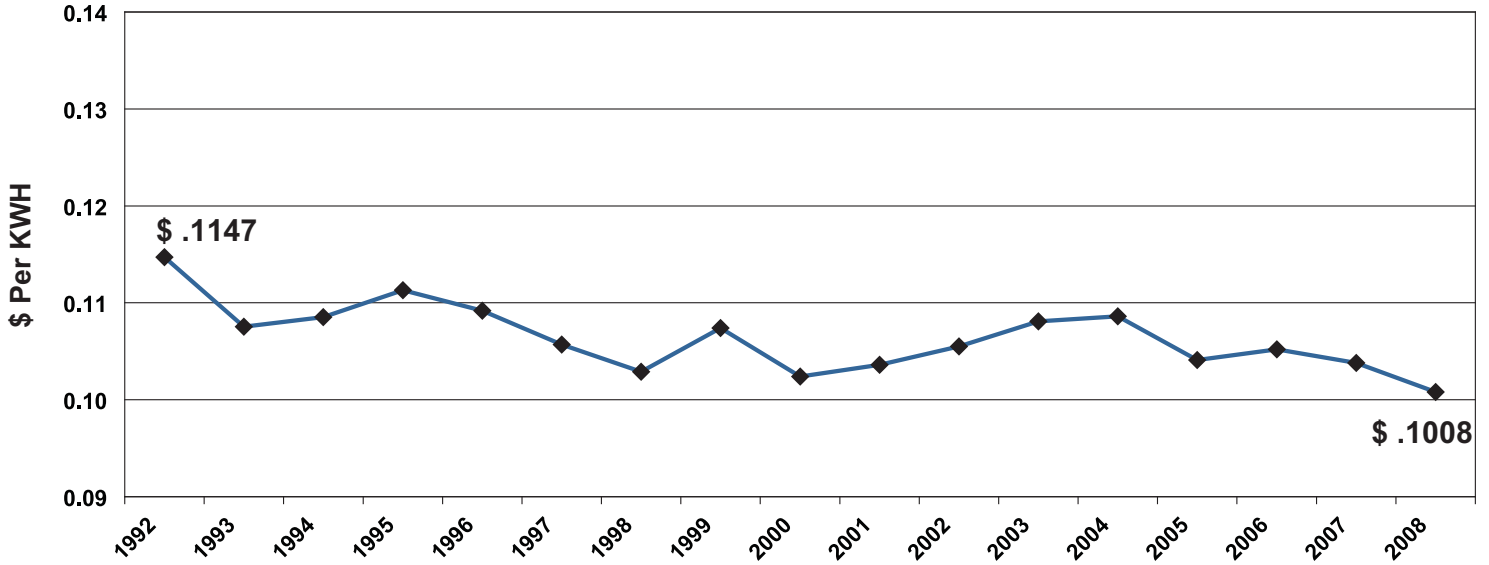
Total Allocations	\$33,981,000	\$25,781,000
Funds Unadvanced	\$941,250	\$0
Funds Advanced	\$33,039,750	\$25,781,000
Conversion Fee	\$1,751	\$8,753

Gross Obligation to RUS, CoBank and CFC	\$33,041,501	\$25,789,753
Payments applied on Principal	\$13,326,865	\$10,805,481
Substation Facilities Sold to WIPCO	\$163,037	\$163,037

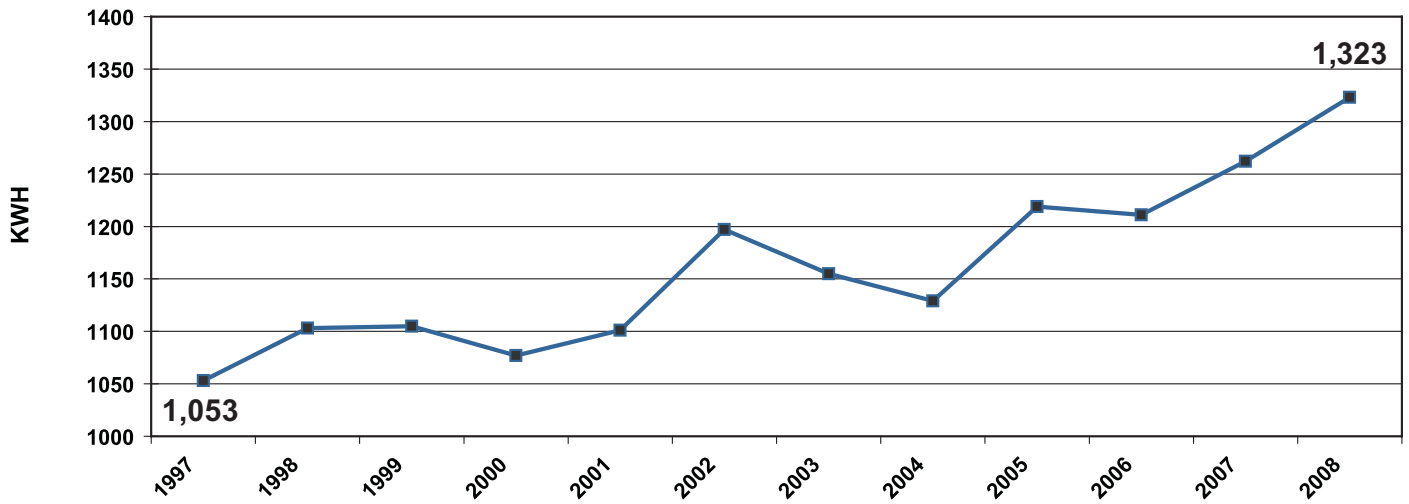
Net Obligation to RUS, CoBank and CFC, Dec. 31, 2007		\$14,821,235
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Net Obligation to RUS, CoBank and CFC, Dec. 31, 2008	\$19,551,599	
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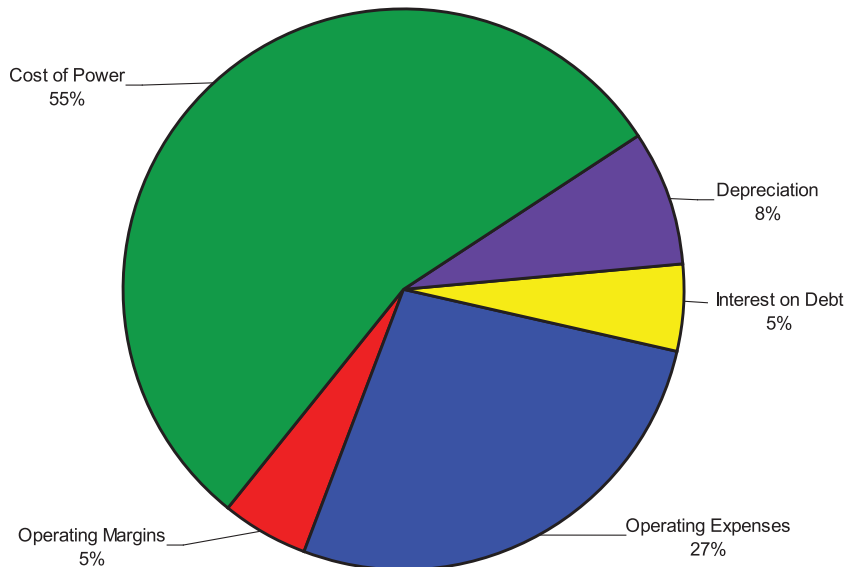
Average Cost Per KWH - Retail Cost



Average Monthly Residential Energy Use



Where Your Dollar Goes



Balance Sheet

As of December 31, 2008

Assets	2008	2007
Value of Electric Plant	\$38,512,926	\$30,975,123
Less Provision for Depreciation	\$10,724,653	\$10,624,711
Net Value of Electric Plant	\$27,788,273	\$20,350,412
Cash	\$52,393	\$76,995
Investments and Restricted Funds	\$996,698	\$2,624,398
Accounts, Notes and Interest Receivable	\$1,323,543	\$1,614,516
Materials and Supplies	\$363,534	\$506,385
Other Assets	\$3,054,433	\$478,277
Total Assets	\$33,578,874	\$25,650,983
Liabilities		
Memberships	\$23,610	\$23,615
Consumers' Deposits	\$450,005	\$444,505
Accounts Payable	\$1,299,523	\$946,346
Accrued Taxes and Interest	\$278,127	\$261,486
Patronage Capital	\$8,354,819	\$7,911,434
Operating Deficit (Prior Years)	(\$364,289)	(\$438,884)
Margins for 2007		\$601,406
Margins for 2008	\$709,289	
Other Equities	\$352,931	\$231,495
Other Deferred Credits	\$321,803	\$447,851
Long-Term Debt to RUS and CFC	\$19,551,599	\$14,821,235
Other Noncurrent Liabilities	\$163,289	\$150,494
Notes Payable	\$2,438,168	\$250,000
Total Liabilities and Equity	\$33,578,874	\$25,650,983

Audit

The firm of Dreyer & Kelso, certified public accountants of Mission, Kansas, made an audit of all records of the Rural Electric Convenience Cooperative Co., for the year ending Dec. 31, 2008.

The firm submitted the report of the audit to all members of the board of directors, the attorney and copies are retained for the cooperative records. This report stated that the accounts of said cooperative are in accordance with the Rural Utilities Service accounting procedures and in their opinion, the balance sheet, related statement of revenue and expenses and patronage capital and other equities presented fairly the financial position of the cooperative as of Dec. 31, 2008.

Resume of Minutes • Regular Board Meeting

April 27, 2009

The regular monthly meeting of the Board of Directors of Rural Electric Convenience Cooperative Co. was held at the cooperative headquarters at 7 p.m. on April 27, with all members present. Also present were President/CEO David Stuva; Manager of Office Services, Dean Fuchs; Director of Member and Public Relations, Dana Smith; Manager of Operations and Maintenance, Lou DeLaby; Field Engineer/Purchasing Agent, Martin Hinton; Administrative & IT Specialist, Sandy Lex; Kevin Kelso from Dreyer & Kelso, P.C., P.A., the cooperative's certified public accountants; and Attorney Kevin Tippey.

* The minutes of the March 23 regular board meeting were approved as presented.

* CEO Stuva and Lou DeLaby reviewed bids received for the acquisition of a new 10MVA transformer for the Lowder Substation to meet the growing demand on that substation. They noted the bids had been evaluated by the Cooperative's engineering firm.

* CEO Stuva and staff presented an update on the GobNob wind turbine. Martin Hinton noted the EWT training class held at the co-op March 30 through April 3. Stuva reviewed the visit by Congressman John Shimkus, and the Dedication and Open House events held in April.

* CEO Stuva introduced Kevin Kelso, who conducted a review of the cooperative's audit report for the year ending Dec. 31, 2008. He noted the required

audit regulations and analysis of the cooperative's control procedures, and said there were no adjustments to the audit report. The Directors entered executive session with Mr. Kelso to discuss the audit, then returned to open session and approved a Resolution accepting the 2008 Audit Report.

* CEO Stuva presented the IMEA Report, noting that there will be four IMEA Regional meetings held in various locations.

* Director Beatty presented the AIEC report. He reviewed the executive summary of the April AIEC board meeting.

* The Attorney's report was given by Attorney Tippey.

President/CEO's Report

CEO Stuva reviewed the following reports which had either been mailed or distributed to all directors and attorney: Member and Public Relations, Job Training and Safety, Meters and Outages, Operations and Maintenance, Engineering and Construction, Cash Disbursements Summary, and Check Listing. The board accepted the reports. Financial and statistical reports for March 2009 were reviewed and accepted.

CEO Stuva also:

* Noted a small negative operating margin for March, due to higher-than-budget expenses for storm repairs and substation upgrades. Projected margins for the year are still within expectations.

* Reviewed the preliminary member survey results on climate change, noting that 33.81 percent of the members responding believe man-made climate change is occurring but 76.55 percent are unwilling to pay increased rates to combat such change.

* Reported that one petition has been received for nomination to the board of directors. Discussion followed on election procedures at the annual meeting.

* Reviewed plans for upcoming meetings.

Board Action

The board acted on the following:

* Approved the application for, or reinstatement of, membership and electric service for 19 persons.

* Approved a Special Equipment Summary of \$192,537.69 to be presented to the Rural Utilities Service for inclusion in operating loans.

* Authorized management to notify RUS of the cooperative's intent to extend its participation in the Energy Resource Conservation 5 percent Loan Program.

* Approved the \$7 million RUS Guaranteed Federal Financing Bank (FFB) loan to fund the RECC Work Plan.

* Approved the purchase of a 10 MVA transformer to be installed at the Farmersville Substation.

* Set the 2010 RECC Annual Meeting for June 10, 2010 at Chatham Glenwood High School.

The meeting adjourned at 10:55 p.m.

RECC Employees



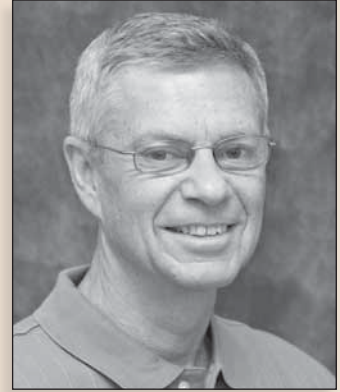
David Stuva
President/CEO



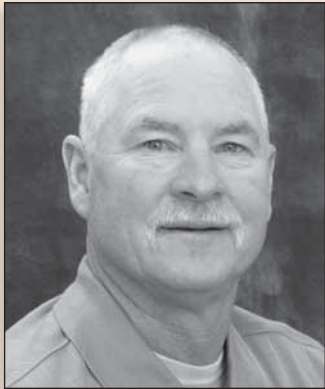
Dana Smith
*Director of Member and
Public Relations*



Lou DeLaby
*Manager of Operations and
Maintenance*



Dean Fuchs
*Manager of Finance and
Office Services*



Clark Bowman
*Mechanic/Equipment
Serviceman - 1st Class*



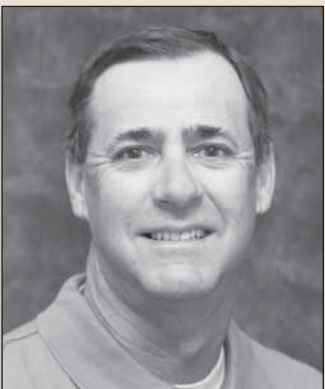
Travis Boylen
2nd Year Apprentice Lineman



Craig Costello
Journeyman Lineman



Shelley Crocks
*Senior Member
Accounts Representative*



Curt Fishburn
Journeyman Lineman



David Flynn
Journeyman Lineman



Carol Funk
Sr. Billing/Payroll Analyst



Becky Grossner
AMR/Billing Analyst

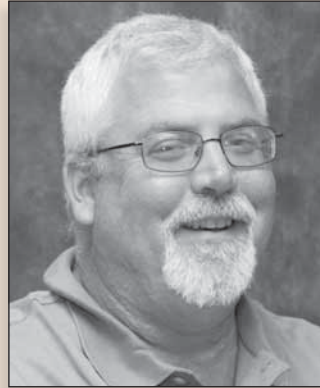
Your Touchstone Energy® Partner 
The power of human connections



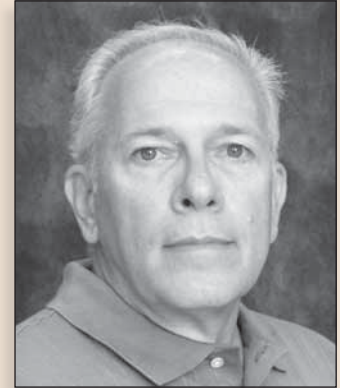
William Hart
Journeyman Lineman



Tim Hemberger
Journeyman Lineman



Martin Hinton
*Field Engineer and
Purchasing Agent*



Thomas Jones
*Information Systems
Supervisor*



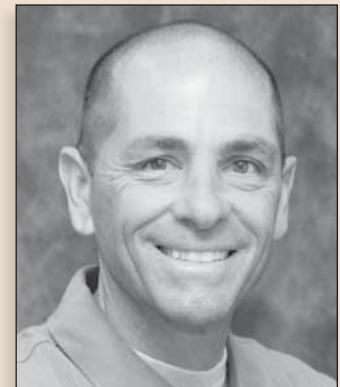
Jeff Lancaster
Electrician - 1st Class



Sandy Lex
*Administrative and
IT Specialist*



Dave McCarty
Warehouseman



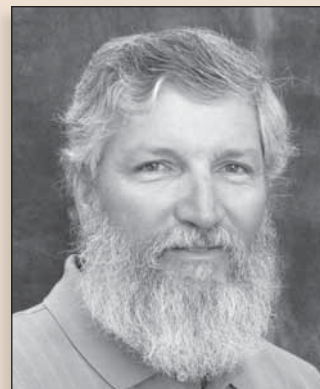
Curtis Nichelson
Crew Foreman



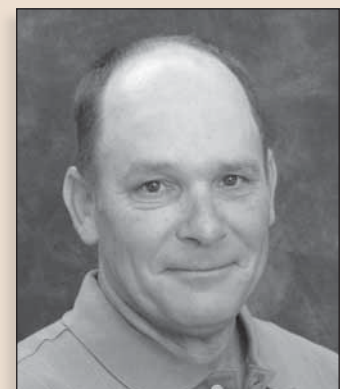
Matt Sheerin
Accountant



Stefan Sporrer
Custodian



Walter Wallace
Journeyman Lineman



Kenneth Williamson
Line Foreman

GobNob Wind Turbine Churning Out Renewable Energy for RECC Members



A huge crane, with the help of a “small” crane, lifted the three-tower section into place, then placed the nacelle on top that would hold the generator and blades.



Governor Pat Quinn received a “GobNob” t-shirt from David Stuva, RECC’s President/CEO, at the Dedication ceremony on April 20, 2009.



The GobNob project wouldn't have been possible without the financial assistance from state and national organizations, and the cooperation of the Illinois Department of Natural Resources.



Two of the 80-foot blades wait to be assembled in December. They're several feet in diameter at the base, tapered down to a few inches thick at the other end.



About 650 people visited the GobNob site at the public Open House on April 25. Spectators either walked up the 60-foot hill or rode the shuttles to see the turbine up close.