

more than just water is slipping through your fingers

Your home wastes more water than you might realize and that's costing you money. The energy it takes to heat that water is literally washed down the drain, but there is something you can do to take control of your water usage and energy costs.

Annual Meeting Special
\$5

Purchase your Energy Saving Water Kit for only \$5 starting March 27 (at the Annual Meeting in Worthington) through April 30, 2010. A \$40 retail value. While supplies last!

In order to receive this Energy Saving Water Kit at the special discount price, you must be a cooperative member and you must use electricity to heat your water.



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Access your account online

NCE provides members online access to their account through Easy 2 Pay. Members log on to our website (www.noblesce.coop) and click on the Easy 2 Pay option to view their account information and pay their bill. The site delivers current account information, the ability to pay your bill and enter your meter reading.

Registration for this service is simple and straight forward. Just be sure to have your electric bill in front of you the first time. You will need to know your member number and meter number. Once you've registered as a new user, you'll have access to these features:

- ▲ View, print or save bill
- ▲ Make payment
- ▲ Register a payment account
- ▲ Report your meter reading
- ▲ Make a change to your online user account



Visit our website at www.noblesce.coop to begin enjoying the benefits of online access. Be sure to click on the Easy 2 Pay icon!

Don't have Internet access? No problem. Paying through Easy 2 Pay can be done 24/7 by phone; call 866-797-4616 and just follow the directions.

Enjoy the convenience of:

- ▲ One less check to write
- ▲ No more searching for stamps and paying 44 cents to mail with dashes to the post office
- ▲ Downloaded statements can save on the environment
- ▲ Fast, free, safe and convenient
- ▲ Pay from more than one bank account
- ▲ Protection against identity theft

Let Easy 2 Pay simplify your life while simplifying ours. This service saves us time to assist members in other areas.

Annual Meeting minutes

The Annual Meeting of the stockholders (herein referred to as “members”) of Nobles Cooperative Electric (NCE) was held at the Murray County Central High School Gymnasium in Slayton, Minnesota at 6 p.m. on June 25, 2009; pursuant to notice duly published for the fifteen (15) days prior to the holding of the meeting, as required by the Articles of Incorporation and Bylaws of said cooperative.

Chairman Hanson led everyone in the Pledge of Allegiance.

Henry Hanson welcomed the members and guests to the Annual Meeting.

The Invocation was given by Pastor Ted Kunze from the Christ Lutheran Church, Slayton and Faith Lutheran Church, Avoca.

The meeting was called to order by Henry Hanson, president of the Board of Directors, who presided and Ronald Schwartau, secretary of the Cooperative, kept the minutes of the meeting.

Two prizes were drawn during the Annual Meeting to registered members who were present.

Chairman Hanson presented an agenda for the members’ consideration and after reviewing; a motion was made, seconded and carried to approve the agenda as presented.

The minutes of the last Annual Meeting of the members as held June 19, 2008 were printed in the *Current Matters* Annual Report mailed to each member of the Cooperative. There being no corrections, additions or deletions, a motion was made, seconded and carried that said minutes be accepted and approved as printed.

A registration of members attending the Annual Meeting was taken at the member registration booth

at the Murray County Fairgrounds. The secretary stated that such registration indicated more than fifty (50) members were present in person and the required quorum was therefore established as per Article I, Section 5 of the Bylaws of the Cooperative.

Chairman Hanson appointed Attorney Andrew E. Hagemann, Jr. as parliamentarian for the meeting.

Andrew E. Hagemann, Jr., attorney for the Cooperative, presented the notice of the meeting, along with the Proof of Publication of said notice as published in the *Worthington Daily Globe* and the *Murray County Wheel-Herald* as per Article I, Section 3 of the Bylaws of the Cooperative. Such notice and proof thereof was ordered annexed to the minutes of the meeting.

Attorney Hagemann then explained the balloting and voting procedures, which would be followed in the election of directors.

Chairman Hanson appointed the tellers and inspectors of the elections.

The next order of business as stated by Chairman Hanson was to take action on the election of three (3) directors to serve for a period of three (3) years or until their successors were duly elected and qualified. Mr. Hanson presided during the election and stated that the terms of Ronald Schwartau representing District One, Lee York representing District Two and Gary Sieve representing the District At-Large were expiring.

Richard Thompson, chairman of the Nominating Committee, reported that the Nominating Committee met on March 13 and April 14, 2009 and nominated Ronald Schwartau as a director candidate from District One to be voted on by the members

present at the Annual Meeting. Their effort to find other candidates was unsuccessful.

Chairman Hanson asked for any further nominations for District One and after allowing ample time for such nominations and hearing none; a motion was made, seconded and carried that such nominations cease.

Since there were no other director candidates running for District One, Mr. Hanson asked for a motion to cast a unanimous ballot for Ronald Schwartau. A motion was duly made and seconded to cast a unanimous ballot for Ronald Schwartau as director for District One. Motion carried.

Nominating Committee Chairman Thompson reported that the Nominating Committee had nominated Lee York as director candidate from District Two to be voted on by the members present at the Annual Meeting. Their effort to find other candidates was unsuccessful.

Chairman Hanson asked for any further nominations for District Two and after allowing ample time for such nominations and hearing none; a motion was made, seconded and carried that such nominations cease. Since there were no other director candidates running for District Two, Mr. Hanson asked for a motion to cast a unanimous ballot for Lee York. A motion was duly made and seconded to cast a unanimous ballot for Lee York as director for District Two. Motion carried.

Nominating Committee Chairman Thompson reported that the Nominating Committee had nominated Lowell Nystrom, Gary Sieve and Jamie Thomazin as director candidates from the District At-Large to be voted on by the members present at the Annual Meeting.

Chairman Hanson asked for any further nominations for District At-Large and after allowing ample time for such nominations and hearing none; a motion was made, seconded and carried that such nominations cease.

Gary Sieve, Jamie Thomazin and Lowell Nystrom addressed the membership.

A vote was then held by ballot for the District At-Large director position.

Chairman Hanson recognized distinguished guests and introduced them to the audience.

Chairman Hanson called on Office Manager Brad Spartz to give the financial report. Mr. Spartz stated the Cooperative continues to grow. Assets totaled \$37.4 million, an increase of \$15 million since 1998. The operating expenses totaled \$11.5 million with operating margins totaling \$460,000. Non-operating margins, MainStreet Messenger, WildBlue, generation and transmission, plus other Cooperative capital credits totaled \$699,000. He stated that power costs are expected to continue to increase into the future, as we move to renewable sources of energy.

Chairman Hanson asked if there were any questions and hearing none asked for acceptance of the financial report. A motion was made, seconded and carried that said financial report be accepted and approved as presented.

General Manager Richard Burud reported on the overview of the industry. He discussed oil prices, stable price of electricity compared to other fuels, NCE's rural residential electric rates since 1997, power costs, margins, along with local fixed and operating expenses. Manager Burud explained how the Cooperative is minimizing costs to the members,

plus what the impact of the Carbon Tax and Cap & Trade Tax may have on cooperative residential bills. The prediction is that unless additional generation comes online, some regions, including Minnesota, will be short of power as early as 2010.

General Manager Burud then acted as the moderator of the Cooperative panel.

President Henry Hanson stated that the condition of NCE is in a strong position, obligations were met and the system is in excellent shape. Board highlights from 2008 were the 2.1 MW wind turbine built near Brewster that produces six million kilowatt-hours; locally Our Energy, Our Future dialogue began; a Rural Utilities Service (RUS) loan application for \$7,957,000 and the purchase of an outage management system (OMS) was authorized. The 2009 Work Plan included the automatic meter reading (AMR) system, OMS, review and rewrite of the By-laws and Articles of Incorporation, plus the most significant was the authorization of rate changes.

Jon Brekke, vice president of Member Services of Great River Energy (GRE), NCE's wholesale power supplier, addressed the membership. He gave a brief background on GRE and then discussed GRE's "triple bottom line: competitive rates, reliable electric service and environmental stewardship". Mr. Brekke also explained the long-term cost drivers and what GRE is doing to control costs.

Line Superintendent Bill Schreiber reported on the work that was completed in 2008. A new radio system was installed to improve communications between the trucks and offices, plus the after-hours dispatch center. He then mentioned that in 2009 there would be a smaller construction budget and the OMS would

help provide better and quicker service during power outages.

Office Manager Brad Spartz reported on the 2008 accomplishments that included upgrading the computer network, the 10-year financial forecast and RUS loan application, along with the OMS. The 2009 Work Plan includes the implementation of the OMS, along with the Internet bill presentment and payment.

Member Services Manager Adam Tromblay reported on the accomplishments of his department. Two award winning programs were the compact fluorescent lighting and Living Green[®] programs. He explained conservation and energy evaluations, education and safety programs, plus the energy efficiency tax credits that are available. Members were then urged to contact the Member Services Department for any assistance needed.

No questions were asked by the members.

Mr. Hanson asked if there was any old or unfinished business to come before the Cooperative's annual membership meeting. No such business was presented.

The chairman asked if there was any new business to come before the Cooperative's annual membership meeting, but no such business was presented.

Chairman Hanson then announced the results of balloting for District At-Large. Gary Sieve was elected as director for District At-Large.

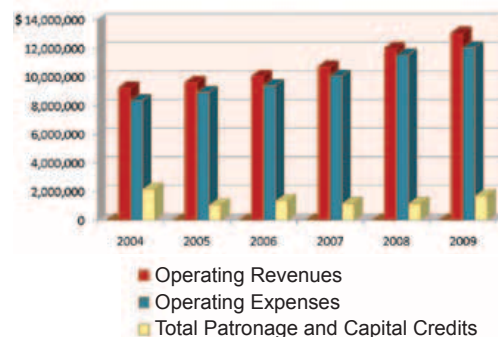
There being no further business to come before the meeting, a motion was made, seconded and carried that said meeting be adjourned.

Respectfully submitted,
Ronald J. Schwartau, Secretary

Balance sheet

	<u>2009</u>	<u>2008</u>
Utility plant		
Lines, buildings and equipment	\$38,045,053	\$37,028,295
Less provisions for depreciation	<u>11,262,933</u>	<u>10,635,730</u>
Net utility plant	\$26,782,120	\$26,392,565
Cash and investment accounts		
General funds	\$ 2,805,360	\$ 3,649,155
Investments	4,728,620	4,338,105
Accounts receivable	3,002,970	2,298,579
Materials and supplies	655,147	700,141
Prepayments	117,393	43,220
Deferred debits	7,023	6,959
Interest receivable	<u>5,985</u>	<u>5,985</u>
Total cash and investments	\$11,322,498	\$11,042,144
Total assets	<u>\$38,104,618</u>	<u>\$37,434,709</u>
Liabilities		
Accounts payable	\$ 3,571,584	\$ 4,572,998
Long-term debt	17,554,625	17,117,621
Deferred credits	<u>114,362</u>	<u>77,060</u>
Total liabilities	\$21,240,571	\$21,767,679
Equity		
Patronage capital - prior years	\$14,279,175	\$13,866,561
Capital reserve and other equity	<u>2,584,872</u>	<u>1,800,469</u>
Total equity	\$16,864,047	\$15,667,030
Total liabilities and owner equity	<u>\$38,104,618</u>	<u>\$37,434,709</u>

Revenue from the sale of our service amounted to **\$13,077,234** as of the year ending **December 31, 2009**



Statement of operations

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenues	\$13,077,234	\$12,005,279	\$10,711,833
Operating expenses			
Purchased power	\$ 7,456,231	\$ 7,090,127	\$ 6,129,200
Power production expense	47,436	16,633	----
Operations	544,198	545,845	506,754
Maintenance	724,716	754,562	676,323
Customer account expense	545,238	597,548	468,904
Administrative and general expense	710,010	714,949	686,548
Depreciation expense	1,078,378	933,571	904,461
Interest on long-term debt	941,959	847,745	695,391
Other income deductions	<u>14,644</u>	<u>44,370</u>	<u>5,793</u>
Total operating expenses	\$12,062,810	\$11,545,350	\$10,073,374
Net operating margins	\$ 1,014,424	\$ 459,929	\$ 638,459
Generation and transmission plus other cooperative capital credits	\$ 400,563	\$ 338,588	\$ 381,412
Net non-operating margins	<u>\$ 285,954</u>	<u>\$ 360,885</u>	<u>\$ 147,539</u>
Total patronage capital and margins	\$ 1,700,941	\$ 1,159,402	\$ 1,167,410

Management's comments

The financial statements for the 12-month period ended December 31, 2009 and December 31, 2008 were audited by Eide Bailly, LLP, in accordance with generally accepted auditing standards and government auditing standards issued by the U.S. Comptroller General. The above is a condensed presentation of the financial statements. The auditor's report will be on file at the cooperative's office.