

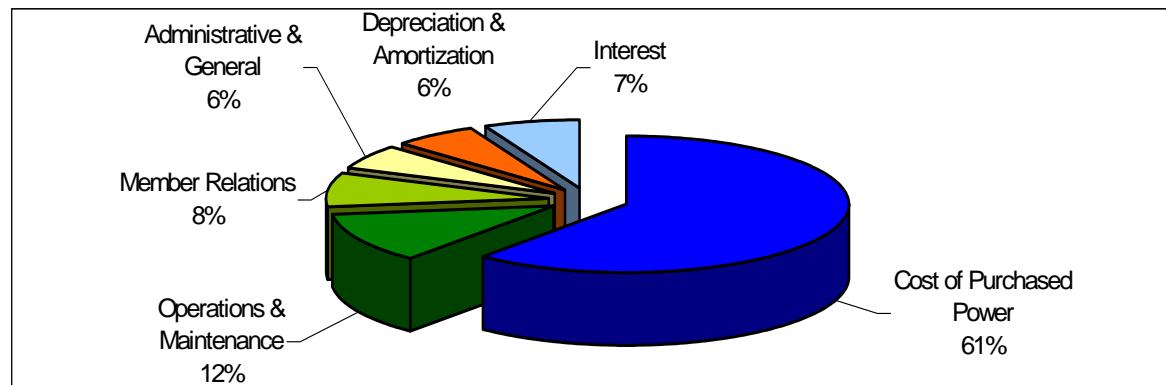
## Income Statement

	2004	2003	2002
Operating Revenue & Capital Credits	4,950,903	4,934,600	4,732,646
Cost of Purchased Power	2,910,925	2,930,860	2,756,218
Operations & Maintenance Expense	582,862	350,179	304,879
Member Relations Expense	400,126	378,078	378,124
Administrative & General Expense	311,118	297,266	275,989
Depreciation & Amortization Expense	303,217	298,750	279,180
Interest Expense	320,000	287,717	274,464
Other Expenses / (Income)	(413,673)	(156,844)	(70,330)
Total Expenses	4,414,575	4,386,006	4,198,524
Capital Credits or Margins	536,328	548,594	534,122

## Balance Sheet

ASSETS	2004	2003	2002
Net Utility Plant	8,787,568	8,237,964	8,018,958
Other Property & Investments	1,131,986	1,132,380	1,155,415
Current and Accrued Assets	3,641,730	3,002,755	2,174,385
Deferred Debits	44,364	69,758	96,425
Total Assets and Other Debts	13,605,648	12,442,857	11,445,183
LIABILITIES			
Current and Accrued Liabilities	321,626	312,622	304,807
Deferred Credits	432,778	439,385	426,565
Long Term Debt	7,750,815	6,981,424	6,286,334
Total Liabilities	8,505,219	7,733,431	7,017,706
EQUITY			
Margins and Equities	5,100,429	4,709,426	4,427,477
Total Liabilities and Equity	13,605,648	12,442,857	11,445,183

## 2004 Expenses



## Board of Directors

Duane Ver Ploeg	President
Louie Kamerick	Vice President
Sam Nichols	Secretary
Arvin Vander Wilt	Treasurer
Donald Jansen	Director
Edwin Klyn	Director
Norman Van Zante	Director

## Employees

Rob Burton	Line Foreman
Terry Darnell	Journeyman Lineman
Stan Eysink	Member Relations Mgr.
Terry Fraker	Cost Accountant
Nick Guillien	Apprentice Lineman
Linda Gooding	Administrative Assistant
Randy Reineke	Apprentice Lineman
John Smith	CEO
Cheinette Van Wyk	Financial Manager
Jean Van Wyk	Administrative Assistant
Tim Ver Meer	Line Superintendent
Sue Warrick	Office Manager
Shawn Williams	Journeyman Lineman

## Staff By The Numbers

20	Directors & Employees
496	Hours volunteered in 2004
275	Years of experience

Pella Cooperative Electric Association's

## 69th Annual Meeting

Tuesday, March 29th, 2005  
Pella Community High School



## Annual Meeting Program

6:00 pm	Dinner & Registration
7:30 pm	Invocation, Sam Nichols Reading of Notice Proof of Publication Minutes of Last Meeting Report of Nominating Committee Election of Directors President's Report, Duane Ver Ploeg Comments by CEO, John R. Smith Results of the Election Unfinished Business Adjournment
8:15 pm	Entertainment - AcaPella Door Prize Drawings



# President & CEO Comments



Duane Ver Ploeg

The books have been closed for 2004 and Pella Cooperative Electric remains in a positive financial position. The successful completion of the 2004 audit signaled that the original goal of the cooperative – to operate at cost – has been reached.



John R. Smith

In 2004 we experienced higher power costs due to a number of unscheduled plant outages in CIPCO's generation fleet, which resulted in the need for Pella Cooperative Electric to implement the Energy Cost Adjustment (ECA) on a monthly basis.

We see no immediate changes in the wholesale power cost environment for 2005. Because we were able to use the ECA, we see no need to adjust rates in 2005.

### Value

As a not-for-profit entity, owned solely by our membership, Pella Cooperative Electric emphasizes returning dollars back to our members as

soon as possible. The capital credit funds are returned to our members in a way that both recent and long-term members receive value from their membership.

Pella Cooperative Electric was able to return nearly \$150,000 to our membership as capital credits in 2004. In the past decade, Pella Cooperative Electric has returned \$1.7 million to our members.

### Reliability

In addition to returning the margins to our members, Pella Cooperative Electric has maintained the reliability of your service. In fact, we have reduced our outage time to only 30 minutes per account per year. This past year has reduced our five-year average to only 45 minutes of outage per account per year.

The increase in reliability is due in a large part because we are committed to advancing the technology that we utilize.

To provide our members with uninterrupted service, we are committed to advancing our infrastructure. A three-phase line crossing Lake Red Rock is currently planned to continue this effort. Not only

will this effort enhance reliability, it will also increase the capacity of our system and allow for additional clearance over the lake.

### Technology

Pella Cooperative Electric began to install an Automated Meter Reading (AMR) system in 2004. Though they look similar to the old meters, the AMR technology provides us with greater information to the benefit of all members.

By automatically sending meter reads to our office, the AMR system is a more cost effective way to track our members usage. Furthermore, the usage is tracked on a daily basis and aggregated into the monthly totals used for billing. In addition to electric usage, the AMR system records outages and blinks at each meter location. This detailed information allows our staff to offer more insight into each member's account. Finally, the AMR system provides greater security by monitoring for tampering.

With one-third of the meters updated to AMR meters, we are well on the way to revamping the entire system.

We have also completely updated our website,

[www.pella-cea.org](http://www.pella-cea.org), to be more user-friendly for our members. Our objective is to continually update the website and services offered online to provide greater convenience to our members.

### Community Development

Pella Cooperative Electric continues to focus on economic development within our communities. We have, and continue to, access local, state and federal programs that assist in expansion, development, and start-up of small businesses and organizations in our area.

In addition to encouraging business growth in the community, we also promote the growth of our members. In 2004, Pella Cooperative Electric awarded two Pella seniors with the Dollars for Scholars scholarship.



# CIPCO Report



Norman Van Zante

Central Iowa Power Cooperative (CIPCO) provides electricity for its members, including Pella Cooperative Electric Association. During 2004, CIPCO focused on five strategic areas listed below.

### Organizational Development

The management staff at CIPCO is developing talented leaders and structuring the cooperative to ensure its ability to meet members' needs well into the future. The landscape of the utility industry changes dramatically each year, and CIPCO must proactively position itself to operate efficiently regardless of the challenges.

Safety training programs and employees firmly committed to safe practices has led to more than 1.5 million hours worked without a lost-time injury or illness.

**Operational Excellence** In terms of outages, the system reliability improved in 2004 over 2003. However, due to unscheduled, forced shutdowns of two power plants during the year, CIPCO had to purchase some power on the open market. Excess power is available, but the cost is much greater than the cooperative-generated electricity. The result was an energy adjustment that was added to your monthly utility bill.

**Business Growth** CIPCO's work with member cooperatives to develop new business resulted in a record number of economic development requests in 2004. Major projects included new and expanding ethanol plants, natural gas pumping stations, and wind turbine installations. Growth anywhere on CIPCO lines benefits the entire system.

**Asset Stewardship** The CIPCO Board is committed to ensuring a reliable source of power to its members. The CIPCO staff completed major maintenance on more than 125 miles of transmission line in 2004. Ground line and pole inspections were conducted on more than 100 miles of line, and vegetation management was completed on more than 800 miles of power line right-of-way.

**Financial Strength** CIPCO's partial ownership of the Duane Arnold Energy Center requires a Decommissioning Trust Fund to prepare for the time when the facility will be dismantled. Investment returns during 2004 were much improved over the previous year and versus comparable indexes. This helped the overall financial results of the cooperative. Standard and Poor affirmed CIPCO's "A" rating, which helped win approval for financing from RUS for improvements to Council Bluff's Plant #4.

The Board's primary focus remains on major strategic areas that will determine CIPCO's ability to better serve its member cooperatives in the years ahead.