



2010 Annual Report  
INN Electric Cooperative, Inc.

*Power for the Future*



**INN ELECTRIC COOPERATIVE, INC.**

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**BOARD OF DIRECTORS**

Thomas Hedlund, President  
John Baechler, Vice President  
Greg Anelon, Secretary/Treasurer  
Gary Marttila  
Bob Tracey

**STAFF**

George Hornberger, General Manager  
John Johnson, Plant Foreman  
Clarence Balluta, Plant Operator

## 2011 Director Candidates

*Two (2) three-year seats on INN's Board of Directors will be filled at the 2011 Annual Membership Meeting on May 7, 2011. Greg Anelon, Wassie Balluta Jr., and Bob Tracey are candidates for these seats.*

**Greg Anelon** is a life-long resident of Newhalen, Alaska where he lives with his family. He enjoys hunting, fishing, and riding four wheelers. Currently employed as personnel manager for Iliamna Development Corporation he also occupies himself as a commercial fisherman during the Bristol Bay salmon season. As an incumbent Mr. Anelon is seeking reelection to provide continuity to the board and its work of pursuing options for lowering electric rates.

**Wassie Balluta Jr.** was born and raised in Newhalen, Alaska. As an elementary educator he worked in rural communities and is familiar with the issues surrounding remote lifestyles in Alaska. He enjoys reading, writing, fishing, and meeting new people. Mr. Balluta pledges to listen to INN member concerns and act on their behalf to the best of his abilities in planning for the cooperative's future energy

**Bob Tracey** has lived in Nondalton, Alaska for more than three decades. He is a pilot, guide, and enjoys participating in the family business. Mr. Tracey is an incumbent seeking reelection to continue working on debt relief, and INN's generation and distribution system reliability.



# Audited Financial Statements

## BALANCE SHEET DECEMBER 31, 2010

### Assets

Net Utility Plant	\$	5,485,493
Other Property, Investments, and Receivables		
302,216		
Current Assets		
1,285,646		
Deferred Charges		
48,311		
<b>Total Assets</b>	<b>\$</b>	<b><u>7,121,666</u></b>

### Equities and Liabilities

Patronage Capital & Other Equities	\$	
3,054,006		
Net Long-Term Debt		
3,233,544		
Current Liabilities		
834,116		
<b>Total Equities and Liabilities</b>	<b>\$</b>	<b><u>7,121,666</u></b>

## STATEMENT OF OPERATIONS DECEMBER 31, 2010

### Operating Revenues

	\$	<u>1,446,003</u>
Less: Cost of Power		
\$ 434,526		
Other Operating Expenses		
443,349		
<b>Total Operating Expenses</b>	<b>\$</b>	<b><u>877,875</u></b>
Less: Interest on Long-Term Debt		
\$ 200,925		
<b>Operating Margins</b>		
<b>\$ 367,203</b>		
Investment Income		
\$ 5,108		
Patronage Capital from Others		
19,731		
<b>Net Margins</b>	<b>\$</b>	<b><u>392,042</u></b>
Assignable Margins		
\$ 392,042		
Beginning Patronage Capital		
2,653,928		
<b>Ending Patronage Capital</b>	<b>\$</b>	<b><u>3,045,970</u></b>

## Rates

### RESIDENTIAL:

Consumer Charge	\$25.00
0 - 400 kWh	.42
Over 400 kWh	.38

### COMMERCIAL:

Consumer Charge	\$35.00
Consumer 3 Phase	\$65.00
First 1000 kWh	.42
Over 1000 kWh	.38

### LARGE POWER Year-Round:

Consumer Charge	\$200.00
Demand per kW	12.00
All kWh	.36

### LARGE POWER Seasonal:

Consumer Charge	\$300.00
Demand per kW	14.00
All kWh	.35

### FUEL SURCHARGE:

All kWh / All Members .129





**INN ELECTRIC COOPERATIVE  
ANNUAL MEMBERSHIP MEETING MINUTES  
JUNE 6, 2010**

**1. CALL TO ORDER & VERIFICATION OF A QUORUM**

President Thomas Hedlund called the 2010 INN Electric Cooperative, Inc. Annual Membership Meeting to order at 1:00 PM. The meeting was held at the Newhalen City Hall in Newhalen, Alaska. President Hedlund stated that there were 201 members of record. A quorum of 21 was reached with 24 members signing in as of 1:00 PM.

**2. READING OF NOTICE OF 2010 ANNUAL MEETING & AFFIDAVIT OF MAILING**

President Hedlund stated that he had the official notice of the 2010 INN Electric Cooperative, Inc. Annual Membership Meeting and Affidavit of Mailing dated May 8, 2010. The president asked for a motion to waive the reading of the notice and affidavit. IT WAS MOVED, SECONDED AND DULY PASSED to waive reading the meeting notice and the affidavit of mailing.

**3. READING & APPROVAL OF THE MINUTES OF THE MAY 9, 2009 ANNUAL MEETING**

President Hedlund stated that the 2009 INN Electric Cooperative, Inc. Annual Meeting Minutes were in the annual meeting packet mailed to all members, and noted that they were also available at registration today. He requested that item 2. be corrected to read "Reading of the Notice of the 2009 Annual Meeting & Affidavit of Mailing". He asked for a motion to waive the reading and approve the minutes as corrected. IT WAS MOVED, SECONDED AND DULY PASSED to waive the reading and approve the May 9, 2009 INN Electric Cooperative, Inc. Annual Meeting Minutes as corrected.

**4. BOARD PRESIDENT'S REPORT**

President Hedlund introduced himself and the INN Electric Cooperative, Inc. Board of Directors: John Adcox, Vice President, Greg Anelon, Secretary/Treasurer, and Bob Tracey, Director. Also present, George Hornberger, INN General Manager, and Suzanne Lamson, Board Recorder.

President Hedlund thanked Nominating Committee members, Maria Anelon, Fedosia Balluta, and Natalia Martilla for their committee work and for ensuring that the balloting and counting were secure.

President Hedlund began his report by briefly recapping the cooperative's accomplishments in 2009. He stated that Tazimina Hydroelectric provided 87% of gross kWh generation in 2009. Diesel production required 33,000 gallons of diesel and provided the remaining 13% of gross kWh generation. He stated that with only 12,000 gallons in the tanks and an anticipated three-week shutdown at Tazimina for scheduled maintenance the cooperative needs to purchase fuel. We have a little over 20,000 gallons in the tanks.

The president stated that all necessary annual maintenance and major repairs to the tailrace were performed on the Tazimina hydroelectric facility. He thanked the Alaska Energy Authority

and the Denali Commission for financially supporting turbine overhauls, SCADA upgrade, intake channel upgrade, and installation of electric boilers at the Newhalen School.

President Hedlund stated that management and board will continue the dialogue with the Denali Commission regarding the tank farm upgrade project. He stated that cooperative management has lobbied state and federal legislatures for debt forgiveness. Senator Gary Stevens (Senate District R – Kodiak Republican) and Representative Alan Austerman (Representative District 36 – Kodiak R) both stated that they would include \$1 million for Tazimina debt forgiveness in the capital budget, and commented that this did not happen. He reported that Representative Alan Austerman toured Tazimina Hydroelectric facility last month, and in the near future cooperative management will invite Senator Gary Stevens to the area for a site visit.

The president stated that INN Electric Cooperative, Inc. was awarded a RUS (Rural Utilities Service) \$2.3 million competitive grant. The RUS High Energy Cost Grant Program funds will be used to replace INN's aging underground distribution system utilizing existing right-of-ways. The replacement project will increase reliability and shorten outage time. He reported that outage time in 2009 was only 1/3 of what it was in 2008.

**5. FIRST DRAWING OF DOOR PRIZES**

**6. ELECTION OF DIRECTORS**

President Hedlund stated that two (2) three-year term seats are up for election and introduced director candidates: Wassie W. Balluta Jr., Charles "Chip" Embretson, Thomas "Tinney" Hedlund, Nick Johnson Jr., and Gary Martilla. He encouraged all members who had not yet voted to please cast their ballots. The president called a recess for refreshments while the election committee completed the ballot count.

**7. RECESS MEETING & COUNT BALLOTS**

President Hedlund convened the meeting at 1:18 PM for refreshments and the casting and counting of ballots.

**8. RECONVENE & REPORT ON ELECTION RESULTS**

President Hedlund reconvened the meeting at 1:38 PM. There were 84 ballots cast by mail and at the annual meeting. Five (5) ballots were invalid.

Election results:

Wassie W. Balluta, Jr.	18
Charles "Chip" Embretson	24
Thomas "Tinney" Hedlund	48
Nick M. Johnson, Jr.	11
Gary Martilla	34

One other member received one (1) vote.



Incumbent Thomas "Tinney" Hedlund received the most votes and will retain his seat. Gary Martilla received the second highest number of votes and will be seated on the board. President Hedlund announced election results and congratulated Gary Martilla and asked him to take his seat at the table.

#### 9. GENERAL MANAGER'S REPORT

Manager Hornberger thanked the members for attending the 2010 INN Electric Cooperation Annual Membership Meeting. He introduced guest speaker Brett Burroughs of Rotating Equipment and stated that Mr. Burrows will present an overhaul project update later in the meeting. The manager also introduced Jim Gray, Vector Engineering, who provides design, engineering and system installation services for INN. The manager thanked both for their contributions to INN operations.

Manager Hornberger expressed appreciation for the dependable service and commitment to the cooperative that John Johnson has consistently delivered throughout his career with INN. He stated that INN is still working very closely with Naknek Electric Association, Inc. (NEA) for management and services oversight, and extended appreciation to NEA staff members who assist INN and added a special thanks to Peggy Saia, Diane Stills, and Rachel Lewis who handle INN's consumer accounts and provide billing services.

Manager Hornberger stated that audited end-of-year financial statements and balance sheet were included in the annual meeting packet and also made available today at the registration table. He briefly reviewed the financials, and noted that margins were up at \$209,405.00.

The manager reiterated that cooperative management anticipated authorization of \$1 million in debt relief from the state, but neither Senator Stevens nor Representative Austerman placed it in the capital budget. He urged consumers to contact their legislators and make a case for debt relief.

Manager Hornberger stated that INN management is working with the Denali Commission to reinstate the tank farm project. Tazimina Hydroelectric maintenance work and upgrade is being funded by AEA and the Denali Commission for a total of \$1.2 million. He thanked contractor Don Eschelmann for his repair work on the tailrace.

The manager stated that the RUS underground primary replacement project will begin in June. It will be completed in two phases. The first will be from the Newhalen Post Office, West to the airport area. The second phase will go from the Newhalen Post Office, East to the Roadhouse Inn. Contractor Don Henry has mobilized equipment and materials to Newhalen, Alaska and will begin primary replacement work on schedule.

Manager Hornberger stated that the turbine overhauls at Tazimina Hydroelectric are underway with the first overhaul almost complete. Work on the second turbine will begin tomorrow. Brett Burroughs and his crew are performing the overhauls.

The manager stated that Jim Gray is working on the upgrade to Tazimina's SCADA system which is scheduled for completion in September 2010.

#### 10. UNFINISHED BUSINESS – None

#### 11. NEW BUSINESS – QUESTIONS FROM MEMBERS

President Hedlund, and Manager Hornberger answered questions and addressed concerns expressed by members.

Responding to a question from the membership Manager Hornberger stated that the cooperative is not responsible for subdivision street lights. They are the responsibility of the City of Newhalen. He stated that Don Henry can schedule time for the maintenance work when the city is ready to perform maintenance.

In response to a question from the membership regarding the number of days in the billing period and how it affects PCE, the manager stated that the number of days in a billing period will vary slightly according to whether or not it is a weekend, or holiday. He commented that he will not authorize overtime to read meters if the end of the month falls on a weekend or holiday. Similarly, NEA office staff does not work weekends and overtime is not authorized to maintain a 30-day billing period.

Manager Hornberger listened to suggestions proffered by members regarding the dissemination of an informational flyer to help members make successful contact with legislators that could positively influence debt relief for Tazimina. He commented that he would make sure that an information flyer goes out to all members with billing.

The manager stated that debt relief for the Tazimina Hydroelectric Project would allow replacement of aging fleet vehicles and equipment.

Manager Hornberger deferred a question to Jim Gray regarding the remote control system upgrade. Mr. Gray stated that the SCADA upgrade will include safety measures that will require manual operations to bring the diesel engine on line. He explained that the system will start an engine automatically and provide station service in preparation to come on line once all safety concerns are addressed.

In response to a question from a member regarding the submarine crossing at 6-Mile Lake President Hedlund stated that the crossing is currently not a problem. Jim Gray added that there was a fault in the submarine crossing but it has not proven a problem in the last few years. President Hedlund commented that the cooperative endorses a bridge to Nondalton, Alaska and will secure utility access to the City of Nondalton via the bridge when it is complete.

#### 12. SECOND DRAWING OF DOOR PRIZES

#### 13. GRAND PRIZE DRAWING

Fedosia Balluta won the grand prize, \$300 in hydroelectric generated electricity.

President Hedlund thanked the membership for attending and adjourned the meeting.

#### 14. ADJOURNMENT 2:42 PM

**INN Electric Cooperative, Inc.  
2011 Annual Membership Meeting  
Nondalton Tribal Council Building  
Nondalton, Alaska**

**Saturday May 7, 2011  
Registration 11:00 AM – Meeting 12:00 NOON**

**AGENDA**

- 1. Call to Order**
- 2. Reading of the Notice of the 2011 Annual Meeting and Affidavit of Mailing**
- 3. Reading and Approval of the June 6, 2010 Annual Meeting Minutes**
- 4. Board President's Report**
- 5. First Drawing of Door Prizes**
- 6. Election of Directors**
- 7. Recess for Refreshments**
- 8. Reconvene Meeting and Report on Election Results**
- 9. General Manager's Report**
- 10. Unfinished Business**
- 11. New Business – Questions from the Membership**
- 12. Second Drawing of Door Prizes**
- 13. Grand Prize Drawing – \$300 Certificate for Electricity**
- 14. Adjournment**