



*INN Electric Cooperative, Inc.*

*POWER FOR THE FUTURE!*

*2013 Annual Report*



## Letter to the Membership

Dear INNEC Members,

It is hard to believe that a year has gone by since our last annual membership meeting. INNEC had an incredibly busy 2013. Besides finishing up the diesel plant upgrade, we also finished the bulk fuel upgrade which included removing the old fence that was around the old tank farm, installing all new fencing around the new tank farm (we re-used as much of the old fencing as possible) cleaning and demolishing the old tanks and clearing out a lay down yard across the road from the new tank farm.

We completed the RUS grant underground line replacement project that has been on-going for the last three years. This project replaced all the underground primary line between the Iliamna Post Office east to the Roadhouse Inn driveway and the Post Office west and north to what used to be the East Wind Lake shunt reactor and switch. Phase three of this project also included replacing the power poles and hardware for the Lovers Creek crossing and Alexie Creek crossing and bypassing the Nondalton Fish Camp road by using the GCI fiber optic line easement and installing power poles with overhead line. You may also notice some things wound around the overhead power line. These are called "Air-Flow Spoilers". These gizmos are intended to kill the lift that the wind creates on the power lines and lessens the chance of line slap, blown fuses and power failures in high wind situations.

A couple of years ago we installed these Air-Flow Spoilers on our power lines here in Newhalen and we have not blown any fuses since due to high winds! This was a very simple fix for a very frustrating problem!

With the completion of the line replacement project I feel that a large portion of the problem sections of our aging underground line have been replaced. Hopefully we will not have as many underground faults in the winter!

Another huge accomplishment was the construction of our new office building. This was long overdue for INNEC and was a logical next step in bringing our management and billing back into our communities. We are extremely proud of this new building and I am sure most of you have had the opportunity to see the place. If you have not, we would like to invite you to come on down and have a cup of coffee or tea and check it out.

In 2013, INNEC generated 4,129,750 Kwh of power. Of this only 75,522 Kwh was diesel power and we burned just 4,961 gallons of diesel fuel. These diesel numbers are a bit higher than 2012 due to having to use the diesel generators for powering Iliamna and Newhalen when the power lines were being replaced over Lovers Creek and Alexie Creek.

The only system outages we have experienced this year were in December and were due to heavy icing on the Tazimina hydro trash racks. Our heated trash rack system simply could not keep up with the amount of ice that was coming down the river. This created a few problems and outages, BUT I hope everyone has noticed how quickly the system comes back on-line now. I think about 28 seconds is how long it takes the generators to start and go on-line. Note that this will only happen if there are no faults in the system.

Thank you for being a member of the INN Electric Cooperative. Without our members and consumers we would not be here. We hope to see you at the Annual Membership Meeting in Newhalen on April 12, 2014.

Sincerely,



George Hornberger  
General Manager



Tinny Hedlund  
Board President





## 2014 Director Candidates

**Two (2) three-year seats on INN's Board of Directors will be filled at the 2014 Annual Membership Meeting on April 12, 2014. Seat A will be filled by a member who is a resident of Newhalen and Seat D is to remain at large.**

### Seat A Candidates:

**Greg Anelon, Jr.**, a resident of Newhalen for over 30 years and Alaska resident for over 50 years, Greg Anelon, Jr. is the Administrator at the City of Newhalen. As incumbent, Mr. Anelon would like to lower electrical bills and to ascertain INNEC is solvent and able to do operation and maintenance of facilities.

**Evelynn Trefon** is a two and half year resident of Newhalen and Alaska resident for over eight years, Evelynn Trefon is the Newhalen School Secretary and the wife of Michael Trefon and mother of 7 ½ month old Kiya. She enjoys gardening, watching hockey and playing with her daughter. She is familiar with the INNEC service areas and the electrical needs of our members. As incumbent, Mrs. Trefon would like to help the communities and together with the Board Members help to provide excellent power to all INNEC members.

### Seat D Candidates:

**Bob Tracey**, a 40 year resident of Nondalton, Alaska, is a self-employed pilot and guide who enjoys traveling throughout the Bristol Bay Region. As incumbent, Mr. Tracey would like to continue to see reasonable rates for co-op members and to be a part of the improvements that are giving our members reliable power and rates.



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#### **BOARD OF DIRECTORS**

**Thomas Hedlund,**  
President  
**John Baechler, Sr.,**  
Vice President  
**Greg Anelon,**  
Secretary/Treasurer  
**Gary Martilla**  
Director  
**Bob Tracey**  
Director

#### **STAFF**

**George Hornberger,**  
General Manager  
**Clarence Balluta,**  
Plant Foreman  
**Robert Clay,**  
Plant Operator  
**Sarah John,**  
Secretary/Bookkeeper  
**Terri Harper**  
Financial Manager



**INN ELECTRIC COOPERATIVE  
ANNUAL MEMBERSHIP MEETING MINUTES  
April 13, 2013**

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

President Thomas Hedlund welcomed members and called the 2013 INN Electric Cooperative, Inc. Annual Membership Meeting to order at 12:03 PM. The meeting was held at the Community Building in Nondalton, Alaska. President Hedlund stated that there were 210 members of record. A quorum of 21 was reached with 37 members signing in as of 12:00 NOON.

gallons of diesel fuel providing the remaining 2% of gross kWh generation.

He noted that in the fall of 2012, all four (4) CAT diesel generators in the Newhalen diesel plant were replaced with three (3) new 350 KW Skania diesels, for better fuel efficiency. They also included new controls to enable auto start and remote start capabilities should there be a power failure.

**2. READING OF THE NOTICE OF THE 2013 ANNUAL MEETING AND AFFIDAVIT OF MAILING**

President Hedlund stated that he had the official notice of the 2013 INN Electric Cooperative, Inc. Annual Membership Meeting and Affidavit of Mailing mailed to members of record on March 29, 2013. He 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.

President Hedlund stated that the tank farm has also been upgraded to three (3) new 20,000 gallon tanks with all new pumping and fuel distribution piping and that the old tanks are being demolished.

**3. READING AND APPROVAL OF THE April 28, 2012 ANNUAL MEETING MINUTES**

President Hedlund stated that the 2012 INN Electric Cooperative, Inc. Annual Membership Meeting Minutes were in the annual meeting packet and available at the registration desk. He asked for corrections to the minutes, none heard he asked for a motion to waive the reading and approve the minutes as presented. IT WAS MOVED, SECONDED AND DULY PASSED to waive the reading and approve the April 28, 2012 INN Electric Cooperative, Inc. Annual Membership Meeting Minutes as presented in the annual meeting packet.

President Hedlund informed members that INNEC is on the legislative funding for a Round 6 Renewable Energy Grant Fund to do a feasibility study to upgrade Tazimina to 1.4 megawatts, which would take place in 2015. He also noted that the meters for the Newhalen and Nondalton School boilers, which are supplied with interruptible power, had just passed one (1) million and half a million kWh sold. The Tazimina upgrade would allow more interruptible power to be sold, saving the schools more money.

**4. BOARD PRESIDENT'S REPORT**

President Hedlund introduced the INN Electric Cooperative, Inc. Board of Directors: John Baechler, Sr., Vice President, Greg Anelson, Jr., Secretary, Bob Tracey, Director and Gary Marttila, Director. He also introduced INN's General Manager, George Hornberger, and Sarah John, secretary/Bookkeeper and Board Recorder. He also introduced Terri Harper of Rural Alaska Fuel Services (RAFS).

President Hedlund stated that the cooperative board and management continue to work with both state and federal legislatures for Tazimina Hydroelectric Project debt forgiveness, but had once again been ignored. He reminded members that INN received \$2.3 million from the Rural Utilities Service (RUS) High Energy Cost Grant Program three years ago and the underground primary replacement would be finished this summer. President Hedlund informed members that Don Henry of Alaska Power and Communication who is doing the replacements is in the communities continuing the work. He noted that only one (1) power outage during the winter of 2012/13 was due to underground line faults and that because of the new air flow spoilers installed on a large portion of the overhead lines in Newhalen, we did not experience any outages due to overhead line damage. He also noted that the power outages on March 20 and 25, 2013 were a result of low water levels at Tazimina.

The President thanked the nominating committee: Jaslyn Wren, Shannon Johnson-Nanalook, Dawn Wassillie, Nancy Delkittie and Natalia Marttila for their diligence in carrying out the duties of the committee by seeking board nominations, and ensuring that the balloting and counting was secure.

**5. FIRST DRAWING OF DOOR PRIZES**

**6. ELECTION OF DIRECTORS**

**7. RECESS FOR REFRESHMENTS**

President Hedlund recessed the meeting at 12:20 PM for refreshments and the casting and counting of ballots.

President Hedlund began his report to the membership by briefly recapping the cooperative's accomplishments in 2012, and outlining plans for 2013. He stated that in the generation department Tazimina Hydroelectric plant provided 98% of gross kWh generation. Diesel generation consumed approximately 4,694

**8. RECONVENE MEETING AND REPORT ELECTION RESULTS**

President Hedlund reconvened the meeting at 12:55 PM. He reported that 84 ballots were cast by mail and at the annual meeting, 54 were valid and 30 were invalid. He asked Sarah John to explain the invalid ballots in which she stated that instructions on the ballots directed members to vote for two (2) in which some either voted for less than two (2) or more than (2), making them invalid.

Election results:

Gary Marttila	54
Tinny Hedlund	51

Other write-in ballots included:

Chip Embretson	2
Fedosia Balluta	1

President Hedlund announced the results and congratulated incumbent, Gary Marttila on his reelection to INN's Board of Directors.

**9. SECOND DRAWING OF DOOR PRIZES**

**10. GENERAL MANAGER'S REPORT**

Manager Hornberger began his report to the membership by thanking members for attending INN Electric Cooperative's 2013 Annual Membership Meeting. He stated that this year was a good generation year with no icing problems at Tazimina because of the heated trash racks. 98.5% of generation was created by the hydro. He stated that 2012 sales were down just slightly but was still a great year, selling nearly 4.4 million in kWh. He stated that our goal is to keep our fuel diesel generator usage below 5,000 gallons in which we accomplished by only burning 4,694 gallons. 2012 margins were \$558,000. He informed the membership that the fuel surcharge is still on the bills because we do need to keep a large supply of fuel on hand should Tazimina have a catastrophic failure. A member inquired about a contact person in Nondalton for power failures. Manager Hornberger replied that the two board members that are Nondalton residence are good contacts, as well as Jeremy Jefferies or Paul Brendemuhl. He appreciates phone calls and apologized if he is very brief, but he is working on getting power back on. He emphasized that it is great help to get phone calls during a power outage to learn more about the outage to determine what sort of outage it was or what the problem may be. He also advised members that there was a rate comparison at the registration table that compares our rates to others around the state of Alaska and we have a really good rate.

Manager Hornberger stated that this was our 31<sup>st</sup> year in operations and that 2012 marked our last year working with Naknek Electric Association. He introduced Sarah John as the person who answers the phone now. He also stated that we did contract through Rural Alaska Fuel Services for billing and accounting assistance with Terri Harper and Del Conrad. He is extremely happy with it.

Manager Hornberger informed the members on the upgrade with the diesel generators and the controls to automatically and wirelessly control the plant. He also updated them on the new 60,000 gallon tank farm and encouraged members to stop by anytime for tours. He also informed members that the Ampy system was put in nearly all Newhalen and Iliamna Residential homes in August 2012 and that we do have a few in Nondalton now and we will continue to slowly put them in nearly all Nondalton residences as well. There were a few questions from members on the Ampy system regarding whether it was mandatory, elders having the system and how auto pay may work with it. Manager Hornberger along with some Board Members and consumer Clyde Trefon responded how well the system works as well as the quiet low credit warning.

Manager Hornberger stated that we would begin work on a new office building with a small apartment this summer. He thanked many people who help to make the coop a success, the Nominating Committee, the Board of Directors and Members. He reminded the members of the office phone number and hours.

**11. UNFINISHED BUSINESS**

None

**12. NEW BUSINESS – QUESTIONS FROM THE MEMBERSHIP**

No new business. President Hedlund opened the meeting to questions from the membership. There were none.

**13. THIRD DRAWING OF DOOR PRIZES (BREAK FOR CAKE)**

**14. DOOR PRIZES—GRAND PRIZE DRAWING**

Jonathan Hobson won a chainsaw with oil. Theresa Rickteroff won a 30 quart pressure cooker and tool kit. Gregory and Staci Anelon won a \$300 electricity gift certificate. Gary and Natalia Marttila won a \$50 electricity gift certificate, as did Debbie and Louise Weedman, Fedosia Balluta and Shannon Johnson-Nanalook.

**15. ADJOURNMENT 1:45 PM**

President Hedlund thanked the membership for attending and encouraged people to take tours with George if they wanted to. He encouraged anymore questions, in which there were none. ADJOURNMENT WAS MOVED, SECONDED AND DULY PASSED at 1:45 PM.

# Audited Financial Statements

## BALANCE SHEET DECEMBER 31, 2013

<b>Assets</b>	
Net Utility Plant	\$ 7,224,640
Other Property, Investments, and Receivables	
394,616	
Current Assets	
1,074,574	
Deferred Charges	
0	
<b>Total Assets</b>	<b>\$ 8,693,830</b>
<b>Equities and Liabilities</b>	
Patronage Capital & Other Equities	\$
4,580,598	
Net Long-Term Debt	
2,832,900	
Current Liabilities	
1,280,332	
<b>Total Equities and Liabilities</b>	<b>\$ 8,693,830</b>

## STATEMENT OF OPERATIONS DECEMBER 31, 2013

<b>Operating Revenues</b>	
\$ 1,514,168	
<b>Less: Cost of Power</b>	
\$ 232,386	
<b>Other Operating Expenses</b>	
843,575	
<b>Total Operating Expenses</b>	
\$ 1,075,961	
<b>Less: Interest on Long-Term Debt</b>	
\$ 152,819	
<b>Operating Margins</b>	
\$ 285,388	
<b>Investment Income</b>	
\$ (6,115)	
<b>Patronage Capital from Others</b>	
33,164	
<b>Net Margins</b>	
\$ 312,437	
<b>Assignable Margins</b>	
\$ 312,437	

## Rates

<b>RESIDENTIAL:</b>		<b>LARGE POWER Year-Round:</b>		<b>FUEL SURCHARGE:</b>	
Consumer Charge	\$25.00	Consumer Charge	\$200.00	All kWh / All Members	.12
0 - 400 kWh	.42	Demand per kW	12.00		
Over 400 kWh	.38	All kWh	.36		
<b>COMMERCIAL:</b>		<b>LARGE POWER Seasonal:</b>			
Consumer Charge	\$35.00	Consumer Charge	\$300.00		
Consumer 3 Phase	\$65.00	Demand per kW	14.00		
First 1000 kWh	.42	All kWh	.35		
Over 1000 kWh	.38				



# **INN Electric Cooperative, Inc.**

**2014 Annual Membership Meeting  
INNEC Office Building/Shop  
Newhalen, Alaska**

**Saturday April 12, 2014  
Registration 11:00 AM – Meeting 12:00 NOON**



## **AGENDA**

- 1. Call to Order**
- 2. Reading of Notice of Annual Meeting and Affidavit of Mailing**
- 3. Reading and Approval of the Minutes of the April 13, 2013 Annual Meeting**
- 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. Second Drawing of Door Prizes**
- 10. General Manager's Report**
- 11. Unfinished Business**
- 12. New Business – Questions from the Membership**
- 13. Third Drawing of Door Prizes**
- 14. Grand Prize Drawing - 1—\$300 Certificate for electricity**
- 15. Adjournment**