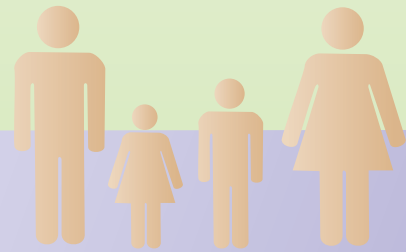


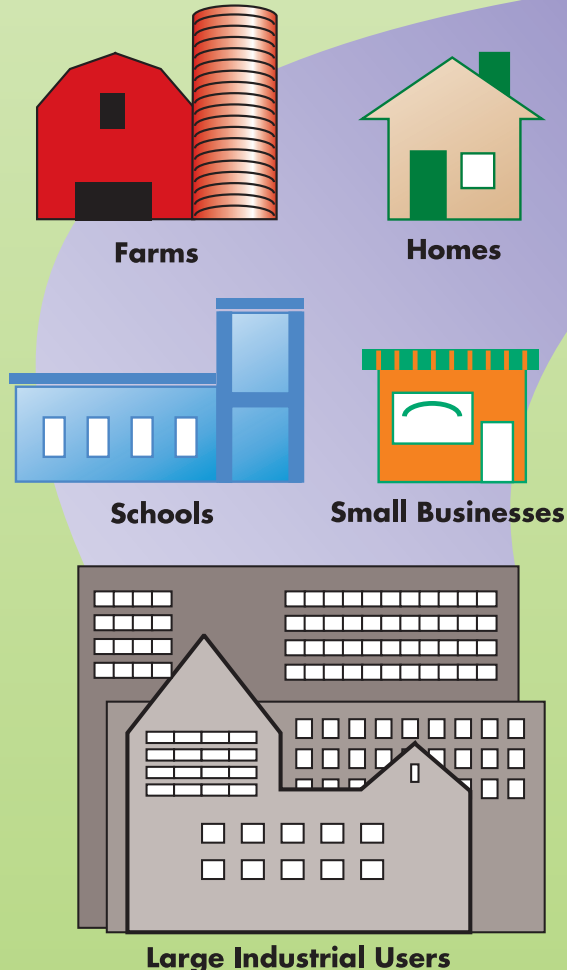
# How your electric co-op works



Board of Directors

## Co-op Members

- Anyone who buys electricity from an electric cooperative is a member; all members share ownership of the utility and have a voice in its operation.
- Each member has one vote in the election of the co-op's board of directors and in any other decisions brought up at the co-op's annual meeting.
- Directors of the co-op are consumers of the utility who generally serve without pay, except for a per diem and expenses to cover their out-of-pocket costs in serving the cooperative. The board of directors hires a manager to take charge of operating the co-op for the benefit of its members.
- The manager hires the employees who make up the co-op's staff.



Farms

Homes

Schools

Small Businesses

Large Industrial Users

## The Community

- Co-op officials work to improve the quality of life of the rural communities they serve. Many co-op employees also volunteer for community activities.
- All electric cooperatives in Iowa pay property and sales taxes, just like other businesses.
- Iowa's co-ops belong to the Iowa Association of Electric Cooperatives, which serves as a unified voice for cooperatives in the state legislature and with the Iowa Utilities Board.
- Co-ops promote the economic development of Iowa's small communities by making Iowa more attractive to potential employers, recruiting industries and helping local people start and expand their businesses. The co-ops formed the Iowa Area Development Group in 1985; since then, IADG has been involved in more than 1,200 projects that invested \$3.5 billion and created or retained more than 35,000 jobs in rural Iowa.

**E**lectricity is a mainstay of Iowa's amazing capacity to produce and process food and other goods for the state, the nation and the world—and it's delivered by consumer-owned electric cooperatives around the state. Here's a glimpse at how co-ops work.

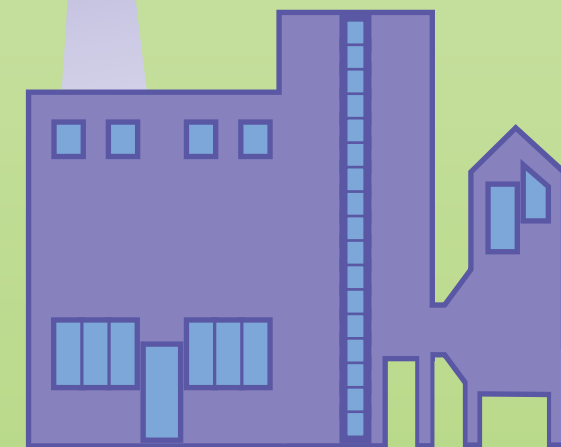


## The Co-op

- Because the co-op is owned by the consumers who buy its electricity, it is responsive to their needs and to the needs of their community.
- Your co-op is organized as a not-for-profit utility. It does not sell stock and is not under pressure to earn profits for out-of-state stockholders.
- If a co-op collects more money than it needs to operate, it reinvests that money into the system—keeping its need to borrow high-interest capital to a minimum. Eventually, those margins are refunded—in the form of capital credits or patronage dividends—to the people who paid for the electricity in the year the margin occurred.
- Each year, the co-op holds a membership meeting at which consumers may vote for members of the board of directors.

## Electricity Generation

- The principle task of the electric cooperative is to supply its members with safe, reliable power at reasonable rates.
- Co-ops distribute the electricity they buy from larger, power-supply cooperatives. Power-supply cooperatives often are referred to as generation and transmission cooperatives (G&Ts).
- There are two parts to power supply: *generating*—or contracting for bulk supplies of—electricity at wholesale prices and *transmitting* it to the co-ops for distribution to the co-ops' members. Electricity is produced by the spinning of a generator; most generators are driven by steam (at fossil fuel or nuclear power plants) or falling water (at hydroelectric plants).
- The co-op delivers reliable power to homes, schools, farms, small businesses, industries, government buildings and other locations within the boundaries of its service territory.



Power Plant