


Our Energy, Our Future

ANNUAL REPORT FOR 2008



Peace River
Electric Cooperative, Inc.

Your Touchstone Energy® Cooperative 

Board of Directors



(Front, L-R): Leonard Crawley, District 1; Douglas Partin, District 3; Sam Rawls, District 2, Vice President; Glen O. Douglas, District 4. (Back, L-R): Harold Schatschneider, District 8, President; Maurice Henderson, District 5; George W. Miller, District 7, Assistant Secretary/Treasurer; David Sessions, District 6; A. Byron Newberry, District 9, Secretary/Treasurer.

Peace River Electric Cooperative (PRECO) is an electric cooperative owned by the people it serves – its members. Each year, these members elect representatives to a nine-member board of directors, who provide oversight to the co-op. They represent the nine geographic districts and more than 30,000 consumers within PRECO’s service area in 10 Florida counties: Brevard, DeSoto, Hardee, Highlands, Hillsborough, Indian River, Manatee, Osceola, Polk and Sarasota.

Letter to Members



Harold Schatschneider
President



William T. Mulcay, Jr.
General Manager/CEO

Electric cooperatives around the nation share a set of common core values and principles — the most important of which is democratic member control. Peace River Electric Cooperative, like hundreds of other co-ops, is owned by the people it serves. As a result, our focus is on members.

As a member of PRECO, your interests are represented by one of nine Board of Directors who reside in the district each serves. The decisions made by this governing body are thoughtfully weighed with members in mind.

In early 2008, in an effort to protect your best interests we determined to promote a new political grassroots campaign entitled *Our Energy, Our Future*.™ This program, created by National Rural Electric Cooperative Association (NRECA) in Arlington, Virginia, calls on members of electric cooperatives to draw legislators' attention to the importance of crafting energy policies that keep electric rates affordable while also addressing climate change issues.

America's demand for more power is increasing at a time when government is looking for ways to drastically reduce greenhouse gas emissions, which are blamed for global warming. As a proposed resolution, many are calling

for increased energy efficiency and renewable sources of power. However, studies reveal that while these are worthwhile efforts, efficiency and renewables are not enough.

To avert an energy crisis, the federal government must exercise true leadership. Without that leadership — without a sound, responsible plan — government risks not only the reliability of our electric system, but literally the ability of many Americans to be able to afford to pay their electric bill.

It is especially vital now that we are in the throes of a recession that consumers everywhere speak up and let their local and national governments know that any legislation which threatens the affordability of power is unacceptable.

The *Our Energy, Our Future* Web site allows you to send a set of focused, concise messages to lawmakers with ease. To date, over 1.5 million e-mails have gone to Washington, DC from concerned electric cooperative members. Add your voice to theirs. It only takes a few minutes to log on to www.precocoop and choose the *Our Energy, Our Future* link.

Looking out for you is what we do. "Exceeding the expectations of those we serve" is our mission.

Our Energy, Our Future

When most people think about the future, they think about the legacy we are leaving for our future generations. For Peace River Electric and America's electric cooperatives, no mission is more important than keeping electricity reliable and affordable for all our members today and for our future generations.

And when we think about our future generations, it is obvious that America has an energy crisis that is too big to ignore. Experts warn that unless we make more electricity available soon, some regions of the country may face power shortages within the next two years. And because of a number of economic and political factors, electric costs have climbed 40 percent since 2002 and are projected to go even higher.

We need an answer right now to keep electric bills affordable. Over the last year, consumers like you have joined the *Our Energy, Our Future* grassroots awareness campaign to educate elected officials on the need to craft energy policies that will support a diverse mix of power generation while keeping energy affordable. More than 1.56 million messages have been sent to Congress through the campaign, asking three simple questions:

1. How will Congress help us meet the rising future demand for electricity?
2. How will Congress support the development of technology needed to reduce carbon dioxide emissions?
3. How will Congress make sure electricity remains affordable?

Today, we're continuing our efforts with one key question: Is Congress willing to work with electric cooperatives like Peace River Electric to ensure we have reliable power at a price our members can afford? It's a simple question, one that can be answered with a resounding "Yes!" or "No." The answer is critical to our future.

Ask your U.S. representatives and senators if they will work with electric cooperatives to develop policies that will keep electricity affordable. Co-ops were created to make safe, reliable, and affordable electricity available for all Americans. We take our role seriously, and have resources in place to help lawmakers find ways to address our



The decisions made now will affect our children and their children. Visit www.ourenergy.coop to find out what you can do.



Using energy-efficient light bulbs is an easy way to help use electricity wisely.

nation's energy crisis without causing costs to rise beyond your means. By working together, we can find the right solution.

Let Congress know where you stand in this critical debate. We thank those of you who have already started a dialogue with your elected officials through the campaign, and we ask that you keep that conversation going. Visit www.ourenergy.coop today, and tell your family and friends to do the same.

You can also call our member services department at (800) 282-3824, and we'll help make sure your voice is heard. All of us need to consider how you and future generations will be impacted by energy policy changes being made today. Now is the time to work together and take a stand for affordability. **We simply can't afford not to.**

Here are some things you can do:

- ✓ It's easy to cut your energy costs for laundry. About 80%-85% of the energy used for washing clothes is used to heat the water. You can reduce this cost by using less water, by washing full loads, and using cold-water settings and detergents.
- ✓ Weatherize your home – caulk and weather-strip any doors and windows that leak. Properly maintain and clean heating equipment and replace filters regularly.
- ✓ Water heating is the third-largest energy expense in your home. It typically accounts for about 13% of your utility bill. There are four ways to cut your water heating bills: use less hot water, turn down the thermostat on your water heater, insulate your water heater or buy a new, more efficient water heater.

Balance Sheet

For the years ending December 31, 2007 & 2008

	2007	2008*
Total Utility Plant in Service	\$ 148,480,642	\$ 162,965,750
Construction Work in Progress	18,490,478	29,099,220
Total Utility Plant	\$ 166,971,120	\$ 192,064,969
Accum. Provision for Depreciation and Amort.	28,246,943	30,866,055
Net Utility Plant	\$ 138,724,176	\$ 161,198,914
Non-Utility Property (Net)	21,000	21,000
Investments in Subsidiary Companies	1,150	1,150
Invest. in Assoc. Org. - Patronage Capital	5,943,622	6,133,517
Invest. in Assoc. Org. - Other - General Funds	60,947	60,947
Invest. in Assoc. Org. - Other - Nongeneral Funds	1,053,119	1,044,276
Other Investments	-	-
Total Other Property & Investments	\$ 7,079,838	\$ 7,260,890
Cash - General Funds	439,291	973,866
Cash - Construction Funds - Trustee	11	11
Special Deposits	1,584	2,659
Accounts Receivable - Sales of Energy (Net)	4,450,135	4,004,458
Accounts Receivable - Other (Net)	869,519	960,753
Materials and Supplies - Electric & Other	2,655,183	2,629,049
Prepayments	194,533	264,213
Other Current and Accrued Assets	(149,170)	3,020,738
Total Current and Accrued Assets	\$ 8,461,086	\$ 11,855,747
Other Deferred Debits	1,569,919	2,060,665
Total Assets and Other Debits	\$ 155,835,020	\$ 182,376,215
Memberships	131,425	131,690
Patronage Capital	33,835,569	37,652,289
Operating Margins - Prior Years	18,962	2,990,863
Operating Margins - Current Year	3,111,768	2,918,654
Non-Operating Margins	1,892,243	565,638
Other Margins and Equities	922,134	395,101
Total Margins & Equities	\$ 39,912,101	\$ 44,654,235
Long-Term Debt - RUS	91,301,202	89,116,078
Long-Term Debt - CFC	8,045,922	7,625,012
Long-Term Debt - RUS - Econ. Devel. (Net)	-	-
Total Long-Term Debt	\$ 99,347,125	\$ 96,741,090
Accumulated Operating Provisions & Asset Retirement Obligations	569,092	1,284,400
Total Other Noncurrent Liabilities	\$ 569,092	\$ 1,284,400
Notes Payable	2,500,000	24,500,000
Accounts Payable	4,209,246	7,886,849
Consumers Deposits	2,260,454	2,263,668
Current Maturities Long-Term Debt	2,738,767	2,817,721
Other Current and Accrued Liabilities	1,152,324	1,536,915
Total Current & Accrued Liabilities	\$ 12,860,791	\$ 39,005,152
Other Deferred Credits	3,145,911	691,338
Total Liabilities and Other Credits	\$ 155,835,020	\$ 182,376,215

*Unaudited

Statement of Revenue and Expense

For the years ending December 31, 2007 & 2008

Operating Revenues:

	2007	2008*
Electric energy sales	\$ 65,009,290	\$ 72,003,042
Other electric revenues	1,714,240	1,842,314
Total operating revenues	\$ 66,723,530	\$ 73,845,356

Operating Expenses:

	2007	2008*
Cost of purchased power	\$ 43,298,759	\$48,849,507
Transmission	-	-
Operations	2,422,201	3,043,886
Maintenance	2,870,334	3,125,546
Consumer accounts	2,362,234	2,720,100
Consumer service information	482,922	472,906
Administrative and general	3,248,596	3,350,768
Total operating expenses	\$ 54,685,046	\$61,562,714

Depreciation and amortization	4,749,735	4,753,481
Property taxes	147	118
Tax expense - other	20,797	13,471
Interest on long-term debt	3,575,696	5,074,195
Interest expense - other	408,063	544,671
Other income deductions	172,278	137,008
Total cost of electric service	\$ 63,611,763	\$72,085,658

Operating margins	\$ 3,111,769	\$ 2,918,654
Non-operating margins	1,892,243	565,638
Total Margins	\$ 5,004,012	\$ 3,484,292

*Unaudited

Key Statistics

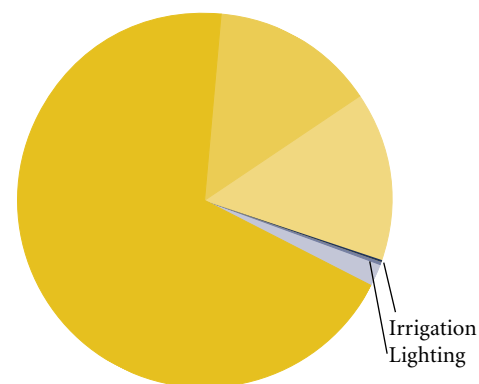
Average Accounts Billed Average Residential kWh Use

1988	16,818	1988	769
1998	22,511	1998	1,027
2008	32,836	2008	1,224

Miles of Line Consumers per Mile

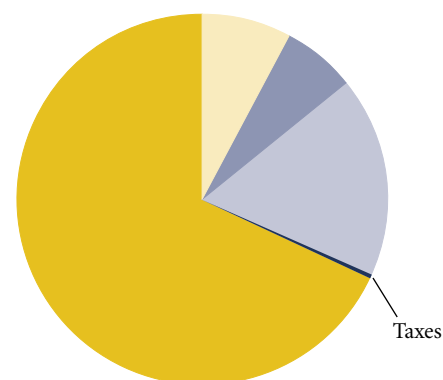
1988	2,265.90	1988	7.42
1998	2,681.35	1998	8.40
2008	3,332.01	2008	9.85

Electric Revenue Sources



Residential	\$ 47,878,043
Industrial	9,664,130
Commercial	10,203,598
Irrigation	171,350
Lighting	151,033
Public Authorities	1,196,667
Total	\$ 69,264,821

Major Costs




Taxes	\$ 13,589
Interest	5,618,866
Depreciation	4,753,481
Operations	12,713,207
Power Cost	48,849,507
Total	\$ 71,948,650

Report for Operation Round Up

2008	
Individuals	\$ 51,101
Organizations	151,742
Scholarships	20,000
Total	\$ 222,843



Peace River
Electric Cooperative, Inc.

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Bradenton Office:

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Indian Lake Estates Office:

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