

The Seven **Cooperative** Principles: (1) voluntary and open **membership**; (2) democratic **member** control; (3) members' economic **participation**; (4) autonomy and **independence**; (5) education, training, and **information**; (6) **cooperation** among cooperatives; and (7) concern for **community**.

COMMITMENT TO
Integrity **INNOVATION** **COMMUNITY**
Tipmont
REMC

DOING
THE RIGHT
THING

Accountability

TIPMONT REMC
ANNUAL REPORT
FOR THE YEAR 2011

MISSION

To do the right thing for our members.

VISION

To improve the quality of life in our service area through community involvement, education, safety, personal and economic growth while providing reliable and affordable electric service for our members.

IN THE PAST...

Highlights in 2011 included the continued focus on electric distribution system and technology upgrades that are designed to improve service reliability, allow for more efficient and proactive management of the electric distribution system, and offer members greater flexibility in managing their energy and account management needs. Projects that impact and span these areas of improvement included targeted upgrades to equipment in areas of our system that have demonstrated reliability issues and the completion of the second of four new distribution substations to be built across the Tipmont system by end of 2014. These projects are showing returns as our system reliability data continues to improve.

On the technology front, a Geographic Information System (GIS) was implemented. This system provides extremely accurate facility mapping that is used as a basis for system improvement planning and outage restoration, among other things. We completed the installation of a new Outage Management System (OMS). This system not only helps cooperative employees manage outage restoration efforts in the field, it also allows us to provide more timely and accurate feedback to members as outages occur and is used historically, in conjunction with GIS, to identify and pinpoint trouble areas in the electric distribution system to focus our improvement initiatives. The new metering system is in place. This system also works in conjunction with the outage management system to proactively identify outages. It provides valuable information for energy efficiency efforts and allows us to provide members with much more information about their usage patterns and history which can help them lower their overall bills.

Finally, a cost of service study was completed. This study will be used in 2012 to redesign our rate structures and establish new electric rates.



TIM MCCARTHY
TIPMONT REMC CEO

FROM THE CEO

IN THE FUTURE...

The most important project in 2012 will be the implementation of changes in our rates and rates structures as a result of the information gathered in the 2011 cost of service study. There are substantial costs to updating our system infrastructure and we continue to see rising prices on our wholesale electric supply that must be factored into our rates. Obviously, this means our rates will increase.

To help members manage these increases and insure each member pays for their portion of the cost they create on the system, we will change the fundamental design of our rate structure to accomplish several goals at a high level.

The new rate structures will move fixed cost associated with the distribution infrastructure to a fixed service charge in line with the actual amount of those costs for each class of service. We will introduce rate elements that further eliminate subsidization of any one class of member to another. We will structure the new rates in a manner that allows us to provide our members tools and programs to lower usage and bills going forward without jeopardizing the financial position of the cooperative.

Finally, to minimize the impact to members, we will phase-in the total increase on the Tipmont portion of our members' electric bills over three years. Beyond this, the staff and Board of Directors will be busy establishing a new strategic plan to address member desires and system requirements over the next 3-4 years. We will continue to expand our energy advisor program and look for more ways to incentivize member driven energy efficiency efforts. This includes the development of web based applications that will allow members to more closely monitor their energy usage.

We are committed to putting the system elements and analytical tools in place to insure our members have reliable service and up-to-date information as we move into the future.

As always, your cooperative staff looks forward to working with you, our members, in the upcoming year!

The 71st annual member meeting of Tipmont Rural Electric Membership Corporation was held at Faith Community Center, Lafayette, Indiana, on Saturday, July 30, 2011, at 9:30 a.m. Registration began at 8:00 a.m.

Prior to and during the registration period, members were encouraged to visit various Tipmont REMC displays and information centers. Drawings were conducted during registration. Five electric credits in the amount of \$50.00 and five in the amount of \$100.00 were given. Tipmont REMC journeyman lineman presented the live wire safety demonstration during registration.

Each registered member received an ink pen, a reusable bag, *The Cooperative Difference* brochure, *101 Easy Ways to Save Energy and Money* booklet, a flash light, an information sheet listing the candidates and the agenda of events, a comment sheet, two question cards, and the annual report which included the 2010 annual meeting minutes. The annual meeting registration card was mailed prior to the meeting.

President Brent Bible announced the process for submitting a question. Secretary Jerry Peevler announced the registration drawings.

President Bible thanked Faith Community Center for allowing the use of their facility and thanked the Tipmont lineman for the safety demonstration. He then introduced the current directors and asked past directors as well as former General Manager Ken Ritchey to stand.

President Bible welcomed the membership and introduced the granddaughter of Director Bob Baker, Meagan Baker, who eloquently sang the national anthem.

President Bible announced that we had a quorum and called the meeting to order at 9:20

a.m. Bible then introduced Tipmont REMC Manager of Technology and Communications, Corey Willis, who gave the invocation.

Secretary-Treasurer Jerry Peevler read the official notice of the meeting and led the Pledge of Allegiance. He then asked those members present to refer to the minutes of the 2010 meeting which were given to them at the time of registration. Secretary-Treasurer Jerry Peevler asked for a motion to accept the minutes as recorded. A motion was made by member Tom Moran and a second made by Robert Verplank. The motion carried and the minutes from the 2010 meeting were approved as presented.

Attorney Jeff Helmerick introduced director candidates Brent Bible for district 4 and Curt Hudson for district 6. He explained that the two districts were unopposed. Therefore there was no need for the ballot process. Attorney Helmerick requested a motion be made. A motion was made by member Tom Moran and a second made by Marvin Swick. The motion carried.

CEO McCarthy introduced guest speaker Marty Blake from The Prime Group. Blake gave a concise speech describing how rates for a cooperative operate.

CEO McCarthy asked Marty Blake and the Directors to assist him in answering questions from members. CEO McCarthy and Blake responded to selected questions of general interest submitted by the membership.

President Brent Bible introduced the annual meeting committee. He thanked the employees for their work and commitment.

Director Peevler again announced the winners of the registration drawings. He then asked the winners of the next drawings to come forward to have a photo taken. Drawings were conducted

with the assistance of Director Kirk Alter for the grand prizes of iPods, Kindles, and cash of \$1,000, \$2,500 and \$5,000.

President Bible asked the membership to put their comment sheets in the blue buckets as they exited the building.

The grand prizes were awarded to the following members: iPods to Brice McCarty Jr. and Samie McGhee, Kindles to Amber King and Betty Macy, \$1,000 cash to Wayne Hilt, \$2,500 cash to Timothy Ackerson, and \$5,000 to Thomas Moore.

There being no further business, the meeting was adjourned 10:16 a.m.

Jerry Peevler Brent Bible
Secretary-Treasurer *President*

EMPLOYEES

Rex Beck	Staking Engineer
Ronna Bohlander	Plant Accountant
Kevin Bonebrake	Journeyman Lineman/ Working Foreman
Sandy Brook	Work Order Process Specialist
Brian Brown	Journeyman Lineman
J Calloway	Meter Technician
Joshua Chieppo	Apprentice Lineman
Jim Clark	Energy Advisor
Sasha Clements	Communications Coordinator
Mike Cochran	Meterman
Natalie Decker	Member Service Supervisor
Patrick Dowell	Apprentice Lineman
Jami Dugger	AMI System Coordinator
Garrett Foutch	Apprentice Lineman
Steve Furniss	Journeyman Lineman/ Working Foreman
Jason Gates	Journeyman Lineman
Sam Headlee	Apprentice Lineman
Neil Hedrick	Staking Engineer
Justin Heide	Apprentice Lineman
Jerry Hogue	Line Superintendent

Chad Jasheway	Journeyman Lineman
Allen Jones	GIS Administrator
Andrew Karle	Journeyman Lineman
Duane Keiser	Apprentice Lineman
Chad Keller	Journeyman Lineman
Cindy Kerker	Staking Engineer
Joe Kline	Engineering and GIS Supervisor
Jim Lind	Journeyman Lineman/ Working Foreman
Matt Lowe	Journeyman Lineman/ Working Foreman
Tim McCarthy	Chief Executive Officer
Jacklyn McLeland	GIS Technician
Dana Mesaros	Warehouseman
Tracey Miller	Member Service Representative
Jason Monroe	Energy Management Supervisor
Debra Morris	Manager of Finance and Administration
Jeff Morrison	Journeyman Lineman
Traci Mountcastle	Member Service Representative
Nancy Myers	Accounting/ Member Service Representative
Abby O'Neill	Member Service Representative
Robert Palmer	Journeyman Lineman
Melody Peacock	Dispatcher
John Plahitko	Systems Administrator
Scot Price	Line Superintendent
Matt Priebe	Right of Way Vegetation Maintenance Supervisor
Roger Raynes	Meter Technician
Corey Rhine	Apprentice Lineman
Benita Runion	Dispatcher
Krista Sanders	Lead Member Service Representative
Debbie Schavietello	Manager of Employee Services
Jaret Schultz	Vegetation Maintenance Planner
Eli Smith	Apprentice Lineman
Travis Smith	Journeyman Lineman
Steve Traylor	System Engineer
Tara Walters	Accounting Representative
Ernest Waltz	Journeyman Lineman
Lisa Weber	Payroll Administrator
Charles White	Maintenance Assistant
Jeff Wilcox	Substation Maintenance Technician
Doug Williams	Journeyman Lineman
Corey Willis	Manager of Technology and Communications
Brandi Wilson	Accounting Supervisor

OPERATION ROUND UP

TOTAL DONATIONS THROUGH 2011 \$811,103.41

Through the generosity of Tipmont REMC members who allow their electric bills to be “rounded up” to the next dollar, Operation Round Up awarded \$47, 897 to 31 local organizations in 2011, including:

Assisted Living Services	The Learning Network
Modified Athletics for Kids, Inc.	Pam's Promise Transitional Housing
Bach Chorale Singers, Inc.	Lafayette Crisis Center Foundation
Bauer Family Resources, Inc.	Family Promise of Greater Lafayette
Buck Creek Volunteer Fire Department	Heartford house
Long Center for the Performing Arts	YWCA of Greater Lafayette
Habitat for Humanity of Lafayette	Greater Lafayette Secual Assault Prevention
American Red Cross	The Art Museum of Greater Lafayette
Lew Wallace Study Preservation Society	Greater Lafayette Handicapped Sports Association
Community Cancer Network	The Fountain County Art Council, Inc.
Baby Talk	Angel Blankets Chapter for Binky Patrol
Trinity Horizons, Inc.	Special Olympics of Clinton County
Faith Alliance	Women's Resource Center
The 42nd Royal Highlanders, Inc.	Montgomery County Youth Service Bureau
Tippecanoe County Child Care	Mourning and Dancing, Inc.
Tippecanoe County Public Library Foundation	

ENVIROWATTS

TOTAL DONATIONS THROUGH 2011 \$462,902.54

Tipmont REMC members show their support for their communities and the environment by participating in the EnviroWatts program. Members pay an extra one cent per kilowatt hour on their bill. Through these donations, the following agencies received grants in 2011:

Lafayette Jefferson Super High Mileage Team	Linden / Madison Township Historical Society, Inc.
Darlington Conservation Club	CLEAN Community Challenge Committee
Tippecanoe Historical Association	West Lafayette Go Greener Commission
NICHES Land Trust	Friends of Sugar Creek
Greater Lafayette Community Foundation	Tree Lafayette
Ken Ritchey Tipmont EnviroWatts Ivy Tech Scholarship	Art Museum of Greater Lafayette

CONSOLIDATED BALANCE SHEET YEAR ENDING 2011

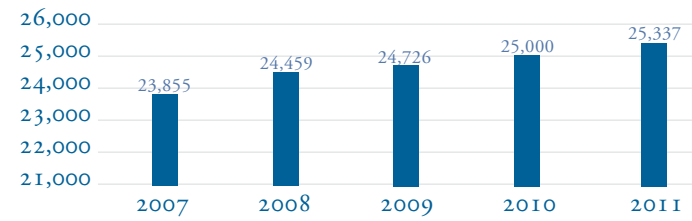
	2011	2010
Net Utility Plant	\$ 81,804,508	\$ 73,285,964
Other Property and Investments	7,395,952	6,168,099
Current Assets	9,543,671	8,628,210
Deferred Debits	289,960	376,338
Total Assets and Other Debits	\$ 99,034,091	\$ 88,458,611
Total Margins and Equities	\$ 50,421,800	\$ 47,396,043
Noncurrent Liabilities	38,195,485	33,115,088
Current and Accrued Liabilities	10,156,118	7,575,424
Deferred Credits	260,688	372,056
Total Equities and Liabilities	\$ 99,034,091	\$ 88,458,611

CONSOLIDATED OPERATING STATEMENT YEAR ENDING 2011

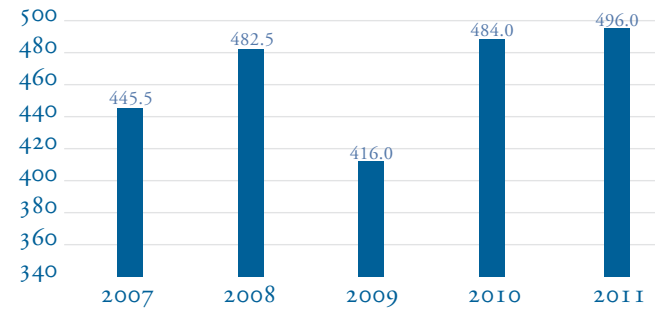
Operating Revenues	\$ 52,370,500	\$ 51,389,464
Total Operating Revenues	\$ 52,370,500	\$ 51,389,464
Operating Expenses		
Cost of Power	\$ 36,708,795	\$ 35,400,603
Operations	2,405,630	2,177,793
Maintenance	1,799,455	1,908,165
Consumer Accounts	1,435,242	1,641,741
Administrative and General Expense	2,857,658	2,791,948
Depreciation Expense	2,745,915	2,553,669
Taxes	741,586	727,225
Interest	1,468,213	1,350,968
Total Operating Expenses	\$ 50,162,494	\$ 48,552,112
Patronage Capital and Operating Margins	2,208,006	2,837,352
Non Operating Margins	62,717	15,672
Other Capital Credits and Patronage Dividends	1,243,012	1,033,270
Income/Loss from Investments	38,660	(52,439)
Net Margins	\$ 3,552,395	\$ 3,833,855

The Financial Records of Tipmont REMC and subsidiary for the years ended 2011 and 2010 presented in this report were taken from financial statements audited by Monroe Shine, Certified Public Accountants, New Albany, Indiana, which expressed their unqualified opinion on these statements in their report dated March 7, 2012. All assets are pledged as security for the noncurrent liabilities of the Rural Utilities Service (RUS) and the National Rural Utilities Cooperative Finance Corporation (CFC). Copies of the complete financial statements along with the auditor's report may be examined at the Cooperative's general headquarters by appointment during regular business hours. Jerry Peevler, Secretary-Treasurer of Tipmont REMC.

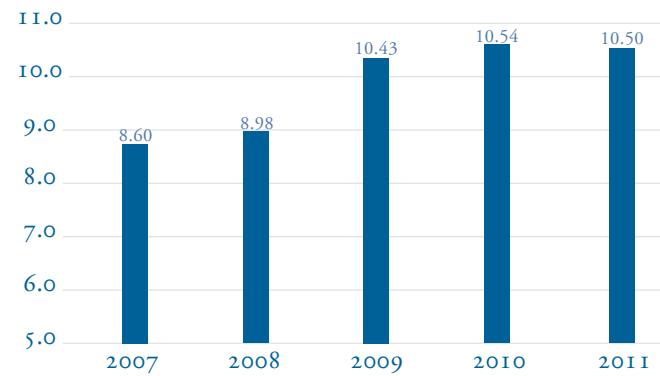
FINANCIALS



NUMBER OF MEMBERS

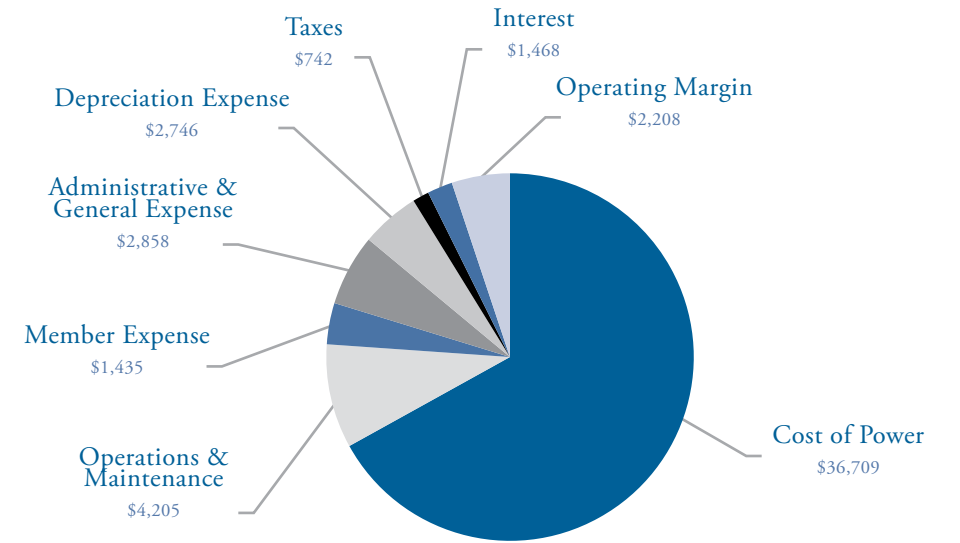


KILOWATT HOURS SOLD (MILLIONS)

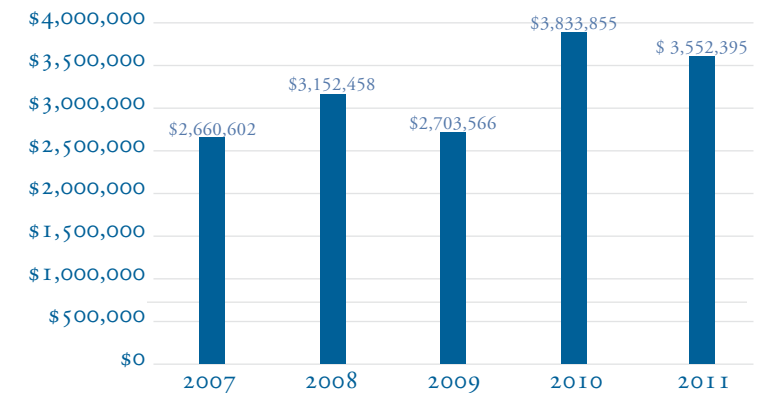


AVERAGE COST PER KILOWATT HOURS SOLD (CENTS)

FINANCIALS



WHERE YOUR DOLLAR GOES (THOUSANDS)



TOTAL MARGINS

DIRECTORS



FRONT ROW, LEFT TO RIGHT:

CEO Tim McCarthy
Larry Carlson
Bob Baker
Richard Harlow

BACK ROW, LEFT TO RIGHT:

Jerry Peevler
Lynn Beck
Kirk Alter
Attorney Jeff Helmerick
Brent Bible

NOT PICTURED:

Curt Hudson

ABOUT US

COUNTIES SERVED:

parts of Tippecanoe, Montgomery, Fountain,
Clinton, Carroll, White, Benton and Boone

MILES OF LINE ENERGIZED:

2,318

NUMBER OF METERS:

25,957

METERS PER MILE OF LINE:

11.20

NUMBER OF MEMBERS:

21,774

MEMBERS PER MILE OF LINE:

9.39

POWER SUPPLIER:

Wabash Valley Power Association

NUMBER OF EMPLOYEES:

61

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TIPMONT REMC
403 S MAIN ST
PO BOX 20
LINDEN IN 47955

800-726-3953

WWW.TIPMONT.ORG