

2010 ANNUAL REPORT



Reliability • Value • Community



Tri-County Electric
Cooperative

Representing Your District

	Area Served:	Tri-Country Electric Cooperative Board:	Tri-Country Electric People Fund Board:
District 1:	Eaton, Ingham and Jackson counties	Philip Conklin	Richard Palermo
District 2:	Barry and Ionia counties	Wayne Swiler	Jerry Supina
District 3:	Clinton County except Bingham, Duplain and Greenbush townships	Carl Morton	Mary Ellen Heffron
District 4:	Montcalm County, except Bloomer, Crystal and Evergreen townships	Laverne Hansen	Lisa Johnson
District 5:	Gratiot and Saginaw counties, except Bingham, Duplain and Greenbush townships in Clinton County, and Bloomer, Crystal and Evergreen townships in Montcalm County	Cara Evans	Peggy Pirhonen
District 6:	Clare and Isabella counties	Ed Oplinger	Dick Donley
District 7:	Mecosta and Osceola counties	Dean Floria	Patti Ferris



Your Tri-Country Electric Cooperative Board of Directors: Seated, from left: Laverne Hansen, Carl Morton, Wayne Swiler. Standing: Ed Oplinger, Dean Floria, Mark Kappler (General Manager), Cara Evans, Phil Conklin

Focused On The Job At Hand

At this year's district membership meetings, we quoted Sen. Everett Dirksen of Illinois, who once said, "I am a man of fixed and unbending principles—the first of which is to be flexible at all times."

Being flexible is just as important for running an electric cooperative as it is in politics. Even our long-term plans must be reviewed and adjusted regularly to meet the changing needs of our members.

Three statements, along with the principle of flexibility, help us stay focused on the job at hand:

We are a reliable source of energy.

Our long-term work plans make sure the electric system can handle growth and shifting patterns of use.

Some of our power lines are decades old and still serving well; even pole #1 is still in use near Eaton Rapids. But we've also built new lines to serve new areas, and rebuilt other lines as our members' needs grew over the years.

Proactive inspection of the poles, wires and other equipment gives us preventive maintenance that catches potential problems before they can cause power outages.

Our right-of-way clearing is aggressive, covering hundreds of miles each year, and helps keep trees from causing problems with the power lines.

And, our partnership with Wolverine Power Cooperative brings you electric power from a diverse range of sources. Wolverine is committed to reliability and affordability as they seek out energy supply on your behalf.

We help you get the most value for your energy dollars.

We not only work to keep energy affordable, we also believe in being good stewards of our resources.

We help our members manage their energy use with energy efficiency programs. We promote geothermal heating and cooling, and use *Michigan Country Lines* magazine, our website, and our offices to provide helpful tips.

Energy Optimization programs go even further, rewarding smart energy use with rebates for lighting, appliances, and heating and cooling systems.

On the business side, in this first year of returning to member regulation, your board of directors has committed to learning even more about financial

management and rate design. One task is balancing our strong equity level of 49.7 percent with the need to return capital to the members who built that equity over the years.

That need for balance lead to this year's retirement of \$760,000 in capital credits, most to members who purchased electricity in 1984 and 1985, and some to 2010 members.

One cooperative principle is members' economic participation and retiring capital credits means that older capital is paid back to the members who paid it in, and current capital needs will come from current members.

As a cooperative, we make a difference in our communities.

The Tri-County Electric People Fund continues to do great things with your spare change.

When you round up your electric bill to the next dollar, the difference is given to the People Fund and granted back to families and organizations in need.

With the nearly \$1.6 million given back since we started the People Fund in 1993, you have helped hundreds of families with housing, medical, educational, and other needs. Thank you for your continued support of a wonderful program.

Sen. Dirksen is also quoted as saying, "When all is said and done, the real citadel of strength of any community is in the hearts and minds and desires of those who dwell there."

Substitute "cooperative" for "community" and you have the formula for success at HomeWorks Tri-County Electric.

Our strength comes from you, our 21,880 member-owners, and from our 70 employees. With your patronage, support and hard work, you make HomeWorks Tri-County Electric Cooperative a successful provider of energy solutions that improve the quality of life here in mid-Michigan.



Carl Morton, Board Chairman



Mark Kappler, General Manager & CEO

Balance Sheet

HomeWorks Tri-County Electric Cooperative

Year Ended December 31,

(in Thousands)

2010

2009

ASSETS

Total Utility Plant	\$ 86,933	\$ 82,856
Accumulated Depreciation	(23,538)	(22,312)
Net Utility Plant	63,395	60,544
Investments in Associated Organization	30,879	31,260
Cash and Cash Equivalents	705	2,357
Accounts Receivable	5,793	5,722
Materials and Supplies	763	830
Other Assets	178	396
Total Assets	\$ 101,713	\$ 101,109

EQUITIES and LIABILITIES

MARGINS and EQUITIES:

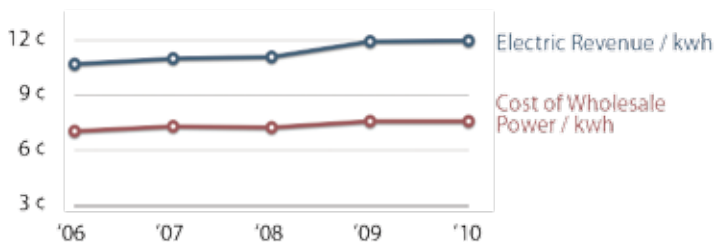
Patronage Capital	\$ 40,663	\$ 39,700
Other Equities	9,930	9,353
Total Margins and Equities	50,593	49,053

LIABILITIES:

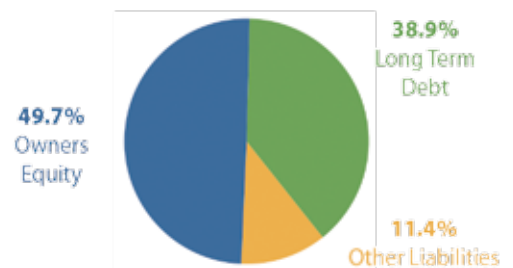
Long Term Debt	39,500	26,834
Notes Payable	2,771	16,633
Accounts Payable	4,645	4,339
Other Current & Accrued Liabilities	4,204	4,250

Total Liabilities	51,120	52,056
Total Equities and Liabilities	\$101,713	\$101,109

Revenue & Cost of Power



2010 % of Assets



Complete, audited financial statements are maintained at the Portland office of HomeWorks Tri-County Electric Cooperative, Inc. The independent audit of 2010 financial statements was unqualified, and completed by the certified public accountant (CPA) firm of Eide Bailly, Fargo, ND.

Statement of Operations

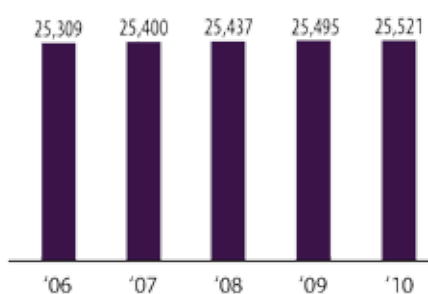
HomeWorks Tri-County Electric Cooperative

Year Ended December 31,

(in Thousands)

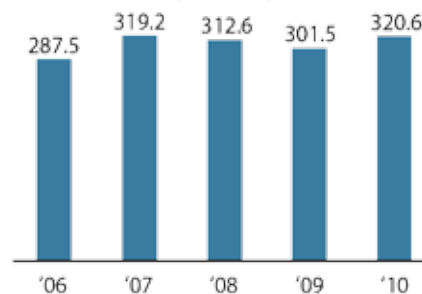
	2010	2009
OPERATING REVENUES	\$ 38,305	\$ 35,894
OPERATING EXPENSES		
Cost of Purchased Power	24,314	22,851
Operations and Maint. Expense	7,342	6,812
Depreciation	2,488	2,324
Interest	1,849	1,789
Taxes	1,032	872
Total Operating Expenses	37,025	34,648
Net Operating Income	1,280	1,246
NON-OPERATING MARGINS		
Capital Credits - G&T and Other	216	2,007
Income (Loss) from Subsidiary	473	213
Non-Operating Margin - Other	(64)	163
Total Non-Operating Margins	625	2,383
NET MARGINS	\$ 1,905	\$ 3,629

Active Meters

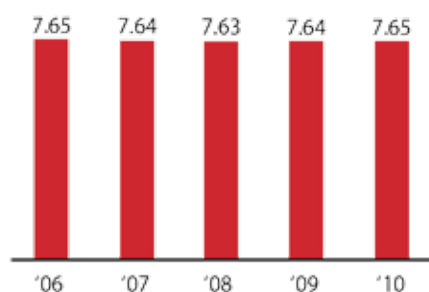


Member Sales (kwh)

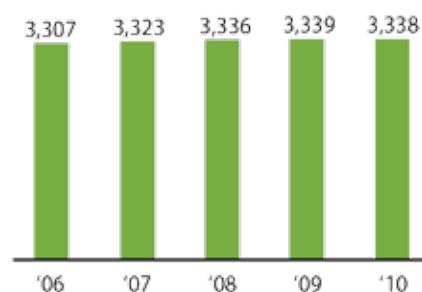
(in millions)



Meters Per Mile of Line



Miles of Electric Line



Financial Summary

HomeWorks Affiliates

Statement of Operations: Tri-Co Services, Inc.

Year Ended December 31,

(in Thousands)

	2010	2009
OPERATING REVENUES	\$ 4,749	\$ 6,122
Cost of Sales	3,067	4,673
Sales, General & Administrative Expense	1,055	1,114
Income Tax Expense	154	122
NET INCOME	\$ 473	\$ 213

Balance Sheet: Tri-Co Services, Inc.

Year Ended December 31,

(in Thousands)

	2010	2009
ASSETS		
Current Assets	\$ 3,030	\$ 3,051
Investments in Associated Organizations	2,036	1,646
Property and Equipment, less depreciation	3,336	3,448
Notes Receivable	693	2,032
Total Assets	\$ 9,095	\$10,177
EQUITIES and LIABILITIES		
Current Liabilities	\$ 1,344	\$ 1,501
Deferred Taxes	613	1,075
Common stock - \$1 par, 50,000 shares	50	50
Additional paid in capital	0	937
Retained Earnings	7,088	6,614
Total Equities and Liabilities	\$ 9,095	\$10,177

2010 Affiliate Statistics

3,686

Propane Customers
(3,658 in 2009)



3,995

DIRECTV Customers
(4,453 in 2009)

78.5%

Equity
(74.7% in 2009)



356

WildBlue Customers
(434 in 2009)





Country Lines magazine, January/February 1988

The End of an Era

When then-general manager Bob Matheny announced the cooperative's entrance into the satellite business in 1988, it was an extension of Tri-County Electric Cooperative's mission to provide needed services to rural residents.

That early "big dish" business led to DIRECTV®, and from there to communications services including dial-up and satellite internet connections. Building on those early successes, the co-op's subsidiary, Tri-Co Services, Inc., also began offering metered propane service.

Through all these ventures, Tri-Co Services, Inc., has brought energy, comfort and communications solutions to Tri-County Electric Cooperative members and others in mid-Michigan.

The cooperative's board of directors invested in the promise of DIRECTV by purchasing franchise areas within its service territory. So did many other rural electric co-ops across the U.S., helping Hughes Communications build and launch its first broadcast satellite in 1993. DIRECTV was a big success story for Tri-Co Services after it went live in 1994, with nearly 8,500 subscribers at the highest point.

DIRECTV bought back its rural franchise areas several years ago as a first step in centralizing control of their service. Tri-Co Services continued serving the same areas through a service agreement that ended July 15, 2011.

Save With Energy Optimization Programs

Energy optimization means using energy wisely. HomeWorks offers many energy efficiency programs designed to reduce the energy use of participating members by encouraging investment in energy efficiency measures.

These programs are funded through an Energy Optimization Surcharge on each member's monthly electric bill (as required by Michigan Public Act 295 of 2008).

\$50 CASH BACK WATER HEATER PROGRAM	\$100 CASH BACK FURNACE/ CENTRAL AIR
\$15 CASH BACK CEILING FAN WITH LIGHT KIT	\$30 CASH BACK OLD APPLIANCE PROGRAM
\$25 CASH BACK DISHWASHER	FREE ONLINE HOME ENERGY AUDIT

For more rebates and information, visit us online at: www.homeworks.org/SaveEnergy or call 1-877-296-4319.





**Tri-County Electric
Cooperative**

Our Mission:

Our mission is to provide our members and customers with energy, comfort and communications solutions that will enhance their quality of life.

3681 Costabella Avenue
Blanchard, MI

7973 E Grand River Avenue
Portland, MI

homeworks.org

800-562-8232

Apprentice lineworkers Ryan Smith, left, and Kyle Balderson repair a line crossing the Grand River, northwest of Onondaga, following the May 30 storms.
(Photo by Mark Goodman)