



June 2013

RURAL
MISSOURI

Sac Osage Electric Cooperative

P.O. Box 111, 4815 E HWY 54
El Dorado Springs, MO 64744
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Visit us on the Web - www.sacosage.com

News

Official Notice

Sac Osage Electric Cooperative, Inc.

73rd Annual Meeting of the Members

Sac Osage Electric Headquarters • Tuesday, June 11, 2013

Featured Entertainment



Duke Mason is a special performer because of his unique height of only 46 inches. However, his talent and charismatic personality bring a respect and dignity to his singing that only few are chosen to have. A truly multitalented and exciting performer, Duke sings, plays guitar, keyboard, bass and drums.

Take Notice!
This year's Annual Meeting will start at 6:30 p.m.

The 2013 Annual Meeting of the Members Sac Osage Electric Cooperative, Inc., will be held at the Sac Osage Electric Headquarters, 4815 E. HWY 54, El Dorado Springs, Missouri, at 6:30 p.m., Tuesday, June 11, 2013, to take action upon the following matters:

- 1). Report of officers, directors and committees;
- 2). Such other business as may properly come before the meeting or any adjournment thereof.

There was one (1) nominee from district 1, 2 and 3. According to the Bylaws, Article IV, Section 4, if only one (1) person is nominated for the position of director in any district, ballots shall not be mailed and the person nominated shall be deemed elected at the Annual Meeting of the Members. Any director elected without opposition shall commence serving immediately after the election results are announced at the annual meeting of the members.

The director biographical sketches are located inside the back cover of the Rural Missouri.

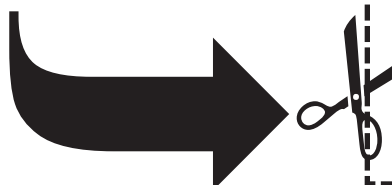
By order of the Board of Directors of Sac Osage Electric Cooperative, Inc.

Jan Neale, Secretary



Registration Card
SOEC's 73rd Annual Meeting
Tuesday, June 11, 2013
(must be present to win prizes)

Be sure to cut out and bring this registration card to the Annual Meeting to receive door prizes and meal.





Summary of 2012 Annual Meeting Minutes

The 2012 Annual Meeting of the Members of Sac Osage Electric Cooperative, Inc. was held Tuesday, June 12, 2012, at the offices of the Cooperative, 4815 East Highway 54, El Dorado Springs.

Tables for member registration were open from 5:00 p.m. to 6:30 p.m. Names of those who registered were entered into a drawing for prizes to be awarded later in the meeting.

Entertainment was provided by "Randy Newman aka Doofus". Following the Pledge of Allegiance, the National Anthem and the prayer of invocation, Brad Thompson, President of the Board, called the meeting to order. He announced Chris Hoberock, attorney, was appointed by the board to conduct the business portion of the meeting.

Mr. Hoberock announced that 232 registered members were required for a quorum.

A total of 489 members had registered, so the meeting proceeded.

The Inspectors of Election/Credentials Committee Members were introduced and administered an oath. Candidates for the three positions on the board were introduced: District 7: John (Jim) Murray, District 8: Jan Neale and District 9: Neale Johnson. Mr. Hoberock stated that according to the Bylaws unopposed candidates are automatically elected without a vote; therefore, John (Jim) Murray and Neale Johnson were declared elected.

Upon motion, second, and voice vote, the Minutes of the 2011 Annual Meeting were approved. Copies of the minutes were available at the meeting to any member.

Upon motion, second, and voice vote, the Minutes of the 2011 Annual Meeting were approved. Copies of the minutes were available at the meeting to any member.

While votes were tabulated, members heard reports from the Cooperative's

President, Treasurer and General Manager. Having found that all members had been given a sufficient opportunity to vote, Mr. Hoberock declared the polls closed.

Following the tabulation of votes, Chris Hoberock announced the following election results:

District 8 Director:
Jan Neale 68 votes
Vanessa Hardy 13 votes

During the business meeting the floor was opened for any unfinished business and or new business.

No member requested recognition for unfinished business or new business.

Following the adjournment of the meeting, additional drawings were made for cash gifts and other prizes.

Consolidated Balance Sheet

ASSETS:

Net Plant in Service	\$34,695,239
Investments and Other Property	\$6,385,593
Current Assets	\$3,620,342
Deferred Debits	\$76,393
Total Assets	\$44,177,567

LIABILITIES & CAPITAL:

Capital Equities	\$19,064,955
Total Long-Term Liabilities & Obligations	\$22,760,997
Current Liabilities	\$2,310,934
Deferred Credits	\$40,681
Total Liabilities & Capital	\$44,177,567

Consolidated Statement

REVENUES:

Operating, Capital & Other Revenues	\$16,736,528
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EXPENSES AND OTHER DEDUCTIONS:

Purchased Power Expense	\$8,250,901
Operating & Maintenance Expenses	\$2,492,317
Accounting and Collection Expenses	\$596,613
Other Customer Expenses	\$149,580
Administrative & General Expenses	\$1,271,875
Depreciation	\$1,462,590
Taxes and Provision for Taxes	\$6,866
Interest on Long-Term Debt	\$1,258,721
Total Expenses & Other Deductions	\$15,489,463
Net Margin	\$1,247,065

2013 Annual Meeting Program Schedule

- 5:00 - 6:30 Registration of Members
- 5:15 - 6:15 Entertainment "Duke Mason"
- 6:30 p.m. Business Meeting Call to Order
- Children's Prize Drawings
- National Anthem
- Invocation
- 2012 Youth Tour & CYCLE
- Representatives- Courtney Hooper & Grayson Jamroch
- Treasurers Report
- Presidents Report
- General Manager's Report
- Adjournment
- Grand Prizes: Large Flat Screen TV, Apple iPad, Kindle, Garmin GPS and other prizes.
- Free Lion Burgers, Chips & Drink • Door Prizes & Children's Prizes



Candidates for Sac Osage Electric Cooperative Board of Directors

District 1

My name is Tim Minehardt and I am again seeking your vote in District One of the Sac Osage Electric Board of Directors.



Tim Minehardt

I am employed with 3M Company in Nevada working on my sixth year with the company. My family has lived in this area for many generations. I enjoy spending time with my best friend, who also happens to be my wife, Stacy, and our four sons. 4-H projects, hunting and fishing are at the top of our list of hobbies and things to do.

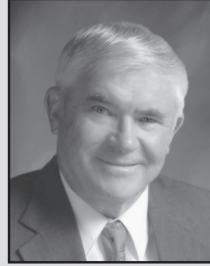
Faith is a cornerstone in our lives. We are proud members of Speedwell Southern Baptist Church.

During my second term as a board member, I have learned a great deal about the operation of the Cooperative. I became a certified Credential Cooperative Director in 2009. I appreciate the confidence that has been placed in me and your comments and concerns are important to me.

I will continue to be a good steward of the members' dollars, while also keeping in mind that when the lights are off, no one is happy. We must always strive to provide the best quality service at the lowest possible cost.

District 2

My name is George (Tony) Underwood; I have been a long time resident in the Jerico Springs area where my wife Thelma and I presently raise cattle and farm.



Tony Underwood

We have two sons and three grandchildren. I have a degree in Agricultural Education from University of Missouri Columbia. I taught school for Stockton R-1 Schools for a year and then started a Home Building Company, which I ran until 1983. At that time, I joined Carpenters Local 311 in Joplin, MO and worked as a carpenter and supervisor until retirement in 2004.

I am an active Farm Bureau Member and serve on the Cedar County Farm Bureau Board. I also have current experience as a Road District overseer, University of Missouri Extension Council, Stockton R-1 Board Member, and Little League Baseball Coach.

During the past three years as a Director for Sac Osage Electric Cooperative I have taken all the director courses required to become a Certified Credentialed Director. As a director I will continue to strive having reliable electric power source at affordable rates available for today and for the future. Thank you for your trust and support.

District 3

Don (Donnie) Levi is a seventh generation Cedar Countian who owns and operates a farm near Stockton. A Stockton High School graduate, Don earned both an undergraduate degree in agriculture and a law degree from the University of Missouri. He holds a doctoral degree in agricultural economics and taught college classes for more than 30 years. His research credits include a study of agricultural cooperatives.



Donnie Levi

Don taught Agricultural Law at the University of Missouri, Texas A&M University and Missouri State University. He currently serves on both the Cedar County Extension Council and Caplinger Mills Cemetery Board and formerly served on the Cedar County Farm Bureau Board of Directors. He is an active member of the Stockton United Methodist Church and is a former chair of their Church Council.

For the last six years Don has been a director for the Sac Osage Electric Cooperative. He represents Sac Osage on the state-wide Association of Missouri Electric Cooperatives Board of Directors and also is a member of their Executive Committee.

Don and his wife Chris have been married 46 years. They have two daughters and three grandchildren.

Join us at the 73rd Annual Meeting on June 11, 2013



The period for director nominations has passed without any other members filing a nominating petition the above directors are automatically elected.



News

~ Serving our members' needs since 1940 ~

2013 ANNUAL MEETING PRESIDENT'S REPORT



Brad Thompson

Sac Osage Electric Cooperative will hold its 73rd Annual Meeting of the Membership on Tuesday, June 11, 2013, at the Cooperative's office building two miles east of El Dorado Springs on Highway 54. Registration will begin at 5:00 p.m. and entertainment will be provided by the Duke Mason Band. As always, the famous "Lion-burger" with all the trimmings will be served by the El Dorado Springs Lions Club. **THE BUSINESS MEETING WILL BEGIN PROMPTLY AT 6:30 P.M.**

The Annual Meeting is always a good time to visit with friends and enjoy some light entertainment while tending to the business of the cooperative. The cooperative business model is the perfect solution to handle problems that are simply too large for an individual to solve. 73 years ago, a small group of individuals met in the Cedar County Courthouse to propose a cooperative be formed to bring electricity to our rural areas. Some of you may remember our beginnings from your younger days. However, the vast majority of us don't remember when the folks in this area rolled up their sleeves and went to work to

turn the lights on. Think about the impact electricity has made in our area over the last seven decades.

Cooperatives aren't like other businesses. We're not focused on making a profit. At our core we exist to meet our members' needs. As we continue to bring greater value to our members' lifestyle through the convenience of electricity, the business of managing a rural electric utility continues to challenge the Board of Directors. Today's utility environment imposes new demands on electric cooperative directors. New governance skills and a working knowledge of the cooperative principles are required to meet the commitment the Board has to work for the benefit of our cooperative members. Our Board of Directors work hard to keep informed of the changes brought on by new legislation or regulatory agencies. Gene Brockus and Neale Johnson earlier this year completed the educational requirements to achieve their Credentialed Cooperative Director Certificates. They join the rest of the Board as fully credentialed directors. Continual education is a requirement for directors.

In 2012, the Board of Directors authorized a Four Year Work Plan that was approved by the Rural Utilities Service. The cooperative borrowed over nine million dollars to complete the Work Plan. The plan calls for a new, innovative Graphical Information System to be developed that will allow our line crews to be more responsive, while enhancing our cost accounting system.

In 2012, Sac Osage Electric Cooperative experienced a very challenging year. Our revenues were much lower than projected due to a relatively mild weather pattern that lasted a good portion of the year. Even though we faced a long, hot and dry summer, we still experienced a 6.3% shortfall in kilowatt-hour sales compared to the previous year. The lower kilowatt-hour sales resulted in a 4.5% drop in revenue. In addition, we were faced with escalating prices in cooper, steel, poles, and fuel prices. The cost to serve our members increased due to higher line material prices. These increases forced the coop to eventually raise our retail energy rates by about 3.9%. However, despite falling

revenue, adjustments were made throughout the year to address the challenges we faced. By the end of 2012, our Operating Statement reflected a \$231,251 increase in margins over 2011. The Board of Directors authorized \$250,000 in Capital Credits be returned to our members at the end of the year. Our equity position grew to 43.16%. So, despite the challenges we experienced, Sac Osage Electric Cooperative had another successful year. The cooperative continues to improve our infrastructure and business transaction systems so that your experience with Sac Osage Electric Cooperative will be a satisfactory one.

Please make a special effort to attend this year's Annual Meeting on Tuesday, June 11. We hope to see you there.



If you are interested in Distributed Generation Sac Osage Electric Cooperative participates in Net Metering pursuant to RSMO.386.890. Call Aaron Ash at 1-800-876-2701 for more information.

See you at the Annual Meeting!