
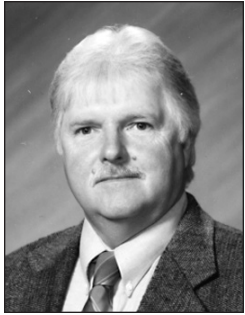


RURAL
MISSOURI

The 68th
Annual
Meeting of
Farmers'
Electric 
Cooperative

June 6, 2006

Gary Dickinson Performing Arts Center
Chillicothe, Missouri



**Ron Cornett
President**

We're the best buy by far

Farmers' Electric Cooperative's Annual Meeting is fast approaching. June 6 will be here soon and our Annual Meeting will be a little different this year.

In the past several years, we have talked about stable rates and little, if any, rate increases. This year we may talk a little about rates, but more about changes, such as new power plants, better service and reliability, new technologies and management changes.

Come and see.

Every newspaper you read or any television news that you watch is pointing out rising energy costs or rising fuel costs. If your electricity would increase 10-20 % it would still be much less of an increase than most products you buy. In the last 20 years, automobiles and trucks have increased about 600%, gasoline about 600%, boots and shoes 700%, corn and beans down 10-15%, and electricity up 6-8%.

So as you can see, your electricity cost is up, but compared to other costs - not too bad.

This is a time of change at FEC. We are taking steps to make your life easier, while increasing our service reliability to you - our member-owner.

Come June 6 to Farmers' Electric Cooperative's Annual Meeting to learn about all of the positive things happening at FEC.

See you there!

Move over Lou Gehrig

In one of the most emotion-filled speeches ever recorded, Lou Gehrig told thousands of baseball fans, "I consider myself the luckiest man on the face of the Earth."

Gehrig had retired from baseball and was thanking his many loyal fans and teammates for the privilege of being a part of them.

Well, move over Lou Gehrig, because I feel I'm the luckiest man on the face of the Earth. I am so fortunate to have had the opportunity to

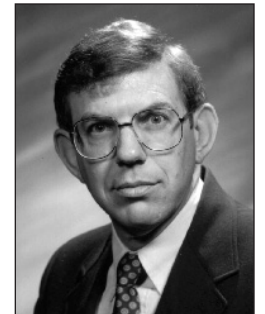
spend over 25 years working with and for the members of Farmers' Electric Cooperative. My life, as well as the lives of my family, has been blessed by everyone associated with Farmers' Electric and the area where we serve.

With the 68th Annual Meeting of your cooperative, I will step down and walk the path of retirement. I hope to see you there where it will be another blessing for me to tell you in person how much I've appreciated you and

the entire cooperative.

Now, I have one more request. Please continue your support of Farmers' Electric, its management, board and employees, as your new CEO takes the reins at your Annual Meeting. Come that Tuesday, June 6, and welcome your new management leader.

Thank you and God bless.



**Dan Bryan
Executive
V-P/CEO**

Notice of Regular Meeting of Members of Farmers' Electric Cooperative

A regular meeting of the members of the above Cooperative will be held in the Gary Dickinson Performing Arts Theater, located at the Chillicothe High School, 2801 Hornet Drive, in Chillicothe, Missouri, at 7 o'clock p.m., Daylight Savings Time, on the 6th day of June, 2006, to take action upon the following matters:

1. The reports of Officers, Directors and Committees;
2. To amend ARTICLE IV of the Bylaws of the Cooperative by revoking SECTION 4.04 thereof in its entirety and in lieu thereof adopt a new SECTION 4.04, which new SECTION 4.04 shall be and read as follows:
SECTION 4.04. **Qualifications.** No person shall be eligible to become or remain a Director of the Cooperative who:
 - (a) is not a member and bona fide resident consumer in the area served by the Cooperative (i.e. such member must actually live in a residence being served by the Cooperative), and be a bona fide resident of the District in which the office of Director exists; or
 - (b) is an employee, outside or independent

contractor of the Cooperative, or has within five (5) years preceding the date of election been an employee, outside or independent contractor of the Cooperative; or
(c) is not at least eighteen (18) years of age or is in any way interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative.

Upon the establishment of the fact that a Director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such Director from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

2. The election of three (3) Directors of the Cooperative;
3. The election of a Committee on Nominations (one member from each of the seven (7) Cooperative districts);
4. Any resolutions presented to the meeting by the Resolutions Committee appointed by the Board

of Directors.

In connection with the election of three (3) Directors scheduled for this meeting, the following member has been nominated for Director by the Committee on Nominations elected by the membership present at the 2005 Annual Meeting, pursuant to the Bylaws: from District No. 1 - Ronnie D. Cornett, 19281 146th St., Pattonsburg, MO 64670; District No. 4 - Warren Hoyt, 12744 LIV 430, Dawn, MO 64638; and District No. 5 - Richard Anderson, 20396 CR 240, Carrollton, MO 64633. No nominations were made by petition. Additional nominations for Directors may be made at the meeting, but any such nominees must be actual residents within the District for which a vacancy occurs. Nominees at this Annual Meeting must reside within the following Districts: District No. 1 - Daviess, Harrison, Gentry and DeKalb Counties, Missouri; District No. 4 - Livingston and Grundy Counties, Missouri; and, District No. 5 - Carroll and Lafayette Counties, Missouri. Said regular meeting of the members of the Cooperative has been called by a resolution duly adopted by the Board of Directors of the Cooperative at the regular meeting of the Board of Directors held on the 28th day of June, 2005.

LeRoy Kern, Secretary

Dated: May 17, 2006

Regular Meeting of Members of Farmers' Electric Cooperative

A regular meeting of the members of Farmers' Electric Cooperative, Incorporated, was held at the Gary Dickinson Performing Arts Theater, located at the Chillicothe High School, 2801 Hornet Drive, in Chillicothe, Missouri, at 7 p.m. Daylight Savings Time, on the 7th day of June, 2005.

The meeting was called to order by Ronnie D. Cornett, President of the Cooperative, who presided, and LeRoy Kern, Secretary of the Cooperative, acted as Secretary of the meeting and kept the Minutes thereof.

The Secretary reported that the members present in person or by proxy had been checked and that there were 548 members present in person and 0 members present by proxy and that the names of those members present in person are attached hereto and made a part of these Minutes; said members present in person constituting a quorum of the members of the Cooperative.

Dan Bryan, Manager of the Cooperative, gave a report of the progress of the Cooperative during the past year. Various problems in connection with the operation of the Cooperative were enumerated and discussed.

The Secretary then presented and read a copy of the Notice of this meeting, together with proof of the due mailing thereof to all members of the Cooperative, and such Notice and proof were ordered to be annexed to the Minutes of this meeting.

The Minutes of the regular meeting of the members of Farmers' Electric Cooperative, Incorporated, of June 1, 2004, were presented and on motion duly made and seconded said Minutes were unanimously approved.

The Chairman then stated that the next order of business would be

the election of three (3) Directors to take office on the 7th day of June, 2005, and to hold office until the annual meeting of the members to be held in 2008, or until their successors has been elected and qualified. The Chairman stated that, in accordance with the Bylaws, the members had, on the 1st day of June, 2004, at the annual meeting, elected a Committee on Nominations consisting of Kenneth Lee, Dennis Farmer, James A. Waters, Vernon L. Williams, Charlotte F. Miller, Judy Holcer and Dennis Widhalm. The Chairman of the meeting then read the Report of the Committee on Nominations, nominating the following members for Director: LeRoy Kern, Arzy Bisbee, Jr., and W.D. Richards, III. The Chairman stated that there were no members nominated by petition. The Report of the Committee on Nominations was ordered to be identified by the Secretary and annexed to the Minutes of this meeting. The Chairman then called for additional nominations for Directors from the floor. After waiting for a period of more than two (2) minutes and there being no further nominations, the nominations were closed.

The Chairman then appointed Sue Haffey, Kenneth Lee, Madelynn Adkison and Alvin Hoppe as Inspectors of Election. A vote for a Director was then had by ballot and the ballots were delivered to the Inspectors, who proceeded to count the same. While the ballots were being counted by the Inspectors, the meeting continued.

The Chairman then announced that it would be in order to nominate and elect a Committee on Nominations to serve for the ensuing year, and upon motion duly made, seconded and carried, the following persons were elected to said Nominating Committee:

- District 1 - Kenneth Lee
- District 2 - Dennis Farmer

- District 3 - James A. Waters
- District 4 - Vernon L. Williams, Jr.
- District 5 - Charlotte F. Miller
- District 6 - Judy Holcer
- District 7 - Dennis Widhalm

The Certificate of Inspectors of Election was then presented and read, certifying that the following members, having received the highest number of votes cast, had been duly elected Directors of the Cooperative to hold office until the third succeeding annual meeting of the members, or until their successors shall have been elected and qualified: LeRoy Kern, Arzy Bisbee, Jr., and W.D. Richards, III.

The Chairman directed the Secretary to annex the Certificate of Inspectors of Election to the Minutes of this meeting and thereupon declared such member duly elected Director of the Cooperative to take office on the 7th day of June, 2005, and to hold office until the annual meeting of the members to be held in 2008, or until their successors shall have been elected and qualified.

The annual report of the Treasurer was presented as printed, and after a full discussion, on motion duly made and seconded, such report was approved and ordered to be filed in the records of the Cooperative.

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the meeting adjourned.

LeRoy Kern, Secretary

APPROVED:
Ronnie D. Cornett, President

R E V E N U E S	S Residential.....	\$13,089,154
	O Small Commercial.....	2,485,496
	U Large Commercial.....	2,147,684
	R Public Street and Highway Lighting.....	33,384
	C Sales to Public Authorities.....	125,908
	E Municipalities.....	180,839
	S Other Electric Revenue.....	<u>138,345</u>
	TOTAL	\$18,200,810
	Purchased Power.....	\$9,063,012
	Maintenance.....	2,812,630
	D Consumers Accounting, Collecting.....	479,694
	I Customer Service Expense.....	171,820
	S Sales Expense.....	333,690
	B General Office Salaries, Expenses.....	858,262
	U Special Services.....	63,091
	R Maintenance of General Property.....	27,664
S Other Administrative, General Expense.....	220,094	
E Depreciation.....	1,495,969	
M Interest Expense.....	<u>1,537,355</u>	
TOTAL	\$17,063,281	
N Margin for the Year	\$1,137,529	
T Income (Loss) from Equity Investments	\$(386,368)	
S Capital Credits Assigned From Associated Organizations, Interest	\$515,883	
Total Patronage Capital	\$1,267,044	

FEC BALANCE SHEET - As of December 31, 2004

WHAT WE OWN: What We Have	
Lines, Office Building, Warehouse and Operation Equipment.....	\$54,961,010
Less: Reserve for Depreciation.....	<u>\$11,467,706</u>
	\$43,493,304
Cash and Temporary Cash Investments.....	\$938,640
Investments in Associated Organizations.....	\$5,452,785
Receivables.....	\$629,618
Material and Supplies.....	\$121,109
Prepaid Insurance.....	\$114,039
Patronage Capital, Assigned by Assoc. Organizations.....	\$8,773,940
Deferred Debits.....	<u>\$365,852</u>
TOTAL OF WHAT WE HAVE	\$59,889,287
WHAT WE OWE: Long Term Debt	
To the Government.....	\$20,604,586
To CFC, NRECA, N.W. Electric.....	\$10,517,472
To Consumers (Extra Deposits).....	\$213,727
To Tax Collector.....	\$19,082
To Suppliers and Others.....	\$414,771
To Power Supplier.....	\$828,899
Deferred Credits.....	\$166,376
Current Notes, Interest Due, Payable on Loans.....	<u>\$5,159,306</u>
TOTAL OF WHAT WE OWE:	\$37,924,219
OUR NET WORTH: Our Equity in Above Assets	
Membership Fees	\$243,951
Donated Capital	\$94,657
Patronage Capital and Other Equities	\$21,626,460
TOTAL NET WORTH	<u>\$21,965,068</u>
TOTAL OF WHAT WE OWE AND NET WORTH	\$59,889,287

FEC Data Bank

	<u>1995</u>	<u>2005</u>
Total Services in Place	12,880	14,624
Connected Services	10,637	12,684
Idle Services	2,243	1,940
Average Monthly kWh per Residential Customer	933	1,263
Average Monthly Bill per Residential Customer	\$76.64	\$106.85
Average Cost per kWh	\$0.0821	\$0.0846
Total kWh Purchased	255,677,873	276,842,033
Total kWh Sold	238,082,670	259,515,492
kWh Lost in Distribution	17,595,203	17,326,541
Percent of Loss	6.88%	6.26%
Total Cost of Power		
Purchased	\$7,746,865	\$9,063,012
Cost per kWh Purchased	\$0.0303	\$0.0327
Expenses per kWh Purchased	\$0.0494	\$0.0616
Expenses per kWh Sold	\$0.0531	\$0.0658
Miles of Power Line	3,670	3,771
Operating Revenue Per Mile of Power Line	\$3,668	\$4,827
Expenses Per Mile of Power Line	\$3,445	\$4,525
Investment in Plant		
Per Service	\$2,251	\$3,758
Density (Members) Per Mile	2.90	3.36

Sources of Each Dollar

Residential	\$13,089,154	72%
Small Commercial	\$ 2,644,788	15%
Large Commercial	\$ 2,147,684	12%
Municipalities	\$ 180,839	1%
Interest and other		
Electric Revenues	<u>\$ 138,345</u>	<u>1%</u>
TOTAL	\$16,095,486	100%

Disbursement of Each Dollar

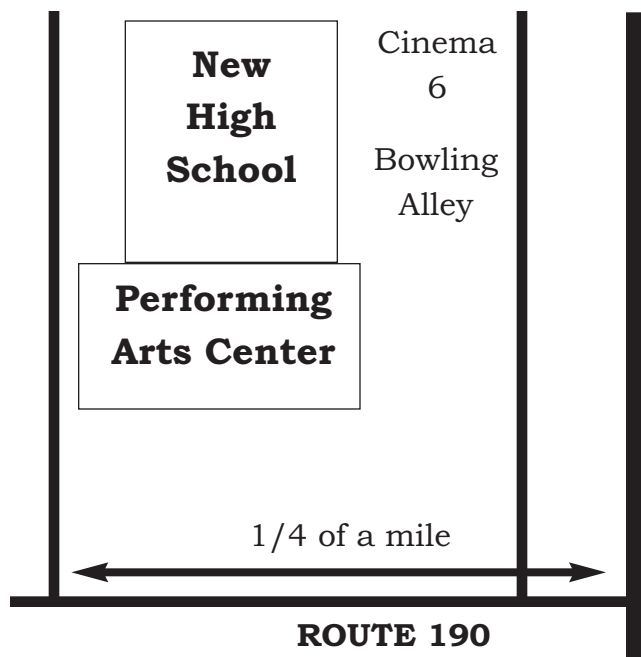
Power	\$9,063,012	50%
Operations & Maintenance	\$2,812,630	15%
Depreciation	\$1,495,969	8%
Other General Expense	\$2,154,315	12%
Interest	\$1,537,355	8%
Margins	<u>\$1,137,529</u>	<u>6%</u>
TOTAL	\$16,095,486	100%

Don't Forget Your
Registration Card
on the Back Page!

DON'T FORGET TO BRING YOUR REGISTRATION CARD!

Gary Dickinson Performing Arts Center will be the site of Farmers' Electric's 68th Annual Meeting June 6

EASY HIGHWAY ACCESS!



You Could Be The Lucky Person To Win A 52-Inch RCA Big Screen TV!

- *1,000 Dairy Queen Ice Cream Sandwiches**
- *Registration Gifts**
- *Bucket of Light Bulbs**
- *Over 100 Prizes**
- *52-inch Big Screen TV**
- *Mobile DVD System**
- *Switch Team**
- *Kids Fun Zone**
- *Touchstone Energy**
- *Culligan Water Systems**
- *Dish Network**
- *Election of Directors**
- *Appliance Rebate Information**

Kids Fun Zone Rules!

Children three years of age and under and/or in diapers may not be left with the other children.

Children with special needs must have an adult who brings them and stays with them at all times.

If a child misbehaves they will be asked to leave and returned to the adult who brought them to the meeting.



Farmers' Electric Cooperative
P.O. Box 680
Chillicothe, MO 64601

DON'T FORGET TO BRING THIS REGISTRATION CARD JUNE 6

Tuesday, June 6
At the Gary Dickinson
Performing Arts Center

Registration begins at 5:30 p.m. with the Annual Meeting being called to order promptly at 7 p.m.