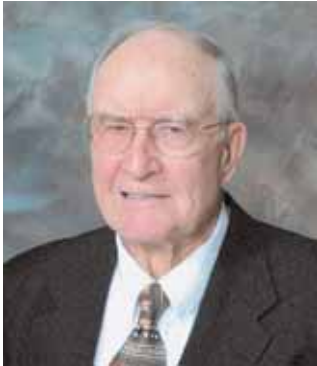




# North Plains Electric Cooperative, Inc.

## Message From Management



**IRA HARBOUR**  
*Board President*

**I**t's time for our 60th North Plains Electric Cooperative annual meeting. This year's meeting will give each of you an opportunity to stay informed of the activities of your cooperative in the last year and also give you some insight for the rest of this year. Dinner will be served before the meeting and door prizes will be given before and after the business meeting and election as usual. Each member will receive the

newest version of the *Texas Co-op Power Cookbook* and a 60-minute phone card. One lucky member will win a \$500 energy credit. If you can find the time to enjoy a meal with us and participate in your annual meeting, please come.

North Plains Electric Cooperative, Inc. experienced a better-than-average year in 2003. Kilowatt-hour (KWh) sales were sufficient to pay the cost of operation and created revenue margins that enabled us to again return over \$750,000 to past and current members for the allocated patronage capital year of 1984. Golden Spread Electric Cooperative, our generation and transmission cooperative (G&T), returned \$79,000 to NPEC that was also passed on to members from 1992 sales margins. In essence, the co-op returned capital credits that shifted capital responsibility from members in 1984 and G&T members in 1992 to current members in 2003. We thank you for patronage that enables the cooperative to continue this process.

The year 2003 seemed to be a limited-weather event year. Due to our good fortune and the efforts of the operations department, your average outage time last year dropped to about seven hours per meter. We are getting more reliable but there is much room for improvement. We hope to continue this trend.

NPEC served more meters in 2003. This is very positive considering the economic climate of the last few years. All member classes—excluding large power—seemed to grow. A few homes were added, some new and some moved into. Small commercial meters were added. Irrigation members continue to look at electricity as a viable alternative to natural gas and diesel while there is price volatility and uncertainty in the fuel markets. New sprin-

*Ira Harbour*  
Ira Harbour, President

klers are being erected to conserve water and furnish irrigators an opportunity for diversification and profitability. The oil and gas rig count has increased. Natural gas and petroleum has stabilized, but at a new higher level. All of this activity has been responsible for the increased number of meters, and we expect the trend to continue at a slow pace. The increased number of meters did not increase kWh sales, however. kWh sales were at about the level of 2002.



**RANDY MAHANNAH**  
*General Manager*

The price of energy during 2004 will likely be equal to or above 2003 levels unless natural gas trends downward. Unforeseen circumstances could influence oil and gas prices that would change this outlook, and the future is unpredictable. Fuel will continue to drive the variable changes in the price that you pay for electricity through the Power Cost Recovery Factor (PCRF). The PCRF average for 2003 dropped rate prices by almost a penny per kWh last year.

This annual meeting marks 60 years of service to members of this electric cooperative. Forty years ago, every member understood what it was like before their home was connected to cooperative lines and how great it was to have that power at the flip of a switch—no more batteries or wind chargers needed. Over the last 30 years electricity has become the source of energy for almost any technology change, and our dependency has become profound. I have been around for almost 49 years and never lived without electricity. I can only imagine milking cows by lantern and reading by candlelight or lamp. Rural electrification is a great accomplishment. We who work at this cooperative have a great responsibility to continue to improve the system and furnish better service so that your satisfaction level grows. NPEC employees are committed and available any time you have questions, comments or problems. We want to know when your expectations have been met but we need to know if they are not. On behalf of the directors and employees of North Plains Electric, I again invite you to participate in your 60th annual business meeting of the membership.

*Randy Mahannah*  
Randy Mahannah, General Manager

# Youth Tour Report

Representing North Plains Electric Cooperative on the 2003 Government-in-Action Youth Tour were **Taunia Logan**, daughter of Wes and Debbie Logan of Perryton, and **Ike Julian**, son of John and LeeAnn Julian of Canadian.

Ninety-four youths representing Texas electric co-ops, along with 10 chaperones, descended on Washington, D.C., in June and returned home with a better perception of how their government works. Taunia and Ike began their educational tour with a visit to the capitol building to meet with Congressman Mac Thornberry. While on Capitol Hill, they had the opportunity to tour the House of Representatives chamber, the Senate chamber, the Library of Congress and the United States Supreme Court building.

A first for this year's trip was a visit to the 163-acre National Zoo, home to two rare giant pandas. The students attended "Pirates of Penzance" at the West End Dinner Theater. Other trip highlights included visiting the Washington Monument; the Lincoln, Jefferson, Roosevelt, Korean, Iwo Jima and Vietnam memorials; Smithsonian Institution; Mount Vernon; Naval Museum; Kennedy Center; and Washington National Cathedral.

North Plains Electric is proud to offer the educational benefits of the Government-in-Action Youth Tour to the youth of our communities, and we say congratulations to Taunia and Ike on their accomplishments!



## The Cooperative Principles

**1) Voluntary and open membership.** Because cooperatives are voluntary organizations, membership is open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

**2) Democratic member control.** Cooperative members have equal voting rights. It doesn't matter how much electricity a member consumes. When electing directors, each member has one vote.

**3) Member economic participation.** Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

**4) Autonomy and independence.** Cooperatives are autonomous, self-help organizations, controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

**5) Education, training and information.** New challenges and new technologies affect your cooperative and the entire utility industry. Ensuring our continuing effectiveness can only be accomplished by providing information and training to the members and public, our employees, staff and directors.

**6) Cooperation among cooperatives.** We are "working together, working for you," on many levels. Cooperatives serve their members most effectively and strengthen the co-op movement by participating in local, state, regional, national and international cooperative organizations.

**7) Concern for community.** This principle focuses on members' needs and prompts cooperatives to work for the sustainable development of their communities through policies accepted by their members.

# Employees

NAME	TITLE	YEARS OF SERVICE
Earl Bates.....	Meter Reader/Collections .....	27 years
Colby Brown .....	Equipment Operator .....	18 years
Charley Cagle .....	Apprentice Lineman.....	6 years
Gregg Campbell .....	Apprentice Lineman.....	4 years
Bill Carson.....	Member Service Specialist .....	5 years
Galen Cooksey .....	Office Manager .....	27 years
Lewis Crain, P.E. ....	Engineer & Operations Manager.....	23 years
Monte Eisenman .....	Apprentice Lineman.....	9 years
Marvin Evans.....	Engineering Assistant .....	17 years
Larry Franks .....	Serviceman (Journeyman) .....	21 years
Doug Gassett.....	Custodian.....	20 years
Alfred Godino .....	First Class Lineman .....	11 years
Ronald Harvey.....	Serviceman (Journeyman) .....	22 years
Jeff Hinshaw .....	Construction Foreman.....	22 years
Becky Karber .....	Administrative Secretary.....	27 years
Robbin Keetch.....	Serviceman (Journeyman) .....	17 years
Joe Lane.....	Warehouseman/Work Order Clerk .....	2 years
Paula Lehew.....	Executive Secretary.....	28 years
Randy Mahannah .....	General Manager .....	8 years
Chris Mendenhall .....	Operations Superintendent .....	29 years
Marc Padgett .....	Canadian District Manager .....	24 years
Shirley Pattison .....	Cashier/Receptionist .....	18 years
Jerry Pshigoda .....	Administrative Assistant.....	29 years
Vernon Pshigoda .....	Data Processing Manager.....	33 years
Sean Roberts .....	Journeyman Lineman.....	4 years
Crystal Skinner .....	Operations Clerk/Dispatcher .....	13 years
Sherron Tigrett .....	Accounting Assistant .....	24 years
Jennifer Williams.....	Accountant .....	2 months
Elbie Wilson .....	Groundman .....	8 months
Kelly Wright .....	Apprentice Lineman.....	6 years

# Nominating Committee Report

The Nominating Committee, appointed by the Board of Directors of North Plains Electric Cooperative, Inc., met at the Cooperative's headquarters located in Perryton, Texas, on March 2, 2004, at 10:30 a.m. with the following committee members present:

District #2: Elmo Dahl, Jo Alice Clawson

District #4: Clayton Born, Edward Yauck, Hollene Peery

District #5: Eddie Meadows, David Cook

Bill Carson, Member Service Specialist, welcomed the committee members and thanked them for their presence and participation in the nomination process for the cooperative. Keith Good then opened the meeting as chairman pro-tempore and opened the floor for nominations for chairman. David Cook nominated Eddie Meadows to serve as chairman of the Nominating Committee. Elmo Dahl seconded the nomination and also moved that nominations cease and that Meadows be elected by acclamation. The motion carried unanimously. Elmo Dahl nominated Jo Alice Clawson to serve as recording secretary for the meeting. There being no further nominations, Meadows declared that nominations cease and that Clawson be elected by acclamation.

Attorney Good, Manager Randy Mahannah and Bill Carson reviewed Article IV of the cooperative's bylaws with the committee to familiarize them with director qualifications. Chairman Meadows then declared the meeting open for nominations of cooperative members to have their names placed on the ballot as director nominees, subject to the vote of the general membership

at its 60th annual meeting, April 19, 2004.

Elmo Dahl nominated Dorsey Schad to be placed on the ballot as director nominee for District #2. There being no further nominations, Chairman Meadows declared nominations for District #2 closed.

Clayton Born nominated Don Boone and Edward Yauck nominated Lyndon Imke to be placed on the ballot as director nominees for District #4. There being no further nominations, Chairman Meadows declared nominations for District #4 closed.

David Cook nominated Craig Young to be placed on the ballot as director nominee for District #5. There being no further nominations, Chairman Meadows declared nominations for District #5 closed.

Three directors shall be elected for a term of three years by and from the members at the 60th annual meeting of the cooperative to be held on April 19, 2004. The action of this committee in no way shall prevent additional nominations by petition, as provided for in Section 4.06 of the bylaws.

There being no further business to consider, the meeting was declared adjourned at 11:30 a.m.

  
Nominating Committee Chairman

  
Recording Secretary

## Candidates for Board of Directors



### District 2

**Dorsey Schad** and his wife, Lucille, have four children: DeAnn Chapman, Debbie Etheredge, Jeannette Henry and Richard Schad. Schad has been serving on the North Plains Electric board since 1986. He resides northwest of Gruver where he has a farming operation.



### District 4

**Don Boone** and his wife, Cheryl, have two children: Brent and Holly. Don is a Valley center pivot irrigation dealer and electrician living west of Follett. He has been a resident of that community since 1975. He and his wife own Delta Irrigation and are the former owners of Grandpa's Qwik Stop.



### District 4

**Lyndon Imke** and his wife, Joann, have two children: Charley Imke and Lyndonna Williams. Lyndon has been serving on the board of North Plains Electric since 1974. He resides northwest of Follett where he has a farm and ranch operation.

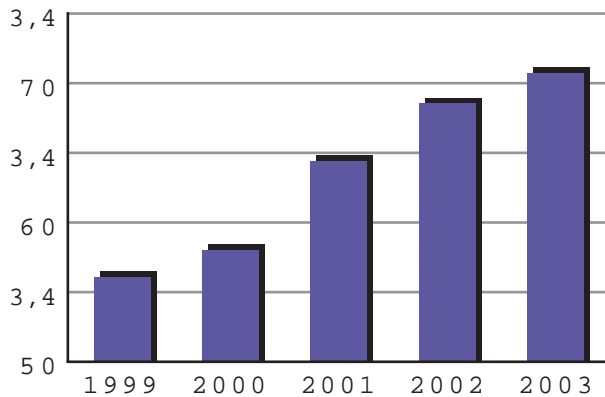


### District 5

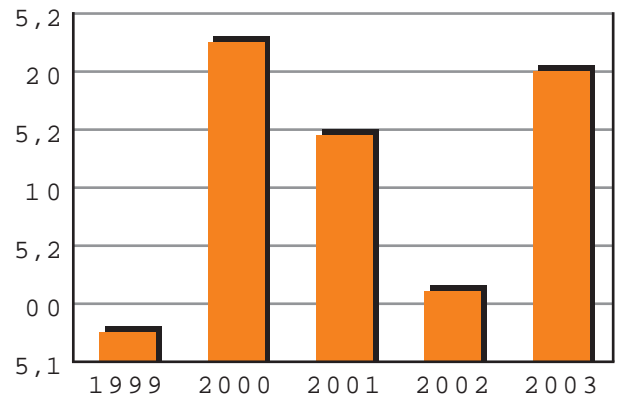
**J. Craig Young** and his wife, Cindy, have three children: Matt, David and Tracey. Young is engaged in a ranching operation. He and his family live on a ranch 11 miles west of Canadian along the south side of the Canadian river.

# Operational Information

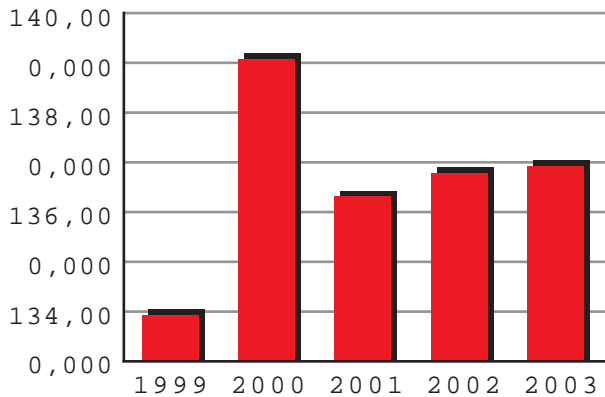
## MILES OF LINE



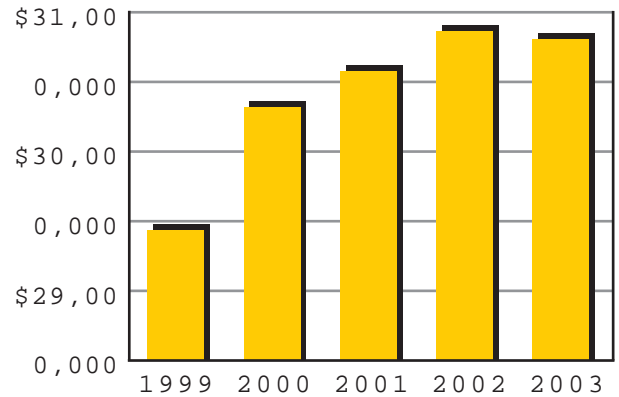
## METERS



## KWH SOLD



## ASSETS



# Auditors' Report

## BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

1623 10TH STREET

LUBBOCK, TEXAS 79401-2685

To the Members of North Plains Electric Cooperative, Inc.  
Perryton, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of North Plains Electric Cooperative, Inc. as of December 31, 2003, and the related statements of income and patronage capital, and cash flows for the year then ended (not presented herein); and in our report dated January 21, 2004, we expressed an unqualified opinion on those financial statements.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated in all material respects in relation to the financial statements from which it was derived.

The complete audit report as described above is on file at North Plains Electric Cooperative, Inc

*Bolinger, Segars, Gilbert & Moss*

Certified Public Accountants

January 21, 2004

# Financial Statements

## Condensed Balance Sheet (as of December 31, 2003)

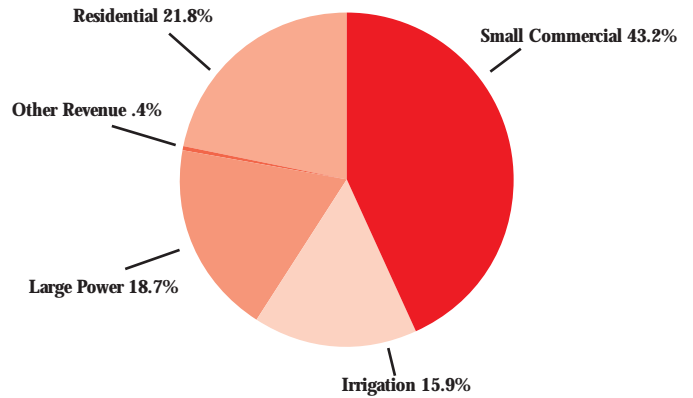
ASSETS - What we own	2003	2002	LIABILITIES - What we owe	2003	2002
Total cost of system ....	\$ 40,724,840,344,321	\$	We borrowed from RUS & CFC	\$	\$
Estimated depreciation (16,210,969) .....	(15,483,573)		36,807,146 .....	\$ 36,836,000	
Net value of system ....	\$ 24,513,824,860,748	\$	Regular payments on loans (21,508,091) .....	(20,693,117)	
Cash in the bank		98,712	We still owe to RUS & CFC		\$
115,756 .....			15,299,055 .....	\$ 16,142,880	
Investments .....	3,934,610	3,734,333	We owe for materials, supplies		579,337
Accounts receivable ....	847,311	861,043	649,775 .....		
Value of materials & supplies		943,924	Other liabilities & credits		1,434,746
965,410 .....			1,505,325 .....		
Advance payments on insurance, etc. ....	49,718	24,852	Membership fees paid ....	0	8,615
			Total equity in the enterprise (40.4%)	.13,257,364	12,414,636

### Income Statement

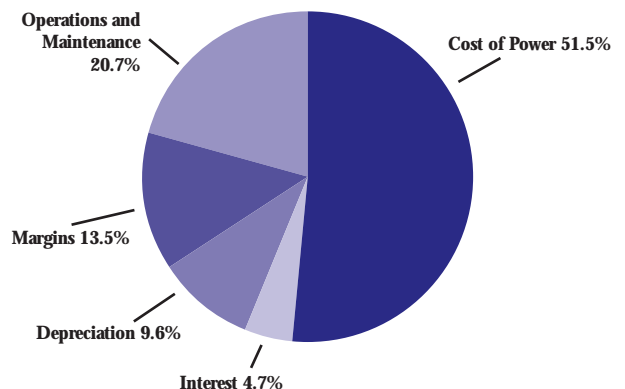
	2003	2002
<b>Revenues</b>		
Electric energy sold ....	\$ 12,126,723	\$
11,935,756 .....		
Nonoperating income ....	505,725	266,562
Total revenue .....	\$ 12,632,448	\$
12,202,318 .....		
<b>Expenses</b>		
Electric power cost .....	\$ 6,510,499	
\$ 6,403,289 .....		
Operating expenses .....	2,613,705	2,780,423
Estimated system depreciation .....	1,211,517	1,198,759
Interest .....	594,479	619,484
Total expenses .....	\$ 10,930,200	\$
11,001,955		

### How Your 2003 Dollar Was

#### HOW IT WAS EARNED



#### HOW IT WAS USED



# Director Representatives



### District 2

James Greene has been serving as a board member since 1987. He lives approximately 4 miles west of Waka where he has a farming and cattle operation.



### District 2

Dorsey Schad has been serving as a board member since 1986. Dorsey lives northwest of Gruver where he is engaged in a farming operation.



### District 3

Jim Hagg was elected to the board in 2000. He lives 8 miles south of Perryton and is owner/operator of Jade Cattle Feeders Inc.



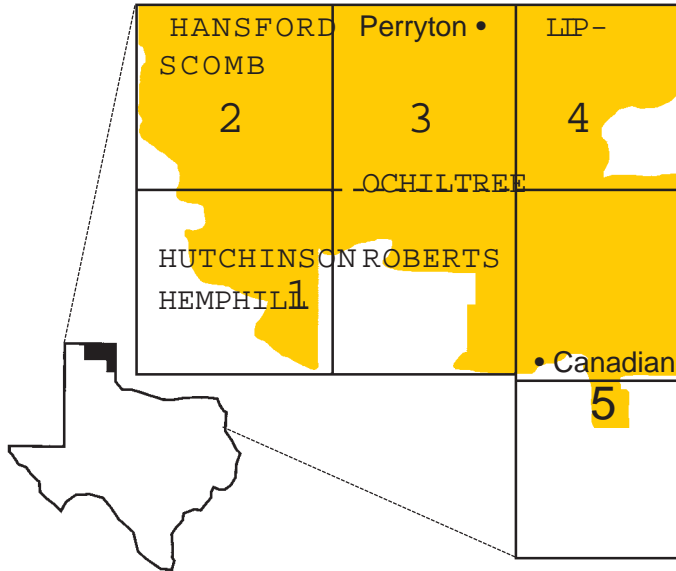
### District 3

Johnny Scribner joined the board of directors in 1998. He is manager of Perryton Feeders Inc., south of Perryton. Johnny has lived in Perryton since 1985.



### District 1

Ira Harbour, president of your board of directors, has been serving as director since 1944. He lives approximately 15 miles southwest of Spearman where he is involved in farming and ranching.



### District 4

David Sell, CPA, secretary-treasurer of your board of directors, has been serving on the board since 1984. He resides 2 miles north of Booker where he is engaged in farming.



### Cooperative Attorney

Keith Good  
Lemon, Shearer, Phillips,  
and Good



### District 5

Jerel Norris was elected to serve as a board member in 1994. Jerel lives approximately 10 miles south of Canadian where he has a farming and ranching operation.



### District 5

J. Craig Young was elected to serve as a board member in 1998. Engaged in a ranching operation, Craig lives 11 miles west of Canadian along the south side of the Canadian River.



### District 4

Lyndon Imke, vice president, was elected to your board of directors in 1974. He resides northwest of Follett and is engaged in farming and ranching.

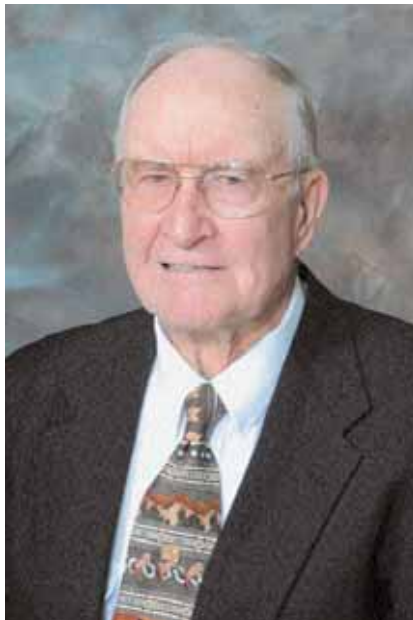
# Ira Harbour Celebrates 60 Years of Service

This year, board member and President Ira Harbour celebrates his 60th year of service on the North Plains Electric Cooperative Board of Directors. Harbour was elected president of the board in 1955 and is finishing up his 49th year as its leader.

Harbour's parents lived in a dugout in Hutchinson County. He was born in 1915. He lived in Ochiltree County from 1918 to 1921, when he returned to Hutchinson County, where he has lived ever since.

Prior to being one of the founding directors and incorporators of NPEC, Ira Harbour was well aware of life without the benefit of electricity. In 1943 when he was 28 years old, Ira had yet to receive electricity at his rural farmstead between Spearman and Stinnett. Power was available in towns like Spearman and Canadian, and some specific rural areas like the old Hansford area between Spearman and Gruver, but it was not generally available to most rural citizens.

According to Harbour, "Spearman had electricity as early as the 1920s. A businessman in Spearman had an electric feed grinder, but it used so much power that it would stall out the motor generating the power." Even with the reliability problems, the fact that electricity was available in towns caused many rural residents to move to the towns. "I feel there would have been more people living in the rural areas if power had been made available sooner. The investor-owned utility (IOU) in the area was simply not interested in bringing power to the rural farms and ranches," added Harbour.



"Initially, we began meeting with the Rural Electrification Administration (REA) representatives to learn how to organize the cooperative," said Harbour. After incorporation of NPEC in March 1944, Ira began visiting friends and neighbors to ask them to join the cooperative. "I went door to door asking them to join. To join, they had to come up with \$9. For many it was difficult to come up with that amount of money," said Harbour. "Several of the board members even loaned money to help them join. Most area residents did not believe it [the cooperative] could ever happen, and many others were simply against the co-op," stated Harbour.

At first, NPEC directors went to the IOUs to ask for line taps to take the existing power to those in the rural areas. According to Harbour, there was little or no interest in working with NPEC. "At first they simply refused taps and later

offered service to some for a \$2,500 fee," stated Harbour. It was evident that the cooperative was going to have to build lines from the available municipal generators. The plan was developed for the first 100 miles of line built to carry power from Canadian to Lipscomb County.

Harbour traveled to Washington, D.C., several times with NPEC's first manager, Earl Waide, to secure a loan from REA to finance projects. "We tried to help walk our loan application through the Department of Agriculture," recalled Harbour. "On one occasion we were told by the assistant REA director that our loan would be approved, only to find out the legal department was preparing an unexpected turndown. We went back to the assistant director who had promised the loan would go through and I told him that where we are from, your word is your bond. He made sure the loan went through."

Over the years, Harbour has seen many changes in the cooperative. He commented that some early members would have just one plug and one light, whereas today electricity is a necessity of life. "I've seen more change in the last 15 years than what I saw in the first 45 years." Harbour has worked with seven general managers—Earl Waide, Carroll Mallett, Vesta Orr, Pat McAlister, Parker Wetsel, Gary Hurse and Randy Mahannah.

NPEC would like to thank Ira Harbour for his hard work and dedication in his 60 years of service to this cooperative and its members.



North Plains EC board of directors circa 1964, clockwise from left front,