

Our Commitment to You

Over the years, First Electric Cooperative has experienced growth and success by operating differently than other businesses. Seven basic principles guide First Electric Cooperative: voluntary and open membership; democratic member control; member's economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community.

These basic principles have successfully guided First Electric Cooperative since 1937. From the time the cooperative was first formed, we have worked each day as advocates for you, our Members. First Electric Cooperative's Board of Directors is committed to continuing to improve the quality of life for our Members.

Progress

Our commitment to provide safe, reliable and reasonably priced energy motivates First Electric to look for the best possible solutions for improving operational efficiency.

An example of that commitment is the installation of a Supervisory Control and Data Acquisition (SCADA) system that began in late 2009.

Once complete, the SCADA system will allow First Electric to monitor and control each of its substations, improving load management and response time to major outages. The SCADA system will reduce outage lengths and system losses. With 20 of 43 total substations readied, the project is on target for completion and monitoring of all the cooperative's substations by the end of 2011.

Another example of the cooperative's commitment to improve operational efficiency is the investment in two software programs, Clevest and ImageNow.

ImageNow allows personnel to electronically send and receive vendor invoices to and from various departments within the cooperative for review and approval. The program saves time, storage space and reduces paper usage.



Clevest grants office personnel the ability to transmit data to laptops utilized by servicemen. The program allows servicemen to receive, view and enter service order information while in the field; increasing efficiency, streamlining service requests and eliminating the need for paper service orders.

In July, the cooperative debuted its 2010 M2 Hybrid Electric bucket truck. The truck, at first glance, looks like any other truck in the cooperative fleet, but it operates very differently.

When the hybrid truck's brakes are engaged, the braking system turns 70 percent of the trucks forward momentum back into energy stored by a large lithium-ion battery pack. In addition, when the truck is stationary and in use, it operates on electric power until the battery pack is depleted. Recharging the battery to capacity is achieved in approximately five minutes. With gasoline and diesel prices soaring, your cooperative will continue to research alternative methods for fueling fleet vehicles in an effort to keep operational costs as low as possible.

Looking Out For You

First Electric's commitment to our Members goes beyond keeping the lights on. Your cooperative is also committed to ensuring that Members receive the products, services, and important information it provides.

Safety is always our number one concern. For that reason, First Electric feels that it is imperative to offer electrical safety education

programs. In 2010, First Electric personnel conducted 16 High Voltage Safety Demonstrations to local schools, fire departments, youth camps and civic organizations.

Ensuring that Members can access information about First Electric products and services is important as well. Making that access convenient to the Membership prompted a renovation of the cooperative's website in June. The renovated website provides quick navigation of the cooperative's products and services; and a wider screen presentation supports a more visually appealing user session. In the month of October, the www.firstelectric.coop garnered one million website hits.

Also in October, a new Member benefit was added with each First Electric Member receiving a Co-op Connections card. The Co-op Connections card provides First Electric Members access to discount offers from more than 20,000 local and national retailers. The program also provides a significant pharmacy discount for acute care medications. In the last quarter of 2010, Members saved more than \$40,000 with the pharmacy discount alone.



A Record Breaking Year

Records were broken in 2010, with Operation Round-Up, soaring summer temperatures and the payment of Capital Credits.



Two successful campaigns in 2010 drove Operation Round-Up enrollments past the 10,000 participant mark. Because of the generosity of those Members, more than \$51,000 was donated to local not-for-profit organizations. Since its introduction in 1994, more than \$460,000 has been donated by Operation Round-Up.

The summer of 2010 set a record for heat. From June 30 through August 28, Arkansas endured 60 consecutive days with temperature at or above 90 degrees. On July 27, the mercury hit 106 degrees, the hottest day on record since 1984. This stint of extremely hot weather surpassed the previous record of 57 days set in 1980. Your electric cooperative and its wholesale energy provider were able to provide Members with adequate, reliable electric capacity during this record heat wave.

The return of \$5,500,000 in Capital Credit refunds in December completed the year. The refund represented a portion of the 1984, 1985, 2008, and 2009 margins. The amount refunded to Members over the years now totals more than \$48.9 million.

We are pleased to present First Electric's 2010 Annual Report to you, our Members. This report provides details concerning your cooperative's year-end financial condition. Our commitment to operational efficiency and fiscal responsibility has gained First Electric Cooperative a solid position to continue meeting your electric service needs safely, reliably and affordably.

Don Crabbe
President/CEO

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Chairman

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Robert M. Hill
Chairman
Perryville

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Vice Chairman
Lonoke

Robert Maertens
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2010

Annual Report



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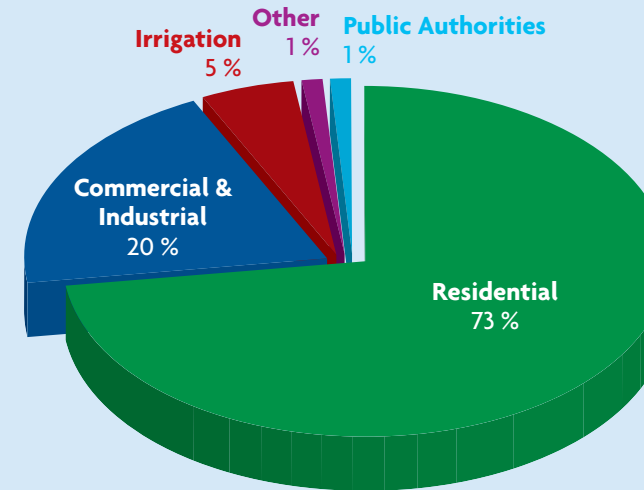
Condensed Balance Sheet

Assets	2010	2009
Electric Plant	\$ 407,218,883	\$ 389,569,940
Less Accumulated Depreciation	\$ 116,956,483	\$ 109,487,747
Net Utility Plant	\$ 290,262,400	\$ 280,082,193
Other Assets	\$ 80,093,590	\$ 75,080,245
Current Assets	\$ 36,808,584	\$ 34,266,935
Total Assets	\$ 407,164,574	\$ 389,429,373
Liabilities And Members' Equity		
Members' Equity	\$ 182,514,917	\$ 165,105,460
Long-term Debt	\$ 191,446,736	\$ 193,762,192
Current Liabilities	\$ 18,156,232	\$ 17,527,971
Other Liabilities	\$ 15,046,689	\$ 13,033,750
Total Liabilities and Member's Equity	\$ 407,164,574	\$ 389,429,373

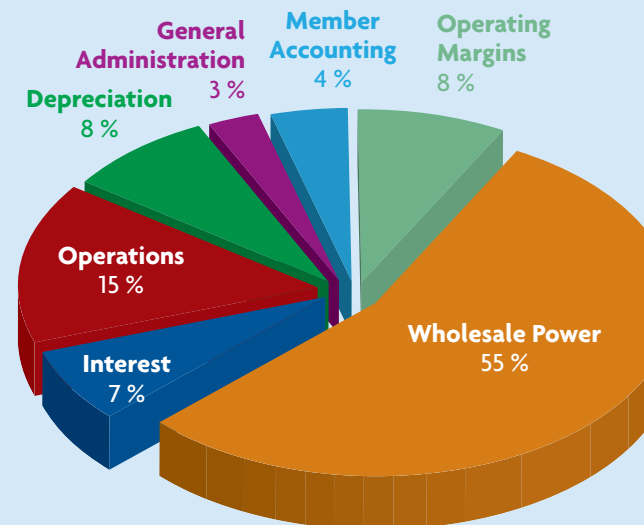
Condensed Operating Statement

	2010	2009
Operating Revenues	\$ 168,115,194	\$ 143,402,822
Power Cost	\$ 92,622,416	\$ 78,462,739
Operations and Maintenance	\$ 36,907,645	\$ 33,423,649
Depreciation	\$ 12,692,113	\$ 12,247,155
Taxes	\$ 13,263	\$ 15,876
Interest	\$ 12,169,108	\$ 12,355,327
Total Operating Expenses	\$ 154,404,545	\$ 136,504,746
Margins from Operations	\$ 13,710,649	\$ 6,898,076
Non-Operating Margins	\$ 7,859,048	\$ 4,144,756
Net Margins	\$ 21,569,697	\$ 11,042,832

Where The Dollar Comes From



Where The Dollar Goes



System Statistics

	2010	2009
Number of member accounts served	87,271	85,820
Miles of power line in operation	9,597	9,557
Number of accounts per mile of line	9.09	8.98
Total kWh bought by cooperative members	1,898,306,212	1,678,005,522
Average monthly residential kWh usage	1331	1182
Average monthly residential bill	\$ 129.14	\$ 110.51
Average residential revenue per kWh	\$ 0.0970	\$ 0.0935
Total kWh purchased by cooperative	1,981,389,118	1,782,301,451
Total cost of power purchased by cooperative	\$ 92,622,416	\$ 78,462,739
Number of employees	223	224
Number of distribution substations	42	42

Counties served and property taxes paid

County	2010	2009
Arkansas County	\$ 218,680	\$ 209,340
Cleburne County	\$ 330,118	\$ 319,079
Conway County	\$ 52,535	\$ 50,515
Faulkner County	\$ 12,325	\$ 10,956
Garland County	\$ 1,752	\$ 1,536
Grant County	\$ 5,679	\$ 5,333
Independence County	\$ 1,842	\$ 2,041
Jefferson County	\$ 67,063	\$ 64,760
Lonoke County	\$ 509,081	\$ 470,523
Monroe County	\$ 5,627	\$ 5,480
Perry County	\$ 200,817	\$ 192,964
Prairie County	\$ 52,031	\$ 49,401
Pulaski County	\$ 407,838	\$ 398,851
Saline County	\$ 421,891	\$ 391,809
Stone County	\$ 7,281	\$ 7,083
White County	\$ 248,442	\$ 225,598
Yell County	\$ 1,114	\$ 946
Total property taxes paid	\$ 2,544,116	\$ 2,406,215