

ANNUAL REPORT 2009



WE ARE IN THIS TOGETHER

EXECUTIVE LETTER

2009 ANNUAL REVIEW

There is no doubt that 2009 in many ways was an extremely challenging year. Wholesale power costs continued to escalate as the year progressed. Additionally, the extreme slowing of the nation's economy caused, and continues to cause, financial challenges for everyone. However, even in economically trying times, CEC was able to perform adequately and have a successful financial year. This was made possible by internal cost reductions and efficient work practices that were adopted by the cooperative.

The year started off with harsh weather in February that caused significant service interruptions, but because of our MilSoft outage system and sectionalizing the restoration time was faster than ever.

In April, we moved into our new district office on St. Rte. 521. We opened up the office and shared with members the several environmental as well as affordable features of the new building.

Our theme for the 2009 Annual Meeting of Members offered many products and services that helped members "Lose the Excuse" and use less energy. Consolidated continues to offer rebate and load control programs such as Cool Returns and provide education on energy efficient and energy conservation practices. Roger Keller, your Energy Advisor, was available to help members with questions and offered appropriate solutions.

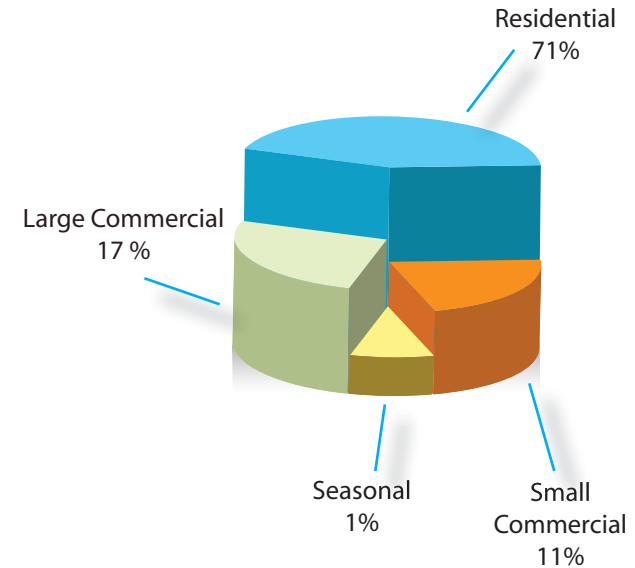
We started a Member Advisory Committee in 2009 as a listening tool to hear member concerns – please consider taking part in those meetings in 2010. Based on one of the recommendations of the Member Advisory Committee, in late July, a letter was sent to all members regarding the increasing rates. Buckeye Power Inc., Consolidated Electric's wholesale power supplier, implemented a rate increase. This increase was a substantial change from the past, since Buckeye Power has historically been a low cost provider.

Consolidated Electric took steps to control expenses internally. For example, we formed an employee cost reduction team earlier in the year to review any and all ideas – many of those ideas were immediately implemented. We reduced the use of consultants and contractors, requested price reductions from vendors and asked employees to do more.

Every fall we perform a member satisfaction survey. The results confirmed that members desire reliable power and high levels of customer service. We will continue to work diligently in the future, as in the past, to bring you the reliability and service you want.

Capital credits retirements were issued in December and are a unique benefit that cooperative members receive. Current members received the capital credit

REVENUE BY MEMBER CLASS (2009)



retirement as a credit on their December electric bill, while former members received checks in the mail. The dollar amount received depended upon how many years members have been with the cooperative and how much their particular rate (residential or commercial) had contributed to the cooperative's annual margins.

A cost-of-service study was conducted to make sure electricity is priced at "cost". The independent reviews of the co-op's electric rates were to ensure that they are fair and truly reflect the cost of providing service. This year the review reported that, in general, rates are appropriate, but that the residential and general service monthly charge should be increased to better reflect the increased costs of providing basic service. This was communicated in the past few months and the adjustment will take place in April 2010.

Our outlook for next year is positive, as we hope that the worst is behind us. We will continue to work diligently, as we have done in the past, to bring you the most reliable service we can in conjunction with excellent member service that you deserve.



Jerry Lauer
President



Richard Carter
Chairman



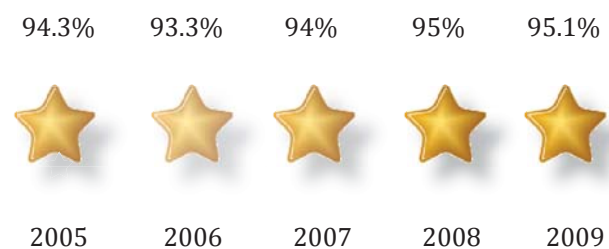
KEY FINANCIALS AND OPERATING COMPARATIVES

Financial Comparatives (Thousands of dollars unless otherwise stated)	2005	2006	2007	2008	2009
Revenue	\$ 23,885	\$ 25,034	\$ 27,835	\$ 29,900	\$ 32,668
Net Income	\$ 2,196	\$ 2,354	\$ 2,096	\$ 963	\$ 409
Patronage Capital Retired	\$ 643	\$ 708	\$ 731	\$ 675	\$ 602
Total Assets	\$ 56,399	\$ 62,859	\$ 65,962	\$ 71,599	\$ 71,411
Total Margins and Equity	\$ 27,009	\$ 28,863	\$ 30,387	\$ 29,350	\$ 29,260
Long-term Debt	\$ 21,685	\$ 20,190	\$ 27,747	\$ 31,972	\$ 33,342
Equity Level (percent of assets)	48%	46%	46%	41%	41%

The financial comparatives are for informational purposes only. Complete audited statements are available upon request.

Operating Comparatives	2005	2006	2007	2008	2009
Total Number of Electric Customers	15,658	15,941	16,085	16,171	16,423
Total Electric Purchases (mWh)	325,132	322,236	360,086	377,722	375,109
Cost of kWh Purchases	\$13,275,004	\$13,603,661	\$15,960,673	\$18,367,405	\$20,509,100
Number of Electric Employees	43	43	43	45	45
Average Number of Members per Employee	364	371	374	359	365
Total Miles of Line Energized	1,830	1,850	1,870	1,880	1,876
Total Electric Sales (mWh)	307,285	306,168	339,046	360,147	355,479
Average Electric Customers per Mile	8.56	8.62	8.60	8.60	8.75

CUSTOMER SATISFACTION



Corporate Office

5255 St. Rte. 95
PO Box 111
Mt. Gilead, OH 43338
419-947-3055

District Office

4993 St. Rte. 521
Delaware, OH 43015
740-363-2641

1-800-421-5863
www.CONSolidATEDelectric.coop
service@conelec.com



2009 Independent Auditor's Report

We have audited, in accordance with U.S. generally accepted auditing standards, the consolidated balance sheet of Consolidated Electric Cooperative Inc. and subsidiaries as of December 31, 2009 and the related consolidated statements of operations, equity and cash flows for the year then ended (not presented herein); and, in our report dated 02/19/2010. We expressed our opinion that those financial statements present fairly the financial position of Consolidated Electric Cooperative Inc. and its consolidated subsidiaries as of December 31, 2009 and the results of its operations and cash flows for the year then ended. Copies of the financial statements referred to in the preceding paragraph are available upon request from Consolidated Electric Cooperative, Inc.

Balestra, Harr and
Scherer, CPAs, Inc.
Circleville, Ohio
February 19, 2010

BOARD DISTRICTS

Consolidated Electric is governed by a Board of Trustees that is nominated and elected by our members in accordance with our Code of Regulations. Our service area is divided into nine districts, which are based on equitable representation of the geographic areas served by Consolidated Electric.



H. Richard Gearhiser
District 1



Don McCracken
District 2



Dennis Levering
District 3



Phillip D. Edwards
District 4



Larry Roof
District 5



Tom Myser
District 6



Richard Carter
District 7



Charles Lynn
District 8



Charlotte Loren
District 9

OUR FAMILY OF COMPANIES

BCI (Bright Choice Inc.) offers high-speed Internet and LifeLine health monitoring services. Visit us at www.brightchoice.com



Bright Energy provides natural gas service to rural areas of Morrow County. Visit us at www.co-opgas.com



Consolidated Gas provides both metered and traditional propane service. Visit us at www.co-opgas.com



The Consolidated Electric Foundation is a nonprofit organization that administers the charitable donations of The People Fund. For more information visit www.CONSolidatedElectric.coop

