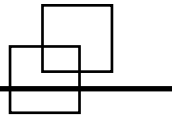


7 Cooperative Principles



Voluntary and Open Membership

Membership in cooperatives is voluntary and 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.

Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Men and women serving as elected representatives are accountable to the membership. Members have equal voting rights — one member, one vote.

Members' Economic Participation

Members democratically control and equally contribute to the capital of their cooperative. Members may allocate surpluses for any of the following purposes: developing the cooperative; setting up reserves; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

Autonomy and Independence

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

Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers and employees. They inform the general public about the nature and benefits of cooperation.

Cooperation Among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international organizations.

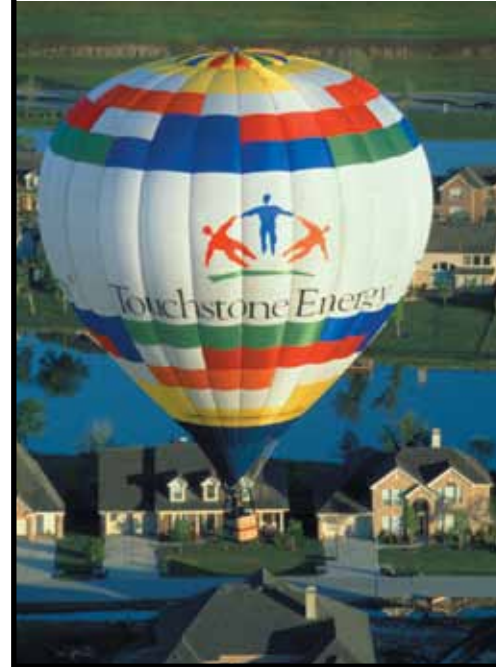
Concern for Community

While focusing on members' needs, cooperatives work to develop their communities by encouraging economic development, promoting education and advocating safe use of electricity.

For more information visit:

Touchstone Energy
www.touchstoneenergy.com

WHAT IS A CO-OP?



The Power of
Human Connections

Cooperatives are **customer-owned** utilities established to provide electric service to rural America. There are many differences between an **electric cooperative** and a utility that is owned and operated by outside investors. Each customer of the cooperative is a **member** who has **special rights**.



1400 Highway 13 S.E.
Cedar Rapids, IA 52403
319-366-8011

2600 Grand Avenue, Suite 410
Des Moines, IA 50312
515-362-7680

www.cipco.net



integrity

accountability

innovation

commitment to community

Cooperative Members

- Electric cooperatives are service-oriented, locally owned and governed by member-elected directors, providing service at the lowest possible costs.
- Anyone who buys electricity from an electric cooperative is a member; all members share ownership of the utility and have a voice in its operation.
- Each member has one vote in the election of the cooperative's board of directors and in any other decisions brought up at the cooperative's annual meeting.
- Directors of the cooperative are customers of the utility who serve without salary, except for a per diem and expenses to cover their out-of-pocket costs in serving the cooperative. The board of directors hires a manager to take charge of operating the co-op for the benefit of its members.



The Community

- Cooperative officials work to improve the quality of life in the rural communities they serve. Many cooperative employees volunteer countless hours for community activities.
- All electric cooperatives in Iowa pay property and sales taxes, just like other businesses.
- Cooperatives promote the economic development of Iowa's small communities by making Iowa more attractive to potential employers, recruiting industries and helping local people start and expand their businesses.

The Cooperative

- A cooperative is organized as a not-for-profit utility. It does not sell stock and is not under pressure to earn profits for absentee stockholders.
- If a cooperative collects more money than it needs to operate, it reinvests those margins into the system — keeping its need to borrow high-interest capital to a minimum. The board of directors determines when those margins are refunded — in the form of capital credits or patronage dividends — to the people who paid for the electricity in the year the margin occurred.
- Since cooperative rates are set by those who pay them, many states find no need to regulate those rates.
- Electric cooperatives serve many rural, less-densely populated areas compared to other utilities. Providing electric service in these areas tends to be more difficult and costly than in urban areas.

Electricity Generation, Transmission and Distribution

- The principle task of the electric cooperative is to supply its members with safe, reliable power at reasonable rates.
- Cooperatives distribute electricity they buy from larger, power-supply cooperatives. Power-supply cooperatives are often referred to as generation and transmission cooperatives (G & Ts).
- Electric cooperatives nationwide own and maintain more than 2.5 million miles of line and serve an area covering 75 percent of the U.S. landmass.
- Nationally, electric cooperatives serve over 18 million farms, homes, schools, churches, businesses and industries and provide electricity to 42 million people in 47 states.



Touchstone Energy®

- Is a national alliance of local, customer-owned utilities committed to providing superior service at affordable rates to all customers, large and small.
- Represents more than 700 local, consumer-owned electric cooperatives in 47 states delivering power to more than 42 million customers every day.
- Is a brand with core values that consumers have long associated with cooperatives: integrity, accountability, innovation, and a commitment to their communities.
- Represents electric cooperatives' unique characteristics in a changing marketplace where these values and differences matter more each day.
- Emphasizes the significance of each electric cooperative's local presence and ties to the community, but offers the resources of a nationwide network to bring added value to and benefit for all consumers.

Touchstone Energy Core Values Touchstone Energy Cooperatives believe in:

Integrity

Touchstone Energy Cooperatives and their employees display a high level of ethical responsibility. They adhere to a code based on honesty and trust.

Accountability

Electric cooperatives are organized so that the people who use the electricity have a strong voice in how the cooperative is run.

Innovation

Your electric cooperative uses advanced technology and constantly looks for new ways to improve its products and services.

Commitment to Community

Electric cooperatives are committed to improving the lives of the customers they serve. Co-ops not only provide electric service, but also lead in community development, job creation, support of local charities and voluntary community involvement.