

Report of the Board Chairman



Travis Day
President

The Annual Membership Meeting of Comanche Electric Cooperative, Inc., will be held August 18, 2007, at the Comanche City Park in Comanche, Texas. Registration for drawing prizes and voter registration will be conducted from

9-10 a.m. The Wright Family will provide entertainment during the registration. A health fair will also be provided. The business session will begin promptly at 10 a.m.

Weather conditions and additional oilfield loads have put a strain on our existing electrical system and increased our kilowatt-hour sales. As a result, your cooperative had a strong financial year and a healthy margin. This enabled your board of directors to return all of the members' capital credits for the years 1971-1981, amounting to \$1,028,596.59. Your board of directors was also able to maintain the electric rates that have been in effect since 2001 and return estate refunds, as well.

We set several records last year: Our kWh sales topped 200 million; assets increased to more than \$52 million; and members' equity exceeded \$20 million.

With continued load growth, system demands will continue to increase. Your cooperative has taken an aggressive approach to improve

and update our system. Right-of-way clearing, continued pole inspection and replacement, line inspection, conductor replacement, system upgrades, work plan projects, idle service retirement, and system monitors are all part of our plan to improve system reliability.

Power cost represents 65 percent of your monthly bill from your cooperative. Brazos Electric Cooperative, our power supplier, provides the power to the members of Comanche Electric Cooperative. The cooperative passes this cost on to you on a dollar-for-dollar basis. Future wholesale power supply continues to be a concern among the electric cooperatives of the state and nation, legislators, and the Electric Reliability Council of Texas (ERCOT). It is also a concern to your board of directors and employees of the cooperative. At this year's annual meeting, Clifton Karnei, CEO of Brazos Electric and a member of the ERCOT board of directors, will be our guest speaker. Mr. Karnei will address the current power supply in Texas and Brazos' plan for its future power supply.

As we prepare and move forward into the future, we will always try to provide you with the best service at the most reasonable cost. We would like to thank you for the opportunity and privilege of doing business for the past 69 years.

Travis Day, Board President

Board of Directors



Travis Day
District 1
President



James Murpree
District 2
Vice President



Ruby Solomon
District 3



Monty Carlisle
District 4



Lewie Newman
District 5
Secretary-Treasurer



Loren Stroebel
District 6



Phil Taylor
District 7



Ronnie Robinson
General Manager

Employees

	Years of Service		Years of Service
Paul Ausburne	25	Kendall Keith.....	10
Dora Ballard	8	Alan Lesley	9
Greg Beaty	5	Jim Lester	11
Kay Branham.....	14	Oracio Lopez	5
George Campbell.....	20	Pam McClain	7
Brenda Carroll	10	Larry Morgan	24
Guy Clawson Jr	10 months	Chad Newman.....	6
Jill Cleere	9	Dale Ogle.....	2
Adam Constancio	2	Rose Ojeda	2
Brandon Cook.....	2	Timothy Pallette	9
Larry Coplen.....	18	Tommy Patterson.....	5
Jimmy Cuellar.....	3	Kay Pippen	1
Kellie Deters	17	Bobby Reed.....	24
Shirley Dukes..	17	Joe Rhett	19
Bobby Emfinger	28	Justin Riley.....	6 months
Doug Erwin.....	21	Ronnie Robinson.....	30
Tiffany Evans.....	3	Labin Scott.....	23
Rachel Ford.....	9 months	Keith Steward.....	4
Chad Foreman	1	Eddie Strube.....	25
Jennifer Gregory.....	8	Jerry Strube.....	18
Craig Hardy.....	2	Crislinda Suniga.....	1
Larry Hatley	20	Kacey Terry	3
Billy Henry.....	30	Shelley Thedford	8
Julia Hunter	11	Curtis Tippie	1
Nancy Isham.....	23	Shane Tucker	8
Larry Jacobs.....	27	William Works	26
Mary Johnson.....	9		

Over the years, the cooperative has attracted and kept employees who are loyal and dedicated to the work of bringing dependable electric service to the members. We have some employees with many years of experience and expertise, some who have fewer years of experience and are training for additional responsibilities, and some who are just beginning. Employees listed represent 616 years of experience.

**Bolinger, Segars,
Gilbert & Moss, L.L.P.**

CERTIFIED PUBLIC ACCOUNTANTS
PHONE (806) 747-3806
FAX (806) 747-3815
4215 NASHVILLE AVENUE
LUBBOCK, TEXAS 79423-1954

To the Members
Comanche Electric
Cooperative Association
Comanche, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of Comanche Electric Cooperative Association as of June 30, 2007, and the related statements of income and patronage capital, and cash flows for the year then ended (not presented herein).

The information set forth in the accompanying condensed financial statements of Comanche Electric Cooperative Association as of December 31, 2006 and 2005, and for the years then ended, has been assembled from the financial statements prepared by the cooperative. These statements are unaudited; accordingly, we do not express an opinion on them.

*Bolinger, Segars,
Gilbert & Moss*

Certified Public Accountants

August 17, 2007

Balance Sheet

As of December 31, 2006 and 2005

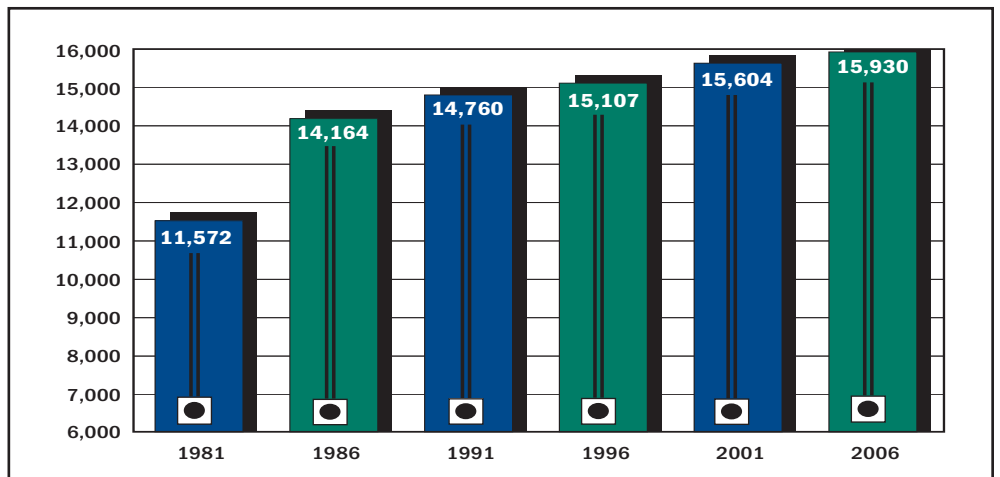
ASSETS—WHAT WE OWN

	2006	2005
Electric Lines, Equipment, Property and Buildings.....	\$52,545,053	\$50,391,748
Less: Accumulated Provision for Depreciation.....	<u>(11,387,444)</u>	<u>(11,332,465)</u>
Net Utility Plant	41,157,609	39,059,283
Non-Utility Plant	207,886	263,341
Cash.....	342,956	302,199
Investments in Associated Organizations	7,500,996	6,810,207
Other Investments	957,302	1,555,717
Accounts Receivable.....	844,442	874,828
Construction Materials and Supplies on Hand	651,478	372,770
Miscellaneous Prepayments and Other Debits	<u>94,391</u>	<u>90,806</u>
TOTAL ASSETS	\$51,757,060	\$49,329,151

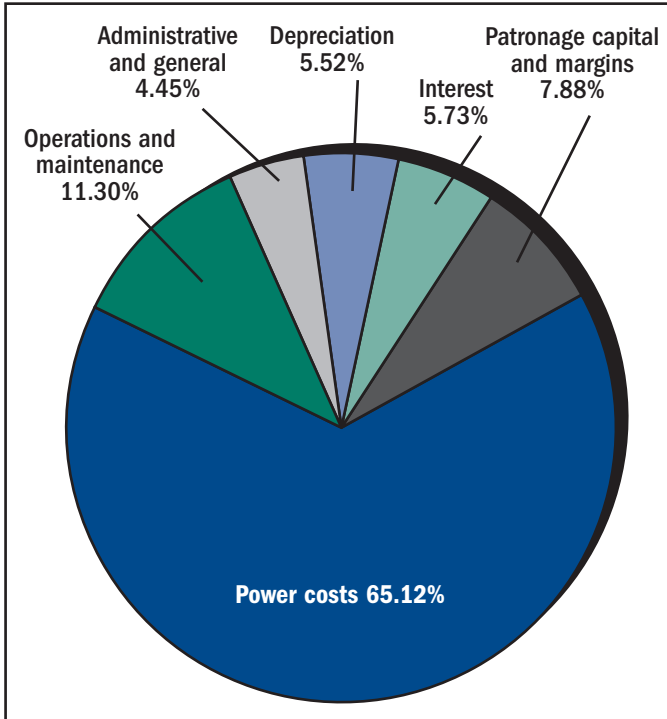
LIABILITIES AND NET WORTH—WHAT WE OWE

	2006	2005
Long-Term Obligations to RUS and CFC.....	\$50,370,219	\$48,962,719
Less: Payments When Due	<u>(21,452,530)</u>	<u>(20,330,979)</u>
Balance Due RUS and CFC Principal	28,917,689	28,631,740
Accounts Payable for Power, Materials, Supplies, Etc....	2,208,209	2,074,463
Deferred Credits	<u>301,172</u>	<u>294,301</u>
TOTAL LIABILITIES	\$31,427,070	\$31,000,504
Membership Fees	160,765	157,695
Patronage Capital and Other Equities	<u>20,169,225</u>	<u>18,170,952</u>
TOTAL NET WORTH.....	\$20,329,990	\$18,328,647
TOTAL LIABILITIES AND NET WORTH	\$51,757,060	\$49,329,151

Meters Connected

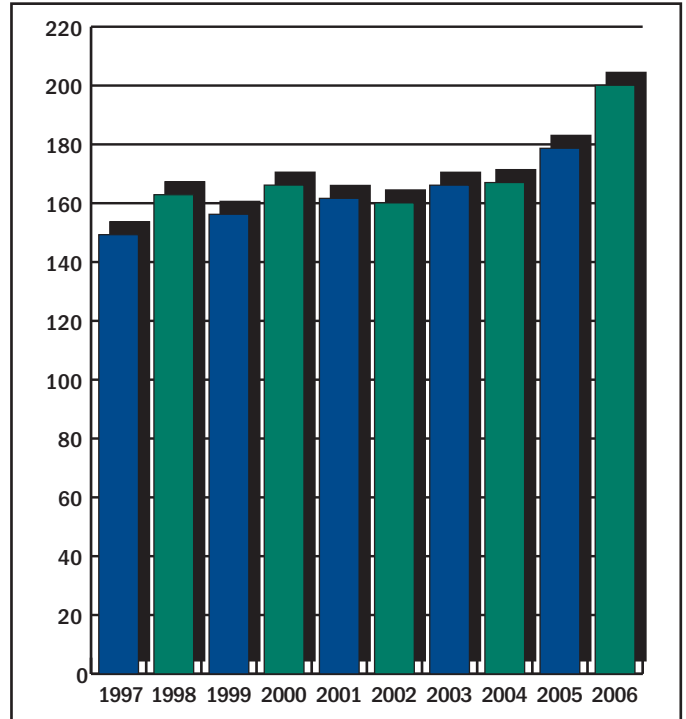


Uses of Revenue



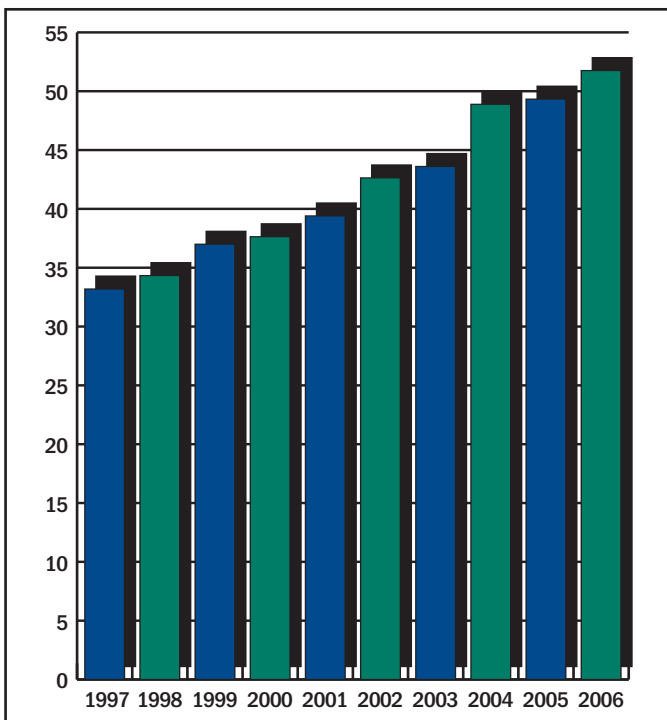
KWh Sales

In Millions of Kilowatt-Hours—Past 10 Years



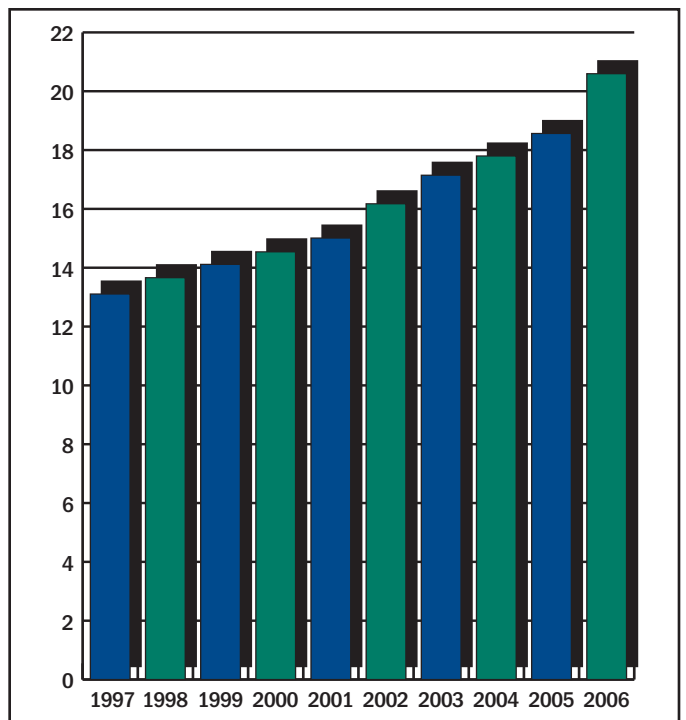
Assets

In Millions of Dollars—Past 10 Years



Equity

In Millions of Dollars—Past 10 Years



Comparative Statement

INCOME AND EXPENSES

INCOME—WHERE IT CAME FROM:	2006	%	2005	%
Farm and Home Sales.....	\$10,848,413	43.6	\$10,125,224	47.8
Small Commercial.....	12,018,012	48.3	9,673,821	45.6
Large Commercial.....	754,759	3.0	667,815	3.2
Service Charges and Other Revenues.....	248,676	1.0	208,548	1.0
Non-operating and Interest.....	223,712	0.9	169,012	0.8
Brazos and Other Capital Credits.....	795,390	3.2	328,729	1.6
Income (Loss) From Subsidiary Investments.....	(8,520)	0.0	22,858	0.1
TOTAL INCOME.....	\$24,880,442	100.0	\$21,196,007	100.0
EXPENSES—WHERE IT WENT:				
Purchased Power.....	\$16,207,143	65.1	\$14,039,703	66.2
Operating and Maintaining.....	3,919,447	15.8	3,690,761	17.4
Depreciation Expense.....	1,374,042	5.5	1,349,761	6.4
Interest on Long-Term Debt.....	1,417,946	5.7	1,324,185	6.3
TOTAL EXPENSES.....	\$22,918,578		\$20,404,410	
MEMBERS' CAPITAL CREDITS (Margins).....	1,961,864	7.9	791,597	3.7
TOTAL EXPENSES AND CAPITAL CREDITS.....	\$24,880,442	100.0	\$21,196,007	100.0

Comparative Statistics

	2006	2005
KWh Purchased.....	220,136,824	203,821,241
Cost of Power Purchased.....	\$16,207,143	\$14,039,703
KWh Sold.....	200,094,165	178,677,720
KWh Billing.....	\$23,621,184	\$20,466,860
Average Bill.....	\$123.56	\$108.78
Miles Energized.....	4,791	4,780
Meters Connected.....	15,930	15,678
Average KWh Used.....	1,047	950
New Services Connected.....	396	347
Miles of New Construction.....	41.09	29.75
Man-Hours Worked.....	117,334	119,365
Employees.....	51	52
Miles Driven by Cooperative Vehicles.....	550,170	660,177
Hours Lost Due to Accidents.....	84.0	0
Number Lost-Time Accidents.....	2.0	0
Hours Worked Since Last Lost-Time Accident.....	44,265	144,128

Where Your Dollar Went



Year	Purchased Power	Operations and Maintaining Systems	Depreciation	Interest	Members' Capital Credits and Margins
1985	65.7¢	13.7¢	5.2¢	4.3¢	11.1¢
1986	62.4¢	16.2¢	5.9¢	5.3¢	10.3¢
1987	63.1¢	17.8¢	6.6¢	6.3¢	6.2¢
1988	63.1¢	17.9¢	6.9¢	6.7¢	5.3¢
1989	59.4¢	19.8¢	7.3¢	7.0¢	6.5¢
1990	57.6¢	22.2¢	7.5¢	7.3¢	5.4¢
1991	56.7¢	22.8¢	7.9¢	8.1¢	4.5¢
1992	56.8¢	24.0¢	8.3¢	8.3¢	2.7¢
1993	56.9¢	20.9¢	7.4¢	7.1¢	7.8¢
1994	55.4¢	22.4¢	7.4¢	6.7¢	8.1¢
1995	54.9¢	24.3¢	7.5¢	7.1¢	6.2¢
1996	54.4¢	25.8¢	7.9¢	6.7¢	5.2¢
1997	56.6¢	26.5¢	8.2¢	6.3¢	2.3¢
1998	57.0¢	25.1¢	7.5¢	6.0¢	4.4¢
1999	56.1¢	25.0¢	8.3¢	6.9¢	3.6¢
2000	59.8¢	22.0¢	8.0¢	7.0¢	3.1¢
2001	60.4¢	21.3¢	8.1¢	6.9¢	3.3¢
2002	54.0¢	22.0¢	8.6¢	7.4¢	8.0¢
2003	58.1¢	20.5¢	8.0¢	7.0¢	6.4¢
2004	61.7¢	19.9¢	7.6¢	7.0¢	3.8¢
2005	66.2¢	17.4¢	6.4¢	6.3¢	3.7¢
2006	65.1¢	15.8¢	5.5¢	5.7¢	7.9¢

Where Your Revenue Came From

	1999	2000	2001	2002	2003	2004	2005	2006
Farm and Ranch	63.8%	63.0%	64.0%	49.5%	48.9%	48.5%	49.0%	45.4%
Irrigation	7.1%	7.1%	6.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Small Commercial	24.0%	26.3%	27.1%	46.8%	46.6%	47.1%	46.8%	50.3%
Large Commercial	4.3%	3.1%	2.2%	2.4%	3.1%	3.2%	3.2%	3.2%
Other Revenue	<u>0.8%</u>	<u>0.6%</u>	<u>0.7%</u>	<u>1.4%</u>	<u>1.4%</u>	<u>1.2%</u>	<u>1.0%</u>	<u>1.0%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notice of Capital Credit Allocations

Capital credits were recently allocated to accounts of members of Comanche Electric Cooperative for the year 2006.

After the end of the calendar year, cooperatives must determine what, if any, margins from operations were made during the year and allocate these margins to members' accounts.

Your cooperative's operating margin is any money left after all its operating costs have been paid. Since members are owners of the cooperative, operating margins are allocated to their accounts as capital credits.

These capital credits will be returned to members in the future in the form of estate refunds or general refunds when doing so will not weaken the financial condition of the cooperative as determined by the board of directors.

In the meantime, the funds remain invested in the cooperative plant, credited to each member's account, even though the member may move away from Comanche Electric's lines.

It is very important that departing members keep the co-op informed of their current mailing addresses so those members

can receive capital credit refunds when they are paid.

Capital credits for 2006 were calculated by multiplying each member's bill by the multiplier below. For example: If your total annual residential bill from the cooperative (consisting of energy billing and power cost adjustment) was \$500, simply multiply that amount by .04205. The product is \$21.02.

In calculating your total bill, include any security light charge, but do not include any tax, service or miscellaneous charges. If you have any questions concerning these calculations, please feel free to contact the co-op office.

This article is intended to serve as an official notice of allocation of capital credits for 2006.

Residential.....	.04205
General Service05744
Large Power01356
Commercial06958
Large Commercial-Substation01045

Health Fair, Prizes and More Available at Annual Meeting

Comanche Electric Cooperative will once again be hosting a health fair at this year's annual meeting. Participating in this year's fair will be Comanche County Extension Service, Comanche Medical Center, Doctors Medical Center, Cross Timbers Health Clinic, Medway Home Health, Mid-Tex Hearing and Western Hills Nursing Home. The health fair will be available from 9 to 10 a.m. only.

We will have our NOAA all-weather radios and *Texas Co-op Power* cookbooks available for purchase at the meeting.

Entertainment will be provided by the Buddy and Tina Wright Band, and lunch will be catered by Cook's Fish Barn.

We understand that time is a valuable commodity in our busy lives, it is our hope that you and your families will make plans to attend the Comanche Electric Cooperative annual meeting. The program is always insightful and fun. There will be an abundance of door prizes, but you will never know if you will be the lucky winner unless you mark your calendar to attend on August 18.

We sincerely hope you will participate in this democracy. It just would not be the same without you.

Hope to see you there!
August 18 • Comanche City Park

How Do We Compare?

SERVICE AND PRICE

Comanche Electric Cooperative Residential Comparison of Annual Average Monthly Bills Under Current Rates June 2007

	Your Cooperative	TXU/ Oncor	First Choice/ TNP	WTU/ AEP
1,000 KWh	\$128.31	\$135.46	\$145.11	\$153.47
1,500 KWh	\$184.97	\$196.23	\$221.41	\$227.47
2,000 KWh	\$241.62	\$256.99	\$297.71	\$301.47

COMANCHE
 ELECTRIC COOPERATIVE

Your Touchstone Energy® Cooperative 