

LETTER TO OUR MEMBERS:

To Our Members:

Seminole Electric Cooperative, Inc. (Seminole) is pleased to present the enclosed interim consolidated financial statements including balance sheets, statements of revenue and expenses and patronage capital, and statements of cash flow as of or for the periods ended March 31, 2009 and 2008.

Operations:

Total revenues increased 27% and 12% for the year-to-date and the twelve months ended March 31, 2009, compared to the same periods in 2008. Member revenues increased for the year-to-date due to a 3% increase in kWh sold, and a 27% increase in the average wholesale rate. Member revenues increased for the twelve months ended March 31, 2009 due to a 14% increase in the average wholesale rate offset by a 2% decrease in kWh sold.

Fuel expenses associated with generation facilities were 48% higher and 37% higher for the year-to-date and the twelve months ended March 31, 2009, compared to the same periods in 2008. Fuel expense for the Midulla Generating Station (MGS) combined cycle unit was extraordinarily low during the 1st quarter of 2008 due a steam turbine generator outage from 2007 that carried into the 2nd quarter, 2008. Fuel expense for the MGS combined cycle unit was significantly higher for the twelve months ended March 31, 2009 for the same reason. Fuel consumption at the MGS peaking plant increased 117% and decreased 71% for the year-to-date, and twelve months ended March 31, 2009 due to Seminole Generating Station (SGS) and peaking unit outages. Fuel costs at SGS decreased 32% and 9% for the year-to-date and twelve months ended March 31, 2009 compared to the same periods in 2008 due to unit maintenance outages. Fuel cost per MWh generated at SGS increased from \$22.14 per MWh to \$24.13 per MWh, or by 9% for the twelve months ended March 31, 2009 when compared to the same period in 2008. Other production expenses increased 31%, and 9% for the year-to-date, and the twelve months ended March 31, 2009 when compared to the same period in 2008. This was primarily due to timing differences in maintenance costs and service outages at SGS and MGS.

Purchased power costs increased 10% for the year-to-date and decreased 1% for the twelve months ended March 31, 2009. Transmission expense increased 52% for the year-to-date and 16% for the twelve months ended March 31, 2009. The respective year-to-date purchased power/transmission

increases are representative of increased demand costs associated with partial requirements and energy purchases to backup units. Purchased power expense decreased for the twelve months ended March 31, 2009 as compared to 2008 due to the MGS steam turbine generator outage, which returned to service in the 2nd quarter, 2008. Transmission expense increased for the twelve months ended March 31, 2009 as compared to 2008 due to a 10% increase in wheeled MWs associated with purchased power requirements combined with a March 2008 receipt of a \$1.9M refund of certain prior period excess charges from a Seminole transmission provider.

Administrative and general expenses increased 6% for the year-to-date and 12% for the twelve months ended March 31, 2009 mainly due to pension and medical benefit costs, property insurance, and computer software maintenance costs.

Net interest expense was 3% and 4% higher for the year-to-date and the twelve months ended March 31, 2009 due to short term borrowings needed to fund the natural gas hedge NYMEX margin account requirements. Interest income was 87% and 24% lower for the year-to-date and twelve months ended March 31, 2009 compared to 2008 mainly due to the liquidation of the SGS Unit 1 lease/leaseback termination funds, liquidation of a pollution control revenue bond (PCRB) debt service reserve, and 1st quarter 2008 interest received associated with the above referenced transmission refund. Other income, net increased for the year-to-date due to unrealized gains on Nuclear Decommissioning Trust Fund (NDTF) securities. Other income decreased for the twelve months ended March 31, 2009 due to declines in market demand for sulfur dioxide (SO₂) allowances compared to 2008, combined with unrealized losses for NDTF securities.

Financial Position:

The increase in utility plant net of depreciation and retirements of \$125.0M is primarily associated with pollution control improvements to SGS Units 1 and 2. Investments held by trustees and special funds investments decreased \$59.8M due to the termination of SGS Unit 1 lease/leaseback transactions in January, 2009 and their related termination funds.

Current assets increased \$173.7M from 2008, primarily due to increases in the current portion of deferred charges, prepayments and other, fuel inventory, and materials and supplies inventory, offset by

decreases in other current investments and in receivables. Current deferred charges increased because of decreases in quarter-end gas hedge contract value. Prepayments increased primarily due to increased quantities of natural gas hedges. Fuel inventory increased at March 2009 from March 2008 due to reduced SGS fuel burned related to 1st quarter 2009 maintenance outages. Other current investments decreased due to liquidation of the PCRB debt service reserve.

Non-current regulatory deferred charges increased \$72.2M in 2009, primarily due to the long-term portion of the fair value loss on natural gas hedges, refinancing costs associated with the refunding of the PCRBs, offset by the termination of SGS Unit 1 lease/leaseback deferred debits and the scheduled amortization of deferred debt costs.

Total equity increased \$31.2M from 2008, reflecting twelve months ended net margin of \$33.7M, combined with a decrease of \$2.5M in other comprehensive income for the unrealized actuarial loss on postretirement health care coverage.

Long-term debt increased during the past 12 months by \$137.3M mainly due to RUS guaranteed loan draws of \$311.9M. This increase was offset by the \$84.4M termination of the SGS Unit 1 lease/leaseback obligation and scheduled principal payments on existing long-term debt. Long-term liabilities increased by \$12.3M due to an \$7.0M increase in retention on long-term contracts, a \$0.9M increase in CR3 outage reserves, an \$3.4M increase in long-term employee benefit accruals, a \$0.7M scheduled accretion of an Asset Retirement Obligation on behalf of Crystal River 3 nuclear decommissioning, and \$0.3 in property insurance reserve.

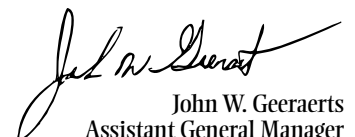
Total current liabilities increased \$124.5M over 2008. Short-term borrowings increased \$38.3M over 2008. The current portion of long-term debt increased \$6.8M. Accounts payable increased \$53.1M principally due to Member power bill prepayments and an increase in other payables, offset by a decrease in purchased power payables. Other accrued liabilities increased \$23.5M mainly due to increases of \$7.7M, \$7.6M, \$4.1M, and \$2.4M in accrued fuel, purchased power, other, and interest payables, respectively. The current portion of regulatory deferred credits is comprised of \$22.1M unrealized gas hedge gain and the \$22.6M fuel true-up payable at March 31, 2008. The current portion of regulatory deferred credits is comprised of \$47.5M fuel true-up payable as at March 31, 2009.

Working capital at March 31, 2009 of \$59.7M was \$49.2M higher than the previous year. Working capital increased primarily due to an increase in the current portion of deferred charges, prepayments and other, and in fuel inventory. Details of these increases are provided in the current assets explanation. A decrease in other current investments and in accounts receivable reduced working capital as described in the current assets explanation. Working capital was reduced further by increases in accounts payable, short-term borrowings, and in other accrued liabilities, which is also covered in the current liabilities explanation. Seminole has available committed lines of credit totaling \$155M. Seminole achieved a current ratio of 1.19 at the end of March 2009 compared to 1.06 for the previous year.

Other Matters:

Owing to a December 2008 reversal by the U.S. Court of Appeals to an earlier Circuit Court decision in July, 2008 to vacate the Clean Air Interstate Rule, Seminole advanced its scheduled in-service dates for Selective Catalytic Reduction (SCR) systems being constructed at SGS from the Fall of 2009 to February 15th for SGS Unit 1 and April 6, 2009 for SGS Unit 2.

The accompanying consolidated balance sheets, statements of operations and statements of cash flows are unaudited. However, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) have been made and this report constitutes a fair and accurate representation of the consolidated financial position and operation of Seminole and its subsidiaries for the periods presented. These statements are prepared in accordance with generally accepted accounting principles and, in all material respects, in accordance with the RUS Uniform System of Accounts. Certain reclassifications have been made to previously reported amounts to conform to current classifications. There has been no change to net margins as previously reported. These statements should be read in conjunction with the financial statements and related notes included in Seminole's 2008 annual report.



John W. Geeraerts
Assistant General Manager
and Chief Financial Officer
April 30, 2009

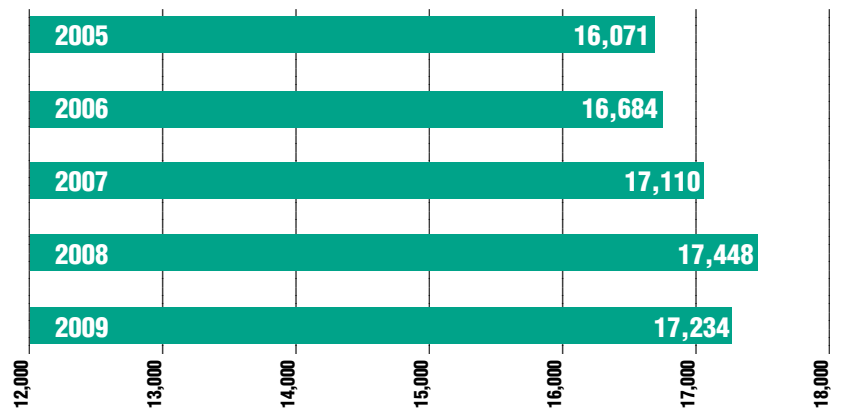
Consolidated Balance Sheets

SEMINOLE ELECTRIC COOPERATIVE, INC. CONSOLIDATED BALANCE SHEETS (Unaudited) (Thousands)

	March 31	
	2009	2008
ASSETS		
Utility plant:		
Plant in service	\$ 1,708,726	\$ 1,574,591
Construction work in progress	176,051	142,100
	<u>1,884,777</u>	<u>1,716,691</u>
Less accumulated depreciation and amortization	(587,668)	(544,583)
Utility plant, net	<u>1,297,109</u>	<u>1,172,108</u>
Investments:		
Investments in associated organizations, at cost	2,364	2,364
Investments held by trustees, restricted	7,241	67,084
Total investments	<u>9,605</u>	<u>69,448</u>
Current assets:		
Cash and cash equivalents	1,070	258
Other current investments, at cost	4,175	16,920
Receivables, principally for sales of electricity	72,076	74,854
Inventories, at average cost:		
Materials and supplies	25,171	24,148
Fuel	97,228	52,567
Prepayments and other	62,298	16,987
Current portion of regulatory deferred charges	109,117	11,735
Total current assets	<u>371,135</u>	<u>197,469</u>
Non current regulatory deferred charges	123,065	50,885
Total assets	<u>\$ 1,800,914</u>	<u>\$ 1,489,910</u>
EQUITIES AND LIABILITIES		
Equities:		
Memberships	\$ 1	\$ 1
Patronage capital	168,738	135,006
Donated capital	32	32
Accumulated comprehensive loss	(3,055)	(543)
Total equities	<u>165,716</u>	<u>134,496</u>
Long-term liabilities:		
Debt	1,274,005	1,136,700
Other	44,023	31,730
Total long-term liabilities	<u>1,318,028</u>	<u>1,168,430</u>
Current liabilities:		
Short-term borrowings	38,315	0
Current portion of long-term debt	51,585	44,804
Accounts payable	113,246	60,120
Regulatory deferred credits	47,469	44,685
Other accrued liabilities	60,863	37,375
Total current liabilities	<u>311,478</u>	<u>186,984</u>
Non current regulatory deferred credit	5,692	0
Total equities and liabilities	<u>\$ 1,800,914</u>	<u>\$ 1,489,910</u>
Current ratios	1.19	1.06

TOTAL ENERGY SALES (MWh x 1000)

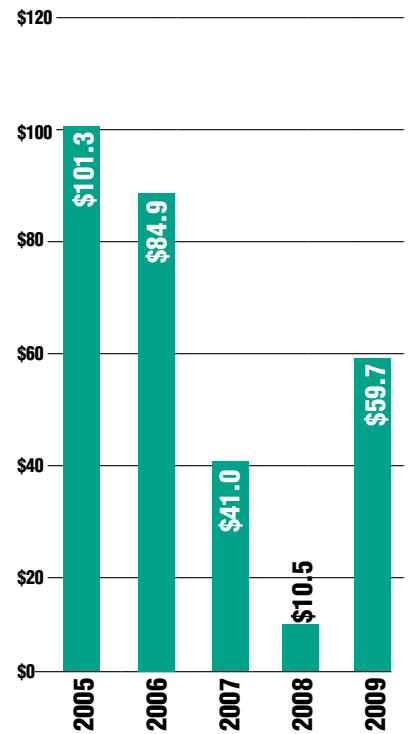
(For the twelve months ended March 31)



WORKING CAPITAL

(As of March 31)

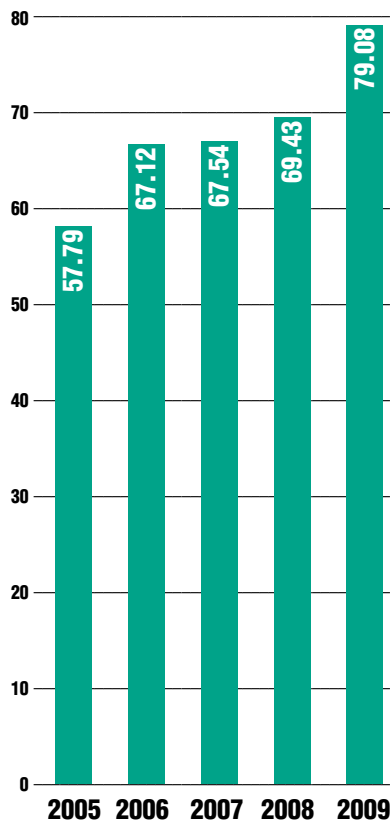
\$ x millions



WHOLESALE MEMBER COST

(For the twelve months ended March 31)

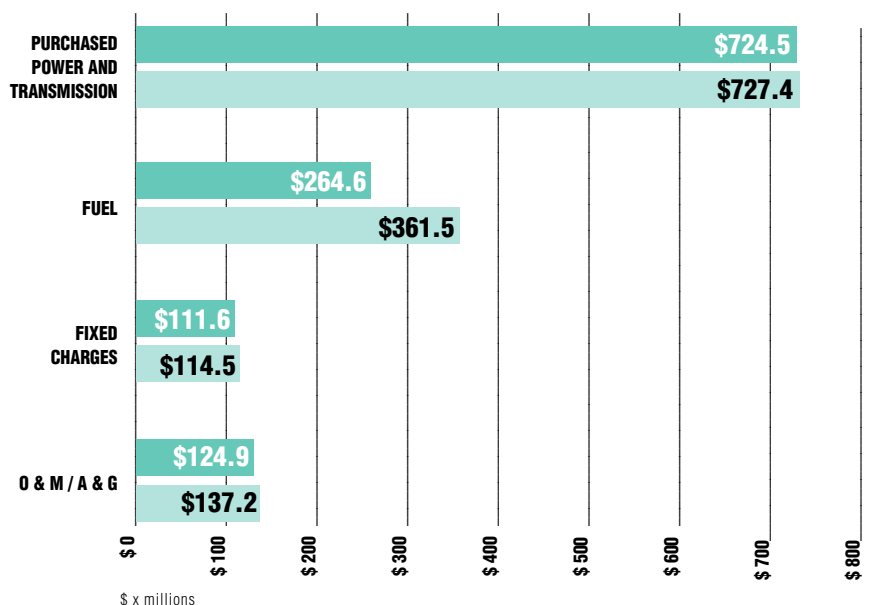
mills/kWh



OPERATING EXPENSES & INTEREST CHARGES

(For the twelve months ended March 31)

2008
2009



SEMINOLE ELECTRIC COOPERATIVE, INC.
CONSOLIDATED STATEMENTS OF REVENUE AND EXPENSES AND PATRONAGE CAPITAL
(Unaudited) (Thousands)

	For the three months ended March 31		For the twelve months ended March 31	
	2009	2008	2009	2008
Operating revenues	\$ 371,796	\$ 292,287	\$ 1,369,735	\$ 1,219,262
Operating expenses:				
Operation:				
Fuel	86,393	58,481	361,502	264,566
Other production expenses	31,347	23,883	112,051	102,457
Purchased power	155,280	141,148	676,964	681,119
Transmission	14,773	9,717	50,451	43,431
Administrative and general	6,954	6,563	25,060	22,414
Depreciation and amortization - non-fuel	12,531	12,050	49,288	48,797
Total operating expenses	307,278	251,842	1,275,316	1,162,784
Operating margin before interest expense	64,518	40,445	94,419	56,478
Interest expense, net of amounts capitalized	16,550	16,008	65,247	62,804
Operating margin	47,968	24,437	29,172	(6,326)
Other income:				
Interest	239	1,827	4,620	6,077
Other	55	(126)	(60)	3,757
Net margin	48,262	26,138	33,732	3,508
Patronage capital, beginning of year	120,476	108,868	135,006	131,498
Patronage capital retirements	0	0	0	0
Patronage capital, end of period	\$ 168,738	\$ 135,006	\$ 168,738	\$ 135,006
* Megawatt hours sold - members	3,909,341	3,810,681	16,994,098	17,254,913
* Megawatt hours sold - non-members	30,637	94,207	239,845	193,053
* Wholesale member power cost - mill/kWh	94.50	74.61	79.08	69.43
Total sales - mills/kWh	94.06	74.17	79.02	69.32
TIER			1.51	1.06
DSC			1.34	1.02
* All rate schedules				

SEMINOLE ELECTRIC COOPERATIVE, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (Thousands)

	For the three months ended March 31		For the twelve months ended March 31	
	2009	2008	2009	2008
Cash flows from operating activities:				
Net margin	\$ 48,262	\$ 26,138	\$ 33,732	\$ 3,508
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation and amortization	13,377	12,939	54,991	51,693
Amortization of deferred gain on lease/leaseback	0	(310)	(931)	(1,241)
Change in assets and liabilities:				
Receivables	63,073	3,020	13,463	9,046
Inventories	(30,722)	7,429	(45,684)	(767)
Other current assets	(75,159)	16,860	(252,091)	30,545
Deferred charges	(7,123)	36,148	17,686	(17,760)
Other long-term liabilities	131	(587)	6,930	6,278
Accounts payable	36,349	943	53,127	9,804
Other accrued liabilities	24,517	683	39,744	(4,218)
Total adjustments	24,443	77,125	(112,765)	83,380
Net cash provided by/(used in) operating activities	72,705	103,263	(79,033)	86,888
Cash flows from investing activities:				
Capital expenditures	(11,649)	(25,222)	(175,107)	(137,463)
Purchases of investments	(340)	(998)	(45,320)	(145,222)
Proceeds from maturities of investments	61,673	192	119,785	145,960
Net cash provided by/(used in) investing activities	49,684	(26,028)	(100,642)	(136,725)
Cash flows from financing activities:				
Proceeds from line-of-credit	354,646	370,618	1,265,215	1,032,753
Payments of line-of-credit	(406,646)	(440,736)	(1,265,535)	(994,118)
Proceeds from long-term borrowings:	25,392	2,652	311,899	161,296
Payments of long-term debt	(96,686)	(9,578)	(131,092)	(175,236)
Net cash provided by/(used in) financing activities	(123,294)	(77,044)	180,487	24,695
Net increase/(decrease) in cash and cash equivalents	(905)	191	812	(25,142)
Cash and cash equivalents, beginning of year	1,975	67	258	25,400
Cash and cash equivalents, end of period	\$ 1,070	\$ 258	\$ 1,070	\$ 258

**Board Officers**

Robert W. Strickland
President

Malcolm V. Page
Vice President

W. F. Hart
Secretary/Treasurer

Chief Executive Officer

Timothy S. Woodbury
*Executive Vice President &
General Manager*

Please direct inquiries to:

Seminole Electric Cooperative, Inc.
*Assistant General Manager and
Chief Financial Officer*

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Web Address:
www.seminole-electric.com

**Owned by those we serve –
10 member distribution cooperatives:**

Central Florida Electric Cooperative
Chiefland, FL

Clay Electric Cooperative
Keystone Heights, FL

Glades Electric Cooperative
Moore Haven, FL

Lee County Electric Cooperative
North Fort Myers, FL

Peace River Electric Cooperative
Wauchula, FL

Sumter Electric Cooperative
Sumterville, FL

Suwannee Valley Electric Cooperative
Live Oak, FL

Talquin Electric Cooperative
Quincy, FL

Tri-County Electric Cooperative
Madison, FL

Withlacoochee River Electric Cooperative
Dade City, FL

OUR MISSION

To be the preferred provider of wholesale energy services for our Members.

OUR VISION

To be a leading competitor in the Florida energy market, trusted and respected by our Members, employees, business partners, and community.

To provide our employees a safe, challenging and rewarding work environment, where pride and commitment are the hallmark of our operations.

OUR VALUES

We uphold the highest ethical and professional standards.

We believe that Cooperative ownership and principles are the cornerstone of our success.

We affirm that innovation, communication, accountability, and teamwork are essential ingredients to achieve Member satisfaction.

We are committed to improving the quality of life in our communities.

We are responsible stewards of our environment.



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