

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 June 30, 2009 and 2008.

Operations:

Total revenues increased 2%, 14%, and 10% for the quarter, year-to-date, and the twelve months ended June 30, 2009, compared to the same periods in 2008. Member revenues increased for the quarter, year-to-date, and twelve months ended June 30, 2009 due to a 5%, 16%, and 13% increase in the average wholesale rate respectively.

Fuel expenses associated with generation facilities were 79%, 65%, and 55% higher for the quarter, year-to-date, and the twelve months ended June 30, 2009 compared to the same periods in 2008.

Fuel expense for the Midulla Generating Station (MGS) combined cycle unit was 97%, 355%, and 128% higher for the quarter, year-to-date, and twelve months ended June 30, 2009. This was due to a steam turbine generator outage from 2007 that carried into the 2nd quarter, 2008. Fuel consumption at the MGS peaking plant increased \$11.4M, and \$13.7M for the quarter and year-to-date compared to the same periods in 2008 due to scheduled and forced outages at Seminole Generating Station (SGS). Fuel consumption at the MGS peaking plant decreased \$6.3M for the twelve months ended June 30, 2009 compared to the same period in 2008 due to outages at the MGS peaking units. Fuel costs at Seminole Generating Station (SGS) increased 54% and 9% for the quarter, and year-to-date due to increased cost for coal and coal transportation. Fuel costs at SGS decreased 45% for the twelve months ended June 30, 2009 compared to the same period in 2008 due to unit outages. Fuel cost per MWh generated at SGS increased by 45% rising to \$32.05 per MWh for the twelve months ended June 30, 2009 compared to \$22.16 per MWh for the same period in 2008. Other production expenses increased 9%, 20%, and 16% for the quarter, year-to-date, and the twelve months ended June 30, 2009 when compared to the same period in 2008. This was

primarily due to timing differences in maintenance costs and service outages at MGS and SGS.

Purchased power costs decreased 34%, 16%, and 15% for the quarter, year-to-date, and the twelve months ended June 30, 2009 as compared to 2008. The decrease is due to an April, 2007 MGS steam turbine generator outage, which returned to service in the 2nd quarter, 2008. Transmission expense increased 2%, 25%, and 16% for the quarter, year-to-date, and the twelve months ended June 30, 2009 primarily due to a 14% and 8% increase in load and wheeled MWs.

Administrative and general expenses increased 5% for the quarter and year-to-date and 9% for the twelve months ended June 30, 2009 mainly due to increased pension and medical benefit costs, as well as property insurance, and outside consultant fees.

Net interest expense increased 24%, 13%, and 10% for the quarter, year-to-date, and the twelve months ended June 30, 2009 due to short term borrowing to fund natural gas hedge margin requirements. Interest income was 86%, 87%, and 46% lower for the quarter, year-to-date, and the twelve months ended June 30, 2009 compared to 2008. The decreases were mainly due to the liquidation of an SGS Unit 1 lease/leaseback termination fund, and liquidation of a pollution control revenue bond (PCRB) debt service reserve. Other income increased for the quarter and year-to-date due to the realization of gains related to SGS Unit 1 lease/leaseback investment reserves at the beginning of 2009. Other income decreased for the twelve months ended June 30, 2009 due to declines in market demand for sulfur dioxide (SO₂) allowances compared to 2008, combined with unrealized losses for Nuclear Decommissioning Trust Fund securities.

Financial Position:

The increase in utility plant net of depreciation and retirements of \$93.0M is primarily associated with pollution control improvements to SGS Units 1 and 2. Investments held by trustees and special funds investments decreased \$67.3M due to termination of the SGS Unit 1 lease/leaseback transaction in January, 2009 and related termination funds.

Current assets increased \$134.2M from 2008, primarily due to increases in the current portion of regulatory deferred

charges, fuel inventory, prepayments and other, offset by decreases in other current investments, cash and cash equivalents, and in receivables. Current deferred charges increased due to decreases in quarter-end gas hedge contract prices. Fuel inventory increased at June 2009 from June 2008 primarily due to reduced fuel consumption at SGS related to maintenance and forced outages between October 2008 and May 2009. Prepayments increased primarily due to increased quantities of natural gas hedges. Other current investments decreased due to liquidation of the PCRB debt service reserve.

Non-current regulatory deferred charges increased \$46.5M in 2009, primarily due to the long-term portion of the fair value loss on natural gas hedges, offset by the termination of SGS Unit 1 lease/leaseback deferred debits.

Total equity increased \$42.2M from 2008, reflecting twelve months ended net margin of \$44.7M, offset by a decrease of \$2.5M in other comprehensive income for the unrealized actuarial loss on postretirement health care benefits.

Long-term debt increased during the past 12 months by \$54.4M mainly due to RUS guaranteed loan draws of \$328.5M. This increase was partially offset by the \$77.6M termination of the SGS Unit 1 lease/leaseback obligation and scheduled principal payments on existing long-term debt. Other long-term liabilities increased by \$10.0M due to a \$4.8M increase in retention on long-term contracts, a \$3.5M increase in long-term employee benefit accruals, and a \$1.1M increase in CR3 outage reserves.

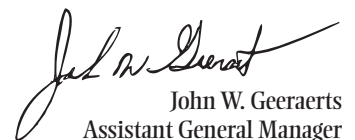
Total current liabilities increased \$95.6M over 2008. Short term borrowings increased by \$33.8M primarily to fund natural gas hedge margin requirements. The current portion of long-term debt increased by \$8.1M. Accounts payable increased by \$20.5M principally due to a \$66.2M increase in member power bill prepayments, offset by decreases of \$37.7M and \$8.3M in purchased power payables and other payables. Other accrued liabilities increased \$28.8M mainly due to increases of \$11.5M, \$10.3M, and \$4.5M in other accrued payables, purchased power, and accrued fuel payables, respectively. The current portion of regulatory deferred credits is comprised of \$41.1M fuel true-up payables as of June 30, 2009.

Working capital at June 30, 2009 of \$41.5M is \$38.5M higher than the previous year. Working capital increased primarily due to an increase in the current portion of deferred charges, fuel inventory, and in prepayments and other. Details of these increases are provided in the current assets explanation. These increases were partially offset by decreases in other current investments and in cash and cash equivalents. The working capital increase was further reduced by increases in short-term borrowings, other accrued liabilities, and in accounts payable. Details of these decreases are also provided in the current liabilities explanation. Seminole has available committed lines of credit totaling \$155M. Seminole achieved a current ratio of 1.13 at the end of June 2009 compared to 1.01 for the previous year.

Other Matters:

On May 14, 2009, Seminole's Board of Trustees approved revisions to Seminole's established Equity Development Plan thereby setting in place measures to increase equity as a percentage of assets to 20%. The Plan calls for annual margin requirements necessary to achieve the target ratio to be effective beginning in 2010.

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
July 31, 2009

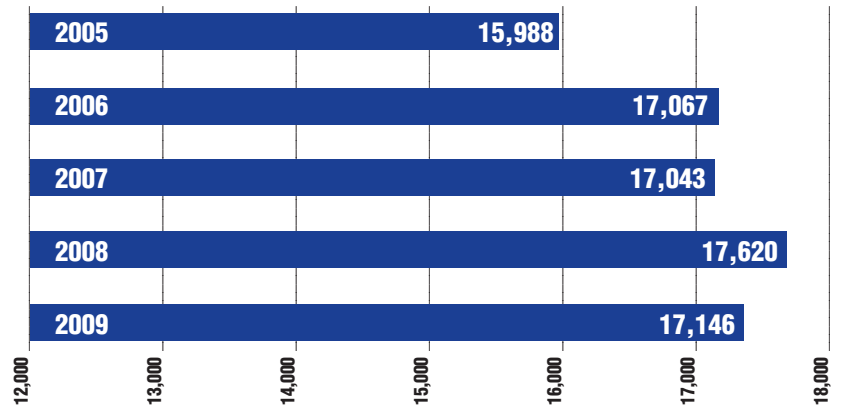
Consolidated Balance Sheets

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

	June 30,	
	2009	2008
ASSETS		
Utility plant:		
Plant in service	\$ 1,867,534	\$ 1,590,998
Construction work in progress	45,914	191,337
	<u>1,913,448</u>	<u>1,782,335</u>
Less accumulated depreciation and amortization	(589,725)	(551,585)
Utility plant, net	<u>1,323,723</u>	<u>1,230,750</u>
Investments:		
Investments in associated organizations, at cost	2,425	2,365
Investments held by trustees, restricted	7,518	74,770
Total investments	<u>9,943</u>	<u>77,135</u>
Current assets:		
Cash and cash equivalents	1,292	6,644
Other current investments, at cost	4,191	17,050
Receivables, principally for sales of electricity	95,420	99,012
Inventories, at average cost:		
Materials and supplies	24,952	25,084
Fuel	107,429	62,684
Prepayments and other	45,290	19,149
Current portion of regulatory deferred charges	89,152	3,927
Total current assets	<u>367,726</u>	<u>233,550</u>
Non current regulatory deferred charges	<u>99,568</u>	<u>53,106</u>
Total assets	<u>\$ 1,800,960</u>	<u>\$ 1,594,541</u>
EQUITIES AND LIABILITIES		
Equities:		
Memberships	\$ 1	\$ 1
Patronage capital	148,705	103,968
Donated capital	32	32
Accumulated comprehensive loss	(3,055)	(543)
Total equities	<u>145,683</u>	<u>103,458</u>
Long-term liabilities:		
Debt	1,277,801	1,223,424
Other	45,703	35,749
Total long-term liabilities	<u>1,323,504</u>	<u>1,259,173</u>
Current liabilities:		
Short-term borrowings	33,830	0
Current portion of long-term debt	53,625	45,550
Accounts payable	117,959	97,450
Regulatory deferred credits	79,665	50,876
Other accrued liabilities	41,123	36,691
Total current liabilities	<u>326,202</u>	<u>230,567</u>
Non current regulatory deferred credit	<u>5,571</u>	<u>1,343</u>
Total equities and liabilities	<u>\$ 1,800,960</u>	<u>\$ 1,594,541</u>
Current ratios	1.13	1.01

TOTAL ENERGY SALES (MWh x 1000)

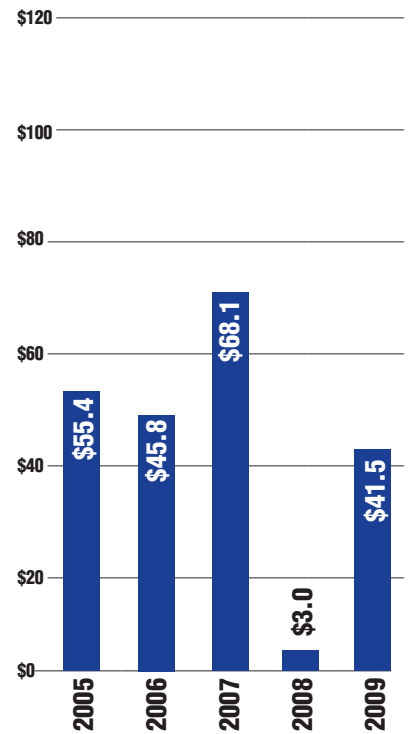
(For the twelve months ended June 30)



WORKING CAPITAL

(As of June 30)

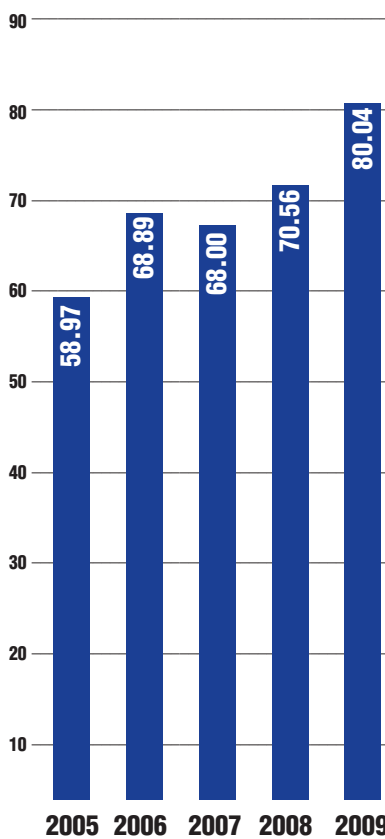
\$ x millions



WHOLESALE MEMBER COST

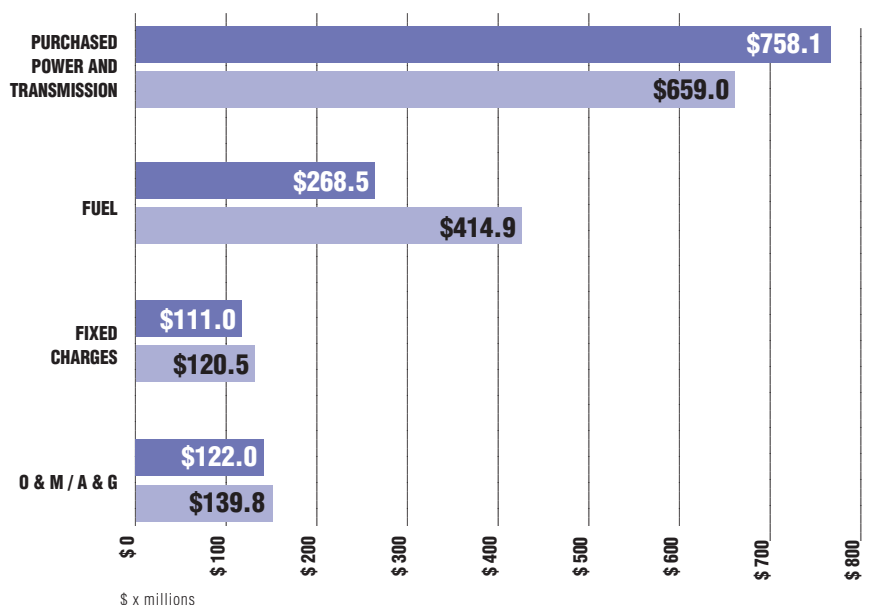
(For the twelve months ended June 30)

mills/kWh



OPERATING EXPENSES & INTEREST CHARGES

(For the twelve months ended June 30)



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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		For the Twelve Months Ended June 30,	
	2009	2008	2009	2008	2009	2008
Operating revenues	\$ 314,540	\$ 308,496	\$ 686,335	\$ 600,784	\$ 1,375,778	\$ 1,252,238
Operating expenses:						
Operation:						
Fuel	120,845	67,491	207,239	125,972	414,857	268,484
Other production expenses	28,842	26,398	60,189	50,281	114,495	98,747
Purchased power	133,952	202,564	289,232	343,713	608,352	714,433
Transmission	11,609	11,372	26,381	21,090	50,687	43,637
Administrative and general	6,409	6,118	13,363	12,680	25,351	23,345
Depreciation and amortization - non-fuel	14,481	12,205	27,012	24,255	51,563	48,604
Total operating expenses	316,138	326,148	623,416	577,991	1,265,305	1,197,250
Operating margin/(deficit) before interest expense	(1,598)	(17,652)	62,919	22,793	110,473	54,988
Interest expense, net of amounts capitalized	19,093	15,408	35,642	31,416	68,932	62,439
Operating margin/(deficit)	(20,691)	(33,060)	27,277	(8,623)	41,541	(7,451)
Other income:						
Interest	228	1,672	466	3,499	3,176	5,897
Other	430	350	486	224	20	337
Net margin/(deficit)	(20,033)	(31,038)	28,229	(4,900)	44,737	(1,217)
Patronage capital, beginning of period	168,738	135,006	120,476	108,868	103,968	105,185
Patronage capital retirements	0	0	0	0	0	0
Patronage capital, end of period	\$ 148,705	\$ 103,968	\$ 148,705	\$ 103,968	\$ 148,705	\$ 103,968
* Megawatt hours sold - members	4,317,447	4,395,539	8,226,788	8,206,220	16,916,006	17,367,970
Megawatt hours sold - non-members	73,642	83,384	104,279	177,591	230,103	252,059
* Wholesale member power cost - mills/kWh	71.69	68.15	82.53	71.15	80.04	70.56
Total sales - mills/kWh	71.15	68.40	81.98	71.09	79.78	70.52
TIER					1.66	0.98
DSC					1.45	0.97

* All rate schedules

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		For the Twelve Months Ended June 30,	
	2009	2008	2009	2008	2009	2008
Cash flows from operating activities:						
Net margin	\$ (20,033)	\$ (31,038)	\$ 28,229	\$ (4,900)	\$ 44,737	\$ (1,217)
Adjustments to reconcile to net cash provided by operating activities:						
Depreciation and amortization	15,273	13,403	28,651	26,342	56,861	51,816
Amortization of deferred gain on lease/leaseback	0	(310)	0	(620)	(620)	(1,241)
Change in assets and liabilities:						
Receivables	(23,355)	(24,151)	39,717	(10,453)	3,580	20,199
Inventories	(9,983)	(11,054)	(40,705)	(3,625)	(44,614)	2,662
Other current assets	60,287	12,073	(14,871)	28,933	(203,877)	30,393
Deferred charges	(7,097)	(15,814)	(14,220)	9,656	37,081	(23,894)
Other long-term liabilities	1,139	3,336	1,270	2,748	4,733	7,236
Accounts payable	4,713	37,330	41,061	38,273	20,509	36,999
Other accrued liabilities	18,883	13,671	43,400	14,354	44,956	(5,832)
Total adjustments	59,860	28,484	84,303	105,608	(81,391)	118,338
Net cash provided by/(used in) operating activities	39,827	(2,554)	112,532	100,708	(36,654)	117,121
Cash flows from investing activities:						
Capital expenditures	(40,839)	(70,887)	(52,488)	(96,109)	(145,058)	(193,751)
Purchases of investments	(135)	(25,096)	(475)	(26,093)	(20,359)	(27,232)
Proceeds from maturities of investments	18	18,091	61,691	18,283	101,713	21,632
Net cash used in investing activities	(40,956)	(77,892)	8,728	(103,919)	(63,704)	(199,351)
Cash flows from financing activities:						
Proceeds from line-of-credit	(312,669)	277,345	41,977	647,963	675,201	1,180,837
Payments of line-of-credit	299,211	(268,615)	(107,435)	(709,351)	(697,709)	(1,168,330)
Proceeds from long-term borrowings	572,622	88,105	598,014	90,757	796,416	124,151
Payments of long-term debt	(557,813)	(10,003)	(654,499)	(19,581)	(678,902)	(51,128)
Payments of patronage capital credits	0	0	0	0	0	0
Net cash provided by/(used in) financing activities	1,351	86,832	(121,943)	9,788	95,006	85,530
Net increase/(decrease) in cash and cash equivalents	222	6,386	(683)	6,577	(5,352)	3,300
Cash and cash equivalents, beginning of period	1,070	258	1,975	67	6,644	3,344
Cash and cash equivalents, end of period	\$ 1,292	\$ 6,644	\$ 1,292	\$ 6,644	\$ 1,292	\$ 6,644

**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*

P.O. Box 272000
Tampa, FL 33688-2000
(813) 963-0994

Email:
info@seminole-electric.com

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.



P.O. Box 272000
Tampa, FL 33688-2000
(813) 963-0994