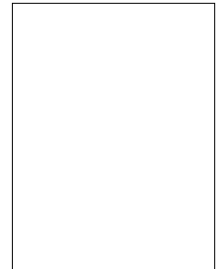


## Buckeye Power rate increase

**T**he good news: Midwest Electric has not increased its distribution retail portion of electric rates since 2006. The bad news: The cost of wholesale power generation and transmission through Buckeye Power (our power supply cooperative) will increase by .0085 cents per kilowatt hour (8.5 mills) this fall. This equates to \$8.50 more per month for a member who uses 1,000 kWh.



*Rick Gerdeman  
Manager/CEO*

Much of this rate increase is related to capital investments at our power plants to comply with the government's Clean Air Act standards.

The rate adjustment was expected and forecasted. The wholesale price is increasing due to: rising cost of fuel; environmental investments in our coal plants; Buckeye's recent purchases of new generating capacity; general capital investment to keep our existing power plants reliable; and to a lesser degree, transmission related costs from the regional transmission organizations.

Buckeye Power's board of trustees - made up of cooperative representatives - approved a plan of small cost-of-power adjustments every year throughout a 10-year forecast period to pay for these costs.

### ***Rising Fuel Costs***

Buckeye Power buys millions of tons of coal per year to fire boilers at its power plants; more than 90 percent of our electricity is generated from coal. Coal is inexpensive and abundant; however global demand for coal has been volatile and the cost of Appalachian coal has nearly doubled in the last couple of years.

### ***Environmental Regulations***

Since 2000, we have invested \$900 million in environmental controls and upgrades at our power plants in recent years, making them among the cleanest in the world for removal of sulfur dioxide, nitrogen oxides, mercury and other byproducts.

### ***Consumer Demand***

Although the recession has dampened consumer demand for electricity, Ohio's electric cooperatives have steadily

## “Blinking lights” protects system

A momentary outage is often referred to as “blinking lights.” It’s often caused by a lightning strike, a vehicle hitting a pole, or a squirrel or tree branch contacting a power line.

When lights blink, it is an indication that our equipment is working properly. If a fault or short circuit happens on a power line, a device called an “oil circuit recloser” (OCR) opens to stop it, then quickly closes back in.

Although the process is quick – and usually temporary – it may cause your lights to blink, making it necessary to reset digital clocks and appliances with digital displays.

The OCR is essentially a breaker, like a breaker in the electrical panel in your home. It permits power to continue flowing through the line with only a brief interruption of service – rather than causing an extended power outage.

If the short circuit continues, the OCR will operate or ‘trip’ three times before eventually stopping the flow of electricity and causing a power outage. This protects the lines from damage, cutting off power to the affected section of the line and isolating the problem until it can be repaired.



Harald Edens

## What causes power outages?



**Vandals.** This transformer was shot (see the bullet holes near the bottom). A new replacement costs us more than \$900 plus the labor for our crew - not to mention the inconvenience of the power outage. We are a not-for-profit, customer-owned cooperative, so when vandals damage our equipment, they’re actually damaging your equipment and taking money from you and your neighbors.

**Animals, Birds.** Animals, especially squirrels, climb on transformers or fuses and cause a short circuit.

**Trees.** Trees or branches contacting power lines are a primary cause of power outages and “blinking lights,” even in good weather, which is why we maintain rights-of-way clearances.

**Accidents.** Vehicles hitting utility poles are another culprit.

**Lightning.** Poles, wires, transformers and other electrical equipment are easy targets for lightning

strikes, causing severe damage and loss of power. Lightning also may strike trees causing limbs or even large trees to fall onto power lines.

**Wind.** Wind may cause power lines to swing together or limbs/trees to blow into lines resulting in a fault or short circuit that interrupts service.

**Severe Weather.** Other weather conditions such as snow, ice, rain, flooding and tornadoes can cause lengthy outages.

**Equipment Failure.** Although Midwest Electric inspects and monitors equipment throughout our service area, transformers, aging underground power lines and other electric system equipment can fail. This happens more frequently when the temperature is very cold or very hot.

**Power Supply Outages.** We depend on AEP and DP&L transmission lines to deliver the electricity from our generating plant to our substations. When they have an outage on their transmission lines, many members are affected. In some cases, we are able to transfer power from another substation to restore power for many of those members.

**Digging.** Before digging, you must call Ohio Utilities Protection Service at 1-800-362-2764.



## Midwest picks “smart meter” vendor

Midwest Electric has selected TUNet® (Tantalus Utility Network) for its Advanced Meter Infrastructure (AMI) network. Tantalus technology will support Midwest's plans for a fully automated metering solution. In addition to automated meter readings, the new system will lead to optimized power supply, better control over demand and streamlined operations.



**Please continue to provide us your monthly meter reading until further notice.** Installation of the metering system will begin this fall and continue the next three years.

TUNet provides extensive, cost-effective radio coverage throughout a largely rural service area, and

serves as a single platform on which data collection, monitoring and control capabilities can be delivered anywhere on the electric network.

Initially, we plan to surgically deploy TUNet at areas of highest benefit like commercial and industrial accounts and low density residential on the fringes of our service area.

Another priority is to alleviate service interruptions caused by severe weather, which accounts for up to 400 outages of varying size each year.

“Lightning and thunderstorms are a fact of life,” says Midwest Manager/CEO Rick Gerdeman. “With AMI, our operations personnel will be alerted automatically when an event occurs. We can instantly gauge the extent of an outage and gain full perspective on the situation. Visibility and in-field knowledge allows us to prioritize response and dispatch crews directly to critical areas, track restoration in real time, and more rapidly re-establish service.

“Data collection, reliability and accuracy will all improve with AMI,” adds Gerdeman. “This is a comprehensive upgrade to the way we manage the distribution network, one that gives us the tools we need to improve customer service and utility efficiency on every front.”

Small utilities face much the same business and operational challenges as large utilities, plus some truly unique ones. Extreme environmental conditions, low customer densities and long customer service drive times, coupled with restricted cash flow and resources all factor into the financial, technical and deployment priorities. Midwest has mapped out a clear path to a cost-effective AMI strategy that enables us to quickly realize a high level of automation, add functionality as needs arise, and deliver long term value to our members.

## Buckeye Power increase

grown over the years. Our members' lifestyles are changing and your appetite for energy is increasing over time. Large-screen TVs and computers were once a luxury but now are found in many homes. Modern appliances use electricity even when they are turned off.

Buckeye Power has added new generating plants in recent years. Owning and controlling our generation assets means we avoid the risk of paying market prices for electricity when it is in short supply.

### **Still Competitive**

Although Buckeye Power's rates are increasing, they are the lowest in Ohio. As a not-for-profit, member-owned cooperative, we sell power to you at our cost, plus a small margin to cover operating expenses.

Wholesale prices could grow substantially higher if “climate change” legislation is enacted.



*Buckeye's Cardinal power plant has had nearly \$900 million in environmental upgrades.*

# How much does a “peak” cost?

During “peak” times, it costs us more to make or buy electricity. These peak times typically occur between 2 p.m. to 6 p.m. **on the extreme hottest days.**

If you can lower your family’s electric use during peak periods, you can help keep our electric rates stable. Here’s how you can help: Please try to shift your use of electric items to earlier or later in the day during those extreme temperature days, and make sure you turn off things that are not in use or not necessary.

You don’t have to do this every day...only during the extreme hottest days.

How much does this help? Below is a listing of some household items and how much it costs the cooperative when you have just one of these items on during a peak hour. This is a cost that we have to continue to pay every month on our wholesale power bill – month after month - even long after the month you used the item during the peak hour. For example, if you have a 100-watt light bulb on during a peak hour, we must pay 33 cents every month from now into the future.

<u>Item</u>	<u>Monthly Peak Cost to Cooperative</u>
100 watt light bulb	33¢
27 watt compact fluorescent light bulb	9¢
Color television	83¢
Clothes dryer	\$8.25
Stove/oven	\$4.00
Dishwasher	\$2.00
Computer, printer, etc.	\$1.32
Air conditioner	\$4.00
Swimming pool pump	\$6.60

(TIP: Put the pool pump on a timer off our peak.)



Dave Waltermire, Energy Advisor

## A new Touchstone Energy Home

Rockford Construction built a Touchstone Energy Home for Gary and Cathy Garman southwest of Spencerville. The home features insulated concrete forms above grade as well as below, providing an outstanding R-22 foundation and R-24 above grade.

The 4,500-square-foot structure (including basement) is guaranteed to be heated and cooled for \$528 a year. It has geothermal from Buschur’s Refrigeration, as well as R-45 blown cellulose in the attic by Current Insulation.



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## Energy Audits from Midwest Electric

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- Thorough follow-up report with specific, personalized recommendations for your home
- Blower-door test to find air infiltration areas
- Energy savings can exceed the cost of the audit



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