

Rate increase highlights June annual meeting

In the trustee election conducted by mail and on-line, three members of the board of trustees of Midwest Electric were re-elected. Results of this spring's voting were announced at the June 5 annual meeting at Lima Shawnee High School.

Re-elected were Board President George Brake, Ohio City; Trustee Jim Wiechart, Spencerville; and Trustee Ned D o e r i n g , Wapakoneta.

1,520 members voted in the election, representing over 16% of the

cooperative's membership. More than 700 members and guests attended the 2010 annual meeting.

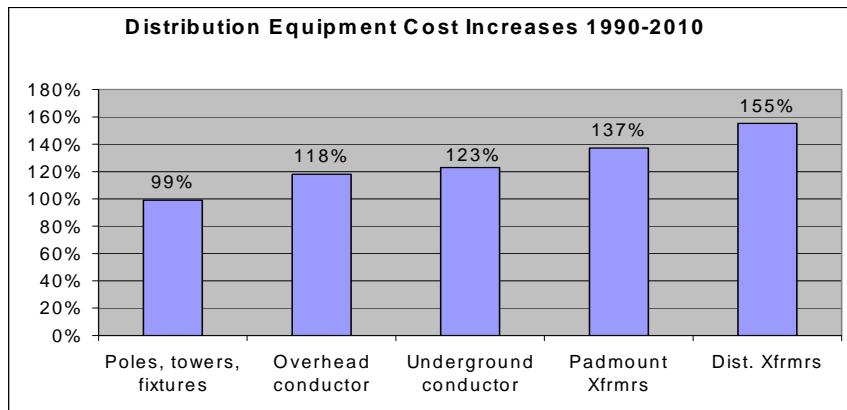
Manager/CEO Rick Gerdeman started by thanking the nearly 1,800 members who participate in the Our Energy, Our Future legislative contact campaigns and the nearly 800 members who belong to Co-op Owners for Political Action.

He devoted the remainder of his message to the August 2010 rate increase. For residential members, it will be a \$15 increase in the monthly service charge and a slight decrease in the kilowatt hour (kWh) rate.

The service charge, currently \$20 per month, will increase to \$35. The cost per kWh will drop from \$0.0915 to \$0.0906. Gerdeman said the increase will generate \$2 million in revenues, which is needed to help the cooperative restore member equity levels, finance electric system upgrades, and meet the rising cost of doing business.

Member equity in the cooperative has been approaching the 45% threshold set by the Board of Trustees. This means the cooperative has to borrow and take on more debt (and interest payments) in order to finance new construction, upgrades and operations. Increasing equity through the rate increase will reduce the need to borrow and take on debt and interest costs.

Annual Meeting highlights (continued)



Source: Handy-Whitman Index of Public Construction Costs

Gerdeman noted that the cooperative's purchase costs for distribution equipment such as poles, wire and transformers have increased as much as 155% over the past 20 years. Tax expenses (property tax and state kWh tax) have jumped 527% in 30 years. Vehicle costs, including fuel and repairs, have jumped 188% in just 10 years.

"We continue to look for ways to cut costs - in fact we trimmed \$2 million from this year's budget," Gerdeman said.

The \$35 service charge, he said, reflects what it costs the cooperative to have electric service available. This cost is there even if no electricity is used.

These fixed costs cover meters, wires, poles, transformers, property taxes, depreciation, distribution and generation capacity, billing, member services, administrative, tree trimming and line maintenance, Gerdeman said.

"This is our first retail rate increase since 2006, and electricity remains one of the most stable-priced services," Gerdeman said.

Midwest Electric Board President George Brake noted that due to the economy, new services dropped to just 87 in 2009, compared to 95 in 2008 and 117 in 2007. But operating revenues were up from \$19.8 million in 2008 to \$21.3 million in 2009, due to electric use increases among existing members as well as wholesale power cost increases from Buckeye Power.

Brake discussed the cooperative's commitment to reliable service, noting that tree trimming occurred along 279 miles of rights-of-way in the Rockport, Noble and Macedon substation and Jonestown and Rockford metering point areas. And nearly 4,000 poles were tested and treated in 2009 in the Noble and Kossuth areas, with just 2.1 percent of the poles tested being rejected and replaced.

"Total power outages were down in 2009 with 373 versus 446 in 2008," Brake said. "And 2009 was a safe year as your electric cooperative experienced 'zero'

lost time injury accidents."

Brake said 2009 was the third year of a four-year \$10.9 million construction work plan.

He added Midwest Electric returned nearly \$478,000 in patronage capital to eligible co-op members in 2009.

Ken Keylor, vice president of statewide services for Ohio Rural Electric Cooperatives, Inc., said Buckeye Power's wholesale power costs makes up nearly 70% of the monthly electric bill for Midwest Electric members. And wholesale costs are influenced by the nation's energy policy and Buckeye's current investment cycle.

Politicians "are aggressively debating the shape of electric generation sources which your cooperative may utilize," Keylor said. "While their intentions are noble, there are still consequences to these actions."

Keylor said Buckeye Power has "plenty" of affordable baseload and peaking power. And he said the country's transmission and distribution network is well maintained and reliable.

But he warned we might not be able to take that for granted anymore.

"Because of an unfolding public policy on energy, our ability to perform these basic and necessary functions has never been more challenged," Keylor said.

He explained that permitting new facilities is "nearly impossible." And he said government policy "dis-

criminate against the tried and true (coal power) in favor of the fanciful and untested (wind and solar)."

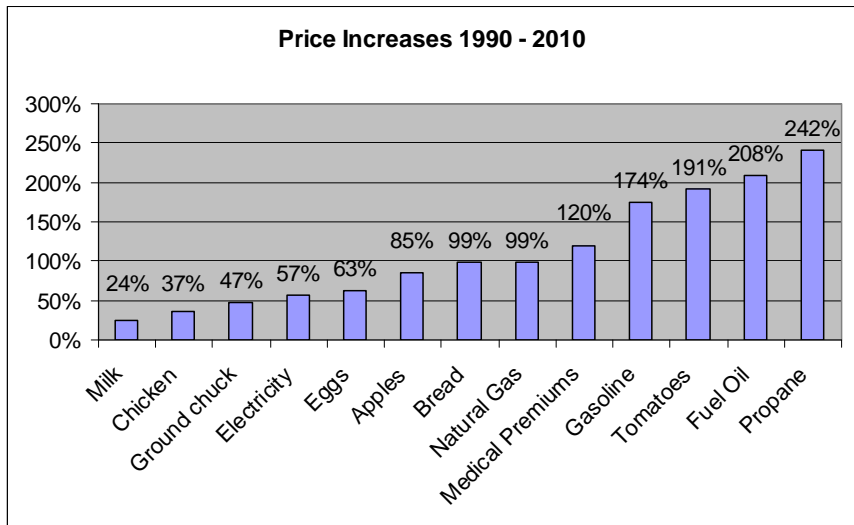
"Until the smoke clears, most utilities are planning to do very little, or nothing. Energy facilities are expensive and come not incrementally, but in huge lumps which carries risk," he said.

Despite the uncertain environment, Ohio's electric cooperatives continue to invest in reliable power supply. Keylor highlighted a number of Buckeye Power's purchases of power plants in recent years as well as investments in state of the art environmental controls to minimize the environmental impact of our coal burning power plants.

And he noted renewable sources such as wind, hydro and biomass now comprise five percent of Buckeye's power portfolio.

But it comes with a price, and Buckeye Power's cost to supply electricity has increased in the last two years as a result of this planning and investment.

"We'll see another couple of years of wholesale price rise, and then things should quiet down again," he said.



Source: U.S. Bureau of Labor Statistics. Medical Premium increase is from 1998-2008.

RATE INCREASE 2010

Frequently Asked Questions
at
www.midwestrec.com

Perform your own breaker test

When your energy use seems high, ask yourself about any changes in weather, living habits, appliance use and the billing cycle.

Compare your present use to your use a year ago, but remember that weather conditions vary.

Still think the energy use is more than it should be?

Try this test:

Shut off all the breakers in the house, and then check the meter. The meter should completely stop turning. If it continues to turn, you may have a short between the meter and the breaker box. If so, call an electrician to locate the problem for you.

If the meter stopped when the breakers were shut off, then turn on one breaker at a time and check the revolutions of the meter in a 30-second time period. This will allow you to identify the largest electric loads by breaker.

Members with our new digital meters won't see a dial. Rather, do the same as above, but track the moving squares at the bottom of the

meter.

You may also want to monitor your use, along with monitoring activities such as doing laundry or using the oven. Create a spreadsheet similar to the one on this page. This will help you see what activities use the highest amount of energy.

This form can also be helpful to learn just how many kilowatt hours are being used by each appliance during the month. They can add up pretty quickly. You can figure the use of any home appliance if you know its wattage (or amps) and how long you use it.

And with our new digital meters, which have been installed at half our members' homes, we can tell you how much electricity you've used each day - and even by the hour.

Here's another way:

- a) Convert amps to watts:
Amps x Volts = Watts
- b) Watts x hours used per month = Watt-hours per month
- c) Watt-hours divided by 1,000 = kilowatt hours

(kWh) per month

$$\text{d) kWh} \times \$0.09 = \text{Cost}$$

Example:
If you use a 1.7 amp stereo for 10 hours...



Dave Waltermire, Energy Advisor

- a) 1.7 amps x 120 volts = 200 watts
- b) 200 watts x 10 hours = 2,000 watt-hours
- c) 2,000 watt-hours divided by 1,000 = 2 kWh
- d) 2 kWh x \$0.09 = 18 cents for the month

If you have questions about high use, call us at 1-800-962-3830 or visit our website, www.midwestrec.com, for energy libraries and on-line calculators.

	Daily Meter Reading	kWh Used Daily	Daily Activities
Day 1			
Day 2			
Day 3			
Day 4			
Day 5			
Day 6			
Day 7			

5.9¢
long distance
phone rate

- 5.9¢ for all long distance calls in U.S.
- Get a free 1-800 toll-free number if you want
- \$10 bill credit if you sign up by Aug. 31, 2010

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