

## How does Citizens Electric compare to other cooperatives?



Van Robinson, CEO

Since October is National Cooperative Month, it's a great time to show how Citizens Electric Corporation (CEC) compares to other electric cooperatives.

First of all, did you know there are three business models that electric utilities are most commonly grouped into?

- 1) *Investor-owned utilities (IOUs)* are typically large, for-profit entities owned by investors seeking a financial return. They serve larger towns and urban areas and have publicly traded stock.
- 2) *Municipal utilities* serve towns and some urban areas, but they are usually not-for-profit and owned by the city where they provide service.
- 3) *Cooperative utilities* tend to serve rural areas, operate on a not-for-profit basis, and are owned by the members they serve.

So, how does CEC compare to other electric cooperatives? Statistical data gathered by the Cooperative Finance Corporation compares CEC to over 800 electric distribution cooperatives across the nation. Keep in mind that comparing CEC to other co-ops is much like comparing my three children. My children look a lot alike, but they have very different traits. While electric cooperatives may all share a strong "family resemblance," there are also many differences when you look closely.

### Size and Profile

As with most cooperatives, the vast majority of CEC's members are residential with a smaller number being commercial and industrial (C&I). However, CEC is unique because we serve two cities, Perryville and Ste. Genevieve, and our C&I load has grown substantially over the years. The following statistics illustrate these differences.

- \* CEC serves more than 26,000 members, of which approximately 23,700 are residential, and the remaining are primarily C&I accounts. This is double the US median of approximately 13,000 consumers per cooperative, because we serve two cities and many cooperatives only serve rural areas.
- \* CEC has over 8.5 consumers per mile of line compared to the US median of 5.9 consumers. While our density is good compared to other cooperatives, we are far below the 50+ consumers per mile that IOUs typically serve. It's also important to note that density plays a key role in determining a utility's monthly customer charge. Generally, utilities with higher density have a lower fixed monthly charge.
- \* CEC sold over 1.6 billion kilowatt hours (kWh) in 2010. This is more than five times the US median of 285,000 kWh and is the highest amount of any cooperative in Missouri. Unlike most cooperatives, C&I load now accounts for the vast majority of CEC's kWh sales.

### Financial Measurements

The following statistics show how we compare with other cooperatives financially.

At the end of 2010, CEC reported "total utility plant" of approximately \$136 million. Of that total, CEC has assets of approximately \$123 million that are required to provide reliable electricity. This includes transformers, poles, wires, and related electrical infrastructure. The remaining \$13 million in assets is devoted to transportation, other equipment, warehouses, office space, and other facilities. While CEC has invested very little in its facilities over the last two decades, we invest between \$5 and \$10 million per year in electrical infrastructure to improve and expand the system to keep pace with growing needs and expectations.

Our total utility plant is more than double the US median of \$66 million. CEC's utility plant is greater because we serve more members and larger loads that require equipment sized accordingly. In addition, CEC owns and maintains transmission and distribution assets, unlike most cooperatives that only maintain a distribution system.

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Front and back cover news provided by CEC.

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CEC's residential revenue (including customer charge and energy usage) is approximately 12¢ per kWh which is slightly higher than the US median of 11¢ per kWh. However, CEC has held rates steady since 2010 and we hope that this improved stability can continue. Electric rates have increased for nearly all utilities over the last several years due to higher generation costs such as fuel and environmental regulations.

CEC's power supply costs represent nearly 80 percent of revenue in 2010 as compared to the US median of approximately 63 percent. While this higher number can be attributed to serving C&I loads, it's also attributable to the conservative approach that CEC takes on other costs to operate and maintain the electric system.

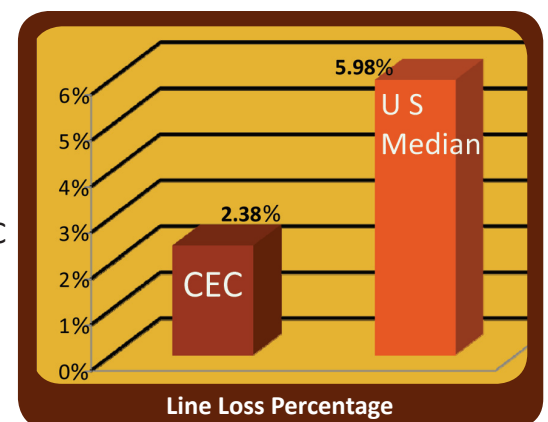
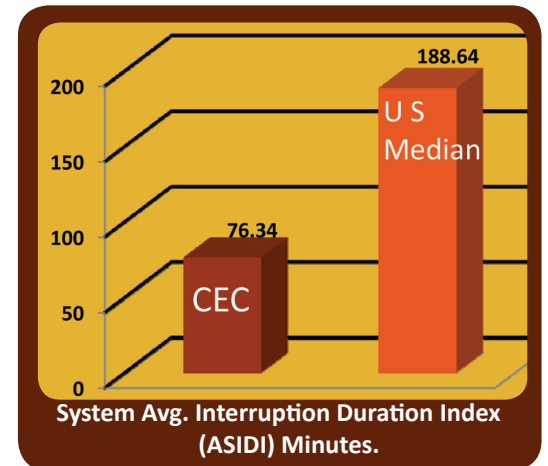
### Reliability and Efficiency

The following statistics exemplify CEC's continual commitment to provide a reliable and efficient electric system.

CEC's measurement for outages in 2010 was 76 minutes per member, which is less than half the US median of 189 minutes. That means CEC's system was delivering electricity to our members 99.986% of the time in 2010. While this statistic shows we were fortunate to avoid major ice and wind storms last year, it also shows the improved reliability of our system and the promptness of our outage restoration.

CEC's line loss was 2.38 percent of the power purchased and was much better than the US median of nearly 6 percent. While it is normal for some electricity to be "lost" as it is transmitted along a power line, CEC strives to minimize these losses and the related costs by engineering an efficient system. For example, locating substations next to C&I loads helps CEC achieve this level of efficiency.

While I'm pleased overall with how CEC compares to other electric cooperatives, I'll be the first to tell you that we need to improve in some areas. I also believe that improvement often requires change and growth. To paraphrase a saying I once heard from a local florist, "Organizations are a lot like flowers...they're either growing or dying." If an organization fails to grow (i.e. change, develop, and improve itself), its mission will suffer and it will slowly go the way of a cut flower. That is why you will continue to see CEC change and grow to meet the increasing needs and expectations of our members.



*Vau Robinson*



### When CYCLE means education and fun

More than 80 high school students from across Missouri participated in the Cooperative Youth Conference and Leadership Experience (CYCLE) held in Jefferson City this past July. Trey McClure, Ste. Genevieve, and Beth Carron, Perryville, represented CEC at the conference. They were selected from entries submitted by high schools throughout Citizens' service territory.

During three action-filled days, students had an opportunity to learn first-hand what it is like to be involved in politics, more about the cooperative form of business and how to be a strong leader. The program included nationally known speakers and a day at the Missouri State Capitol learning how a bill goes through the process to become law. The CYCLE program is a recipient of the National Community Youth Service award for the top youth program among all electric cooperatives in the country. For more information, please go to <http://www.amec.org/youth.html#cycle>.

Take our member survey online for 2 chances to win \$50.

[www.cecmo.com](http://www.cecmo.com)



CEC Offices will be closed on October 28, from 8 a.m. to 2 p.m. for an All-Employee Meeting.