



Powerful Connections

February 2011

 Citizens Electric Corporation
A Touchstone Energy Cooperative 

Annual Meeting topics announced

Citizens Electric Corporation (CEC) will be holding its Annual Meeting of Shareholders at the Perryville American Legion at 6:30 p.m. on April 21, 2011. In the coming weeks, each shareholder will receive a proxy ballot along with a list of director candidates and proposed changes to CEC's Articles of Incorporation and By-laws. As CEC initiated last year, shareholders can vote their proxy ballot via mail or in-person at the annual meeting. In addition to the voting process, the annual meeting will feature reports from CEC's Board President and CEO on challenges and significant events of 2010 and an outlook on the Corporation's 2011 rates, 2011 capital credit retirement, facilities planning and other important topics.

2011 Rates

At this time, CEC is projecting no rate increase for 2011. While CEC's power supply costs are projected to increase slightly, we believe this amount will be minimal and can be absorbed. Power supply costs account for approximately 80 percent of CEC's expenses. These costs have increased substantially from 2005 to 2010, however, 2011 appears to be much more stable. CEC and its power supplier, Wabash Valley Power Association, will discuss power supply issues and the future outlook for the electric industry.

2011 Capital Credit Retirement

CEC is a not-for-profit organization and operates on the cooperative business principles. Unlike a for-profit business, CEC periodically returns margins (i.e. the difference between revenues and expenses) to its members as a "capital credit retirement." Retiring capital credits is a fundamental part of being a cooperative. CEC renewed its commitment to this principle in 2010 by retiring \$1 million of past margins. In 2011, CEC plans to retire capital credits once again. Details will be provided at the annual meeting.

Facilities Planning

CEC is continually looking for ways to manage costs while providing the reliable, efficient electric service you expect and deserve. As our CEO discussed at last year's annual meeting, facilities is one of the areas being addressed. During 2010, CEC hired a consultant with cooperative facilities expertise to analyze our situation. The consultant's observations and recommendations included:

- Existing warehouse, equipment storage, and office space are inadequate and need expansion;
- The headquarters is located in the flood plain and should be relocated to a central part of CEC's service territory, such as the property currently owned in the Perryville area;
- Reducing the number of facilities from five locations to three locations and centralizing administrative, engineering and certain customer service and operational functions would promote efficiency and long-term cost savings;
- Two service departments should be relocated to more accessible areas.

The consultant's recommendations have been taken under advisement by the CEC Board of Directors. No specific timetable for approval has been created, but CEC has initiated a more detailed study to examine the related costs and benefits.

While Shareholders are not required to attend the annual meeting, it's a great opportunity to learn about your electric utility and to ask questions of directors and management. We look forward to seeing you on April 21.

Contractors' Meeting Scheduled

Citizens Electric will be hosting an informational meeting for area contractors on Tuesday, March 1, 2011. The dinner meeting will be held at the Elk's Lodge in Perryville beginning at 6:30 p.m.

If you plan to attend, please RSVP by calling 1-877-876-3511, extension 106 or email dgbison@cecmo.com.



Front and back cover news provided by CEC.

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QUARTERLY BOARD HIGHLIGHTS

October 2010 – December 2010

- Approved previous meeting minutes, monthly stock issuances and cancellations, monthly safety and training reports, monthly summaries of estimate work orders, and monthly outage reports.
- Reviewed and discussed monthly financial statements of the Corporation;
- Received monthly reports regarding the Corporation's compliance with NERC/SERC reliability standards;
- Reviewed monthly meeting activities of Wabash Valley Power Association, Inc. (WVPA);
- Approved refinancing three notes to take advantage of lower interest rates;
- Received a report on locking in a low fixed interest rate on a variable rate loan;
- Approved the Corporation's 2011 Operating Budget and Budget Addendum;
- Received a report on the Corporation's 2011 rate projections;
- Approved property, liability and earthquake insurance coverage for 2011;
- Approved the purchase of a digger derrick truck included in the 2011 Transportation Budget;
- Approved Closed Inventory Work order Nos. 721 through 727;
- Received an expanded safety report on year-to-date incidents, upcoming safety training topics and the 2012 Safety Achievement Program;
- Approved transmission and distribution rights-of-way clearing bids for 2011;
- Received a report on the posting of outages to the Corporation's website;
- Received a status report on the Corporation's 2008-2011 Construction Work Plan;
- Discussed meetings and phone calls with customers;
- Approved the semi-annual write-off of uncollectible accounts;
- Received monthly reports on member services regarding participation in community organizations, economic development, automated call-outs to customers scheduled for disconnection, uncollectible accounts, member survey responses and the Energize Missouri Homes program;
- Appointed shareholders to the Corporation's 2011 Nominating Committee;
- Reaffirmed the selection of the Corporation's Corporate Counsel;
- Recommended WVPA to consider customers' power supply requests;
- Received a progress report on the Corporation's 2010 Strategic Plan goals;
- Received reports from the Corporation's Building & Grounds Committee;
- Directed the Building & Grounds Committee and Staff to pursue detailed discussions with consultants to assist in the development of a future facilities plan;
- Approved revisions to various board policies; and
- Received reports on meetings and training classes attended by directors.

Citizens Electric's Board of Directors

Alvin Franke, President - Herb Fallert, Vice President - Karl Klaus, Secretary - Rich DeWilde, Treasurer
Charles E. Hurst - Marion Kertz - John F. Lottes - Dr. William Odneal - Doyle Oehl - Stanley Petzoldt

It pays to be on time

Congratulations to **Mr. and Mrs. Roy Lorenz** who won \$100 for paying on time in December. You still have a chance to win, because the drawing has been extended. So make sure your payment is received in CEC's office by the original bill due date, and you could be the next winner.

Consider signing up for **Auto Pay**, so your bill will be paid on time every month. Your payment can be automatically drafted from your bank account on the due date or charged to a credit card. And unlike most utilities, this is still a **free** payment option with CEC. Give us a call for more information or go to www.cecmo.com.

Help is available to lower electric bills

Even if your household income exceeds the federal guidelines for energy assistance, you may be eligible to receive weatherization assistance from East Missouri Action Agency (EMAA).

EMAA wants you to know that the income guidelines for the weatherization program are considerably higher than for assistance. Despite whether you own or rent your home, you may qualify to receive a free energy audit and energy efficiency improvements such as insulation and air sealing.

Learn more about applying for assistance or weatherization benefits. Call 1-800-392-8663, visit your county EMMA office, or go online at www.eastmoaa.org, where you can print off the application forms.

NOTICE OF OFFICE CLOSING

CEC Offices will be closed on February 21, 2011 for Presidents Day.

In case of an electrical emergency, please call 1-800-286-2251.

