

# Powerful Connections

 Citizens Electric Corporation  
A Touchstone Energy Cooperative 

## Report of the Annual Shareholders Meeting

Approximately 50 people attended Citizens Electric's Annual Shareholders Meeting at the Perryville American Legion in April. Severe storms earlier that week and an oversight in selecting the date are thought to be the reasons for the low attendance.

As Director Charles Hurst prepared to give the invocation, he apologized that the meeting date fell on Holy Thursday. "Unfortunately, when we selected the date last December, we didn't realize that April 21 would be during the week preceding Easter."

Speakers at the event included CEO Van Robinson, Board President Al Franke, and Lee Wilmes, V.P. of Power Supply for Wabash Valley Power Association.

Mr. Robinson reported he was pleased that more than 4,500 members responded to the member survey in 2010. CEC was able to learn more about how members use electricity and if they have made changes to become more energy efficient. A notable result was that 91 percent of those who responded said they are satisfied or very satisfied with Citizens Electric's performance.

Good news included the announcement that there is no rate increase expected in 2011, and approximately \$1.5 million in capital credits will be refunded this year. Members who had active electric service in 1991 will receive a credit on their bills (printed after May 16) proportionate to the amount of electricity they purchased during that year.

Mr. Robinson also stated that Citizens Electric is launching a new member benefit program called Co-op Connections which will allow members to receive discounts at participating businesses locally and nationwide. The program is free to CEC members, and cards will be mailed the week of May 16.

Both Robinson and Franke addressed the topic of facilities planning. Last year, the board hired a consultant to assess the Corporation's existing facilities and provide options to address needs and improve efficiencies. Cooperative Building Solutions, whose specialty is working with electric cooperatives, stated that CEC is similar to other utilities that have grown in members, employees, and equipment throughout the years, but have not changed their facilities to accommodate that growth.

As mentioned in earlier publications, the consultant's observations and recommendations included the following:

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

Robinson also discussed concerns with CEC's disaster preparedness. "It's more than just flood risk. We're not well positioned for a tornado, earthquake, or other disasters that could strike our headquarters facility."



Robinson also noted that crews completed several large construction projects in 2010, in order to ensure continued reliability for the future. These included: Replacing more than 800 poles; clearing over 1,000 miles of vegetation from right-of-ways; and converting MASI from a single-user substation to a community distribution facility.

Robinson went on to describe the valuable computer systems that CEC relies on to manage its electric system and restore outages. "These computer systems have become critically important to providing reliable service and getting power restored quickly. For that reason, they should be housed in a 'hardened' facility and have appropriate redundancy."

Robinson further stated, "We're very thankful for the levee that protects our Ste. Genevieve office from flooding. However, levees can fail, and

levees can be topped. Citizens Electric must be prepared before a disaster occurs, so we can be part of the solution, not part of the problem."

"The Board is still considering the consultant's recommendations and examining related costs, benefits, and any potential rate impacts," reported Board President Al Franke. "We recently interviewed some architectural firms in order get a better idea of the potential costs. The Board is being very methodical and careful in this process. We want to make sure that our decisions will improve efficiencies and service without significantly impacting rates."

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Front and back cover news provided by CEC.

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## Report of the Annual Shareholders Meeting (continued from front page)

CEO Van Robinson stated that CEC's electric system reliability in 2010 was the best of the last 40 years. Overall, electricity was delivered to members 99.986 percent of the time.

CEC was able to take advantage of lower interest rates in 2010 and refinanced more than \$6.5 million of debt. This was just one of the ways that CEC was able to control costs and make it possible to absorb a recent power supply increase without raising rates to its members in 2011.

Since more than 80 percent of Citizens' costs are due to power supply, and the majority of that power supply is generated from coal, Robinson expressed concerns over tighter EPA restrictions that are coming in 2011 and beyond.

"Consumers expect reliable and affordable electricity. In the past, our industry has met those expectations with coal. At this time,

coal is under attack," stated Robinson. "Given this reliance on coal-fired generation in the Midwest, it is anticipated that the EPA's actions could increase future electric prices considerably for CEC and other utilities."

Franke talked about the Advanced Metering Infrastructure (AMI) project that is underway. This new communications system will allow CEC to read meters remotely, detect when members lose power, and monitor power quality. The project is being implemented over the next two years. It is expected to improve service reliability and favorably impact the membership by approximately \$3 million over the life of the system.

Lee Wilmes, of Wabash Valley Power Association (WVPA), gave a presentation about power supply costs, diversity in their portfolio, and federal regulations that will impact electric rates in the near future. Since generation is Citizens' greatest expense, managing the cost of power has the greatest impact on member rates.

The election of directors was held and votes were tallied, including mail-in proxy ballots and votes assigned to the proxy committee. From a slate of eight candidates, the following incumbents were elected to serve the next three-years: Herbert Fallert, Charles Hurst, Richard DeWilde and Karl Klaus. In addition, the proposed amendments to the Articles of Incorporation and By-Laws passed.



A contracted meter technician replaces an old mechanical meter with a digital "smart meter."

## Make your Co-op Connections Card work for you

Citizens Electric is bringing added value to your cooperative membership that extends beyond providing safe, reliable and affordable electricity.

Every Citizens Electric member should have received their Co-op Connections card sometime in May. Although you may not realize its significance now, please put it in your billfold or hang the small fob from your key ring. Over time, you will begin hearing your friends and family talk about how much they saved with the card. The sooner you start flashing your card at participating businesses, the greater your savings will be.

### Local Discounts

The May bill insert included a list of area businesses that have agreed to offer Co-op Connections discounts. The number of participating businesses is growing all the time, so watch for new offers in future publications and on CEC's website.

### National Discounts

Since Co-op Connections is a national Touchstone Energy program, participating businesses benefit from free advertising to millions of cooperative members across the nation.

Furthermore, CEC members can use their Co-op Connections card anywhere in the

country that honors the card. So, before you make vacation plans, check out the Co-op Connections website for discounts at selected travel agencies, hotels, restaurants, car rentals and entertainment (including Silver Dollar City in Branson, MO). Other national brands include XM Radio, Jenny Craig, HughesNet, ProFlowers, PetMeds and Pet Assure, to name just a few.

### Pharmacy Discounts

One of the most valuable features of the Co-op Connections Card is the pharmacy discount. While it is not insurance, the discount can mean savings of 10 to 60 percent on prescription drugs. The logo and information on the back of your card is recognized at more than 60,000 national, regional and local pharmacies.

The pharmacy discount has been widely used by Touchstone Energy members across the country, resulting in combined savings of nearly \$20 million on prescriptions.

### Coupons.com

As an added feature, the program is affiliated with Coupons.com, and members have access to hundreds of coupons every day. Before you head to the grocery store, log onto the CEC website and click on the Co-op Connections link. It's

simple to check the coupons you need and print them out.

The vast range of product offerings will update daily, which is a good reason to visit the site frequently.

Also in the coupon area is a tab for recipes. Just click on print, and you will have a recipe and photo in hand when you shop for tonight's dinner.

Your friends at Citizens Electric are so excited about the savings members can realize if they use the discount card as intended. If you have any questions, please call 1-877-876-3511 or go to [www.cecmo.com](http://www.cecmo.com).

