

## Energy Charge Increase

As announced in the March Rural Missouri publication, all rate classifications will be increasing by approximately 2.5 percent effective with bills printed on or after May 1. For a residential member, the increase amounts to **\$0.0024 or less than 1/4 of a penny per kilowatt hour**. For CEC's average member using 1,000 kWh per month, the increase will be \$2.40 plus tax.

The minimum monthly charge (Customer Charge) will not be increasing. The **Customer Charge** is each member's portion of the fixed costs to maintain CEC's electric system. This ensures that the electric equipment serving your home or business will be maintained and replaced at no charge to you if a storm or other disaster damages the electrical system.

Fluctuations in the cost of power supply are the driving force for the increase since more than 78 percent of CEC's expenses go toward purchasing electricity.

Within the past five years, it has become more difficult to project rates because of fluctuations in power supply costs. The unpredictability is due to generation plant operating expenses, cost of fuels to operate the plants, federal regulations requiring modification to existing generation plants, investment in renewable generation (wind, solar, methane, etc.) and price uncertainty in the energy markets.

### *Rates effective May 1, 2010*

#### Residential Rate 1

Customer Charge: \$24.00  
Energy Charge: \$0.1002 per kWh

#### General Service Rate 3

Customer Charge: \$22.86  
Energy Charge: \$0.0981 per kWh

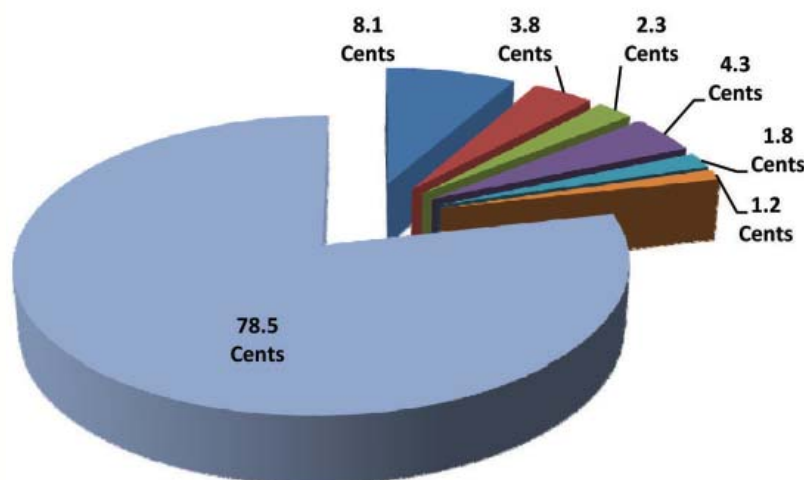
#### General Svc. 3-Phase Rate 7

Customer Charge: \$31.96  
Energy Charge: \$0.0930 per kWh

#### Large Power Rate 5

Customer Charge: \$120.98  
Energy Charge: \$0.0456 per kWh  
Demand: \$16.85 per kW

## Breakdown of each dollar CEC spent in 2009



# CEC compared to AmerenUE

Recently, some members have asked questions regarding how CEC's rates compare to AmerenUE's. The following information is provided to make sure you have the facts rather than hearsay.

## How does AmerenUE's residential rate compare to Citizens'?

AmerenUE's rates are among the lowest in the nation, while CEC's rates are more comparable with the national average of approximately 12 cents per kilowatt hour (kWh). The breakdown of charges below is based on 1,000 kWh usage and includes the Customer Charge.

Utility	Customer Charge	Energy (kWh)	Total	Avg. Per kWh
Ameren UE	\$7.25	<u>Winter</u> 1st 750 - \$0.0612 per kWh Next 250 - \$0.0412 per kWh	\$ 63.45	\$0.063
Ameren UE	\$7.25	<u>Summer</u> All kWh - \$0.0863 per kWh	\$ 93.55	\$0.094
CEC	\$24.00	<u>Year Round</u> \$0.0978 per kWh	\$121.80	\$0.122

## Why are CEC's rates higher than AmerenUE's?

AmerenUE owns power plants with excess generation that they can sell to the energy market. This allows them to subsidize their rates and keep them lower than surrounding utilities. AmerenUE currently has an 18 percent rate increase pending. Also, if Ameren is allowed to build a nuclear facility or other new generation, their rates will undoubtedly increase.

## Why is AmerenUE's Customer Charge less than Citizens'?

The Customer Charge is based on the fixed cost to serve the total number of customers within a certain rate class (i.e. residential). When it's a more densely populated area, the shared cost per customer is less. AmerenUE serves more than 50 customers per mile versus Citizens Electric that serves approximately eight members per mile.

## Why not buy power from AmerenUE?

For nearly 60 years, CEC purchased power from AmerenUE. We were able to enter into long-term contracts with fixed-price, low-cost terms, which are no longer available. While we were "renting" from AmerenUE, CEC had lower rates than surrounding electric co-ops that were investing in generation.

## Was joining Wabash Valley Power a good decision?

At a cost of \$58 million, joining Wabash was the least expensive option and provided the best opportunity for continued reliability and stability. Along with 27 other not-for-profit co-ops, we are investing in the ownership of a diversified power supply portfolio. CEC's Board of Directors continues to believe that it was the best option available at the time and that it was the right decision for long-term reliability.

## Why not sell out to AmerenUE?

AmerenUE has not offered to buy Citizens Electric. Furthermore, purchasing CEC could negatively impact AmerenUE's investors and customers' rates. Why? CEC purchased more than 1.3 billion kilowatt-hours of power in 2009. If AmerenUE acquired CEC, their excess generation would be reduced considerably in order to serve CEC's territory. That could lower profits and raise rates to all of their customers.

## Can CEC members choose what utility can serve them?

Missouri is not deregulated on the electric retail level at this time. The Missouri Public Service Commission granted Citizens Electric a certificated service territory in 1947, giving CEC the right and obligation to serve all electric loads within its territory.