



Powerful Connections

June 2009

 Citizens Electric Corporation
A Touchstone Energy Cooperative 

Report on CEC's Annual Meeting of Shareholders

Approximately 100 Citizens Electric shareholders attended the corporation's Annual Meeting on Thursday, April 16, 2009, at the Perryville American Legion Hall.

Presentations were made by Board President John "Skip" Lottes, Citizens' CEO Tony Campbell and Greg Wagner, V.P. of Wabash Valley Power Association.

Skip Lottes explained that electric rates have increased because Citizens Electric can no longer buy "cheap" power from Ameren. "For more than two years, Citizens' Board of Directors looked into other options before deciding to join Wabash Valley Power. We are paying a little extra now because we're investing in generation. It's just like comparing renting a home to buying. We're not renting any more. Now we're investing in our future, and that will help stabilize our rates in the long run."

Campbell talked about Citizens' challenges and accomplishments during the past year. CEC had a significant amount of requests for new industrial services and expansions. In addition, crews installed 331 new services, rebuilt more than 20 miles of line, and replaced 659 poles on its system.

A detailed long-range planning guide (through 2031) for electric system upgrades was completed in 2008. This plan has been submitted to the Federal Government for approval.

Campbell assured members that CEC remains financially sound, despite the national economic crisis. He warned of upcoming federal legislation that could impose large carbon taxes on electric ratepayers nationwide. He encouraged members to go to www.ourenergy.coop to have a conversation with their elected officials. "While we're all concerned about the environment," Campbell said, "We just want political leaders in Washington to consider how higher electric rates could impact Americans."

Wagner talked about the generation assets that Citizens Electric is buying into along with 27 other distribution cooperatives. "Sharing in the ownership of generation reduces risks for all Wabash members," said Wagner.

A question and answer period gave shareholders an opportunity to learn more about Citizens' stance on proposed legislation that could place CEC back under the Missouri Public Service Commission (MPSC).

Lottes assured shareholders that the Board of Directors is considering changes to the processes of voting and filling board vacancies in order to improve transparency.

The membership approved changes of two bylaws:

A policy established in 1947 was incorporated into Section 6, Article II of the Corporation's By-laws. This was done in order to fully disclose the long-standing practice of compensating directors for meetings and expenses as well as allowing their



participation in employee group benefit programs.

Article VI of the By-laws was amended to allow the Board more flexibility in considering the refund of capital credits even when the Corporation's equity drops below 40 percent.

Nominations for three director positions included: Dr. William Odneal and Jon Bach to represent

Ste. Genevieve and St. Francois Counties; Al Franke to represent Cape Girardeau County; and Richard DeWilde and James Martin to represent Perry County. Incumbents Odneal, Franke and DeWilde were elected to serve the next three years.

Update on MPSC proposed legislation

As you may be aware, two of Citizens Electric's industrial customers have been pushing legislation to place CEC back under full regulation of the Missouri Public Service Commission (MPSC).

Citizens' position on House Bill 599 and Senate Bill 545 is only one of concern for our members and the ultimate effect these bills will have on them. Additional costs associated with full regulation are estimated to run approximately \$500,000 per year.

"Up until 2003, CEC was the only Missouri electric utility operating on a not-for-profit basis that was fully regulated by the MPSC," said CEO Tony Campbell. "We were successful in being removed from full MPSC regulation because of the cost to our members. While we're not opposed to being re-regulated, we believe the added costs would not provide any financial benefit to our members."

CEC management and Directors have made their position known to Missouri Senators Kevin Engler and Jason Crowell and Representatives Joseph Fallert, Steven Tilley and Scott Lipke.

As of press time, a final determination on this issue was not known. Further details on CEC's position is available at www.cecmo.com.



Energy Efficiency

Tip of the Month

Close blinds, drapes and shades during the hottest part of the day. This keeps the strong sunlight from entering your home.

Rauh bids farewell to CEC

For the past 40 years, Citizens Electric Corporation (CEC) has been the second home to Perryville resident, John Rauh. On June 1, Rauh will trade in his hard hat and pager for the promise of a slower pace offered by retirement.

Rauh recalls the irony of being drawn to the logo on the side of a Citizens Electric truck as he was walking to school back in the 1960's. The logo depicted a lineman putting up a pole, and he thought it was pretty neat. Little did he know that he would spend most of his adult life working for Citizens Electric.

Considering Rauh was born the same year CEC became incorporated, he says, "We grew up together."

When Rauh started as a warehouseman in 1969, CEC only had one digger truck with a metal boom cable rope and a fiberglass boom that had to be installed to use the basket. Linemen had to climb most poles, and anchor holes were dug by hand. A crank-up ladder was used to work on street lights. Tools and equipment were limited.

"I remember when they wouldn't even let you have another #4 lead pencil until you used the old one down to a nub," says Rauh.

In June 1969, Rauh got his first taste of working day and night when a tornado cut across the central part of Perry County. Through the years, there were lots of ice storms, wind storms, tornadoes and floods that caused Rauh and CEC crews to work day and night.

In 1979, he was promoted to Assistant Superintendent, followed by a promotion to Perryville District Superintendent in 1995. In July 2008, he moved up the ladder (but down to the General Office basement) to Operations and Maintenance Superintendent.



John and Carlene Rauh

While there have been many changes during the past 40 years (including seven different General Managers), the biggest change Rauh believes is in the technology used at Citizens Electric today.

"Computers and technology have been the biggest change in the way Citizens Electric does business," says Rauh. "Systems like SCADA, GIS and the Outage Management System allow workers to monitor electric loads at our substations, locate properties quicker and predict the source of an outage."

"Even though it does make you feel a little old to work with the grandchildren of men you began work with," says Rauh, "it's very satisfying to ride down the streets of Perryville and know that you had a part in providing electric service to those homes and businesses. It's been a good ride, and I wouldn't trade any of the experiences or the friends I've made for anything."

Energy Workforce Nearing Retirement

Opportunities coming for skilled workers

As baby boomers in the electric utility industry are getting closer to retirement age, there is likely to be a shortage of skilled employees within the next five years. This news is according to a survey released by the Center for Energy Workforce Development, a consortium of utility associations including the National Rural Electric Cooperatives Association (NRECA).

"Gaps in the Energy Workforce Pipeline" surveyed five job categories nationwide and found that 40 percent to 50 percent of those positions will need to be filled by 2013, with that figure rising to 60 percent in some cases. The jobs surveyed were technicians, non-nuclear plant operators, engineers, pipefitters/pipelayers and lineworkers.

The median age of energy workers is 45 years, compared to 40.7 years for workers in the entire labor force, the study said. The study found that losses in retirement plans have slowed the pace of retirements, in effect buying time to address the problem of getting people trained to fill the gap when these workers retire.

There are fewer numbers of workers qualified for these positions, which require: physical ability, stamina, long hours, good math skills, an understanding of the complexities of electricity and computer skills.

The energy industry is an exciting place to work. Although they aren't particularly glamorous, they are great jobs and can't be outsourced to another country.

Energy Term of the Month

Smart Grid

A **smart grid** delivers electricity from suppliers to consumers using digital technology to save energy, reduce cost and increase reliability. The American Recovery and Reinvestment Act of 2009 set aside \$11 billion for the creation of a smart grid as a way of addressing global warming.

A smart grid is an effort to prod consumers to change their behavior by paying more for electricity used during high demand periods and less during low demand times.

Smart grid technologies better identify and respond to disruptions and enable grid operators to isolate affected areas and redirect power flows around damaged facilities.

Be the first on your block to see your electric bill



Even before your electric bill is printed, it is available to be viewed and/or paid online at www.cecmo.com. There are no additional charges to pay by credit card, debit card or check using Online Bill Pay.

Historical billing and payment history is also available at our site, so you can compare your usage from month to month.

A temporary password is required, so contact us by phone or at our website to get started using Online Bill Pay. It's a free, convenient and timely service from Citizens Electric.