

Update on Holcim/Citizens Electric Issue

As you may be aware, in May 2008, Holcim, a cement manufacturer in northern Ste. Genevieve County, appealed to politicians in Jefferson City to pass a bill that would allow them to be released from Citizens' certificated service territory. A House Interim Committee on Electric Service Territories and Economic Development was formed to gather facts and make a determination whether legislation should be considered to allow Holcim to be served by AmerenUE.

Citizens Electric has a 10-year contractual agreement with Holcim that allows the manufacturer to purchase electricity on the open market. Citizens Electric has resisted Holcim's request to change suppliers because it has invested millions of dollars in a 345 kV breaker station to serve Holcim's plant. If Holcim is permitted to switch to AmerenUE, it will cause rates to increase for Citizens' other customers.

Furthermore, Citizens Electric believes it would be unfair to all other Missouri consumers if this one customer is allowed to choose their electric utility provider. Citizens Electric takes the position that any proposed legislation should be fair and provide energy relief to all its members.

The House Interim Committee met on August 21, 2008, and January 7, 2009, to hear testimony from affected and interested parties and released its final report on February 4, 2009. A summary of the Committee's report follows. The full report is available at www.ccmo.com.

The Committee determined that Holcim has not fully availed itself of administrative and other remedies. The Missouri Public Service Commission has jurisdiction to determine whether Holcim's contract with Citizens Electric should be enforced and whether or not the anti flip-flop statute may be waived.

A narrow waiver involving only Holcim would not benefit the state. Holcim's operations in Ste. Genevieve and its decisions on plant closings are minimally impacted by electricity costs.

A repeal or significant modification of Section 393.106 RSMo. without the restrictions proposed might encourage new companies to locate in Missouri in the future, but this would amount to significant additional retail deregulation. Many experts have noted that deregulation has failed to lower electricity costs in other states and, instead, has led to price increases.

Financial problems for both Holcim and Citizens Electric have largely been caused by external factors such as wildly fluctuating electricity production costs and the worldwide decline in demand for concrete. It is unlikely that the removal of Citizens Electric from PSC jurisdiction in 2003 had any impact on the pricing of electricity. Citizens Electric does not have unreasonable electricity rates given its current costs of production.

The Committee made no recommendation for legislative action and strongly encouraged the Missouri Public Service Commission to act to resolve the dispute in as expeditious a manner as possible.

Residential Rate Changes

As reported in January's Rural Missouri, residential and outdoor lighting rates are increasing effective with bills printed on or after March 27, 2009. This is due to power supply costs which make up approximately 80 cents out of every dollar collected.

Residential & Religious Rate 1

Customer Charge - \$24.00 (no increase)

Energy Charge - \$0.0978 per kWh

Outdoor Lighting (per month)

100 watt (CEC-owned) - \$7.79

100 watt with transformer (CEC-owned) - \$11.45

250 watt (CEC-owned) - \$13.63

250 watt with transformer (CEC-owned) - \$17.30

175 watt (consumer-owned) - \$5.51

What can cause a high bill?

Frequently members assume there's a meter problem when they receive a high bill. While blaming the meter is a lot easier than paying a high electric bill, an inaccurate meter is rarely the case. In fact, modern digital meters are finely calibrated and are accurate in more than 99% of all cases.

Before you blame the meter, consider how you might have used more power during the previous month:

- Look at the comparison chart on your bill to see how many days were in the billing period and the average kilowatt-hours (kWh) used per day.
- What was the weather during the service period listed on your bill? Temperature, precipitation, cloudy or windy weather conditions can all cause your furnace to work harder.
- Did you have company which resulted in more laundry, more hot showers and more oven usage? Did you keep the house a little warmer for your company?
- Have you recently acquired additional appliances or electronic equipment (such as a refrigerator, freezer, big-screen TV, computer, etc.)?
- Faulty equipment can be the culprit of high usage. This can include a leaky water line causing a well pump to run more frequently, aging refrigerator compressors or a water heater that has to work harder because it contains lime deposits.

You can take control of your energy usage by recognizing how you're using electricity in your home. Waste less by turning down the thermostat at night and before you leave home, turn off lights as you leave a room, seal up drafts around windows and doors and unplug rarely used appliances or electronics. Don't assume it's your meter's fault.

Delivering reliable power is our business - How you use it is your business.

Citizens Electric Annual Meeting

April 16, 2009

American Legion Hall
98 Grand Ave.

Perryville, Missouri 6:30 p.m.

Watch for complete information enclosed with your March bill.

Plant the right tree in the right place

To avoid safety and reliability issues

In order to maintain safe and reliable electric service, Citizens Electric must remove trees within right-of-way areas that could potentially come into contact with power lines on windy days or during ice storms. Pruning may be an option for trees outside of the right-of-way. Pruning for safety involves removing branches that could fall and cause damage, trimming branches that interfere with line of sight, and removing branches growing into utility lines.

Proper pruning can result in strong, healthy, attractive plants while indiscriminate cutting of limbs and branches can damage trees and foster decay. When pruning is necessary, CEC uses techniques that meet the American National Standards A300 Pruning Standards, which uses natural, lateral or directional pruning methods. Branches that interfere with power lines are cut back to laterals directed away from lines.

To avoid unnecessary stress and prevent excessive production of sprouts, no more than one-quarter of the living crown should be removed at a time. Trees under a power line which have had little or no trimming in the past can be reduced in size. Entire branches are removed by making the pruning cuts at a lateral branch or as close as possible to the branch collar. This technique maintains the natural growing habit of the tree and its health.

Topping is the cutting back of tree branches to a specific height, leaving stubs and no terminal bud to control growth.



CEC does not top trees because it is a high maintenance practice, and it robs the tree of healthy foliage needed to produce food for subsequent years' growth.

Topping facilitates decay in the tree and epicormic sprouts that are weakly attached to the tree. This creates a hazard because limbs can snap off easily in ice and wind storms.

The single most important step you can take to keep a tree healthy is to plant the right tree in the right place. Every species of tree has different height, width and spacing needs in order to grow into a healthy mature tree. Carefully matching your tree selection with site conditions such as proximity to other trees, buildings or above ground utilities, can prevent problems before they occur and eliminate the need to take harmful, drastic measures.

Tax Credit for energy efficiency improvements

On October 3, 2008, President Bush signed into law the "Emergency Economic Stabilization Act of 2008."

This bill extended tax credits for energy efficient home improvements (windows, doors, roofs, insulation, HVAC, and non-solar water heaters) made during 2009. However, improvements made during 2008 are not eligible for a tax credit.

For specific information on these tax credits, visit www.energystar.gov.

Scholarships available for high school seniors

Each year CEC awards a \$500 scholarship to a graduating senior from each of the following high schools: Oak Ridge, Saxony Lutheran, Perryville, St. Vincent, Ste. Genevieve and Valle Catholic. The guidance counselors at the respective schools are responsible for administering the applications and selecting the winners.

In addition to these scholarships, Citizens Electric offers one-\$500 scholarship to a senior who does not attend any of the above schools, but whose parents or legal guardians live within CEC's service territory. This "at-large" winner is selected by a third-party who is not associated with the utility.

To apply for the "at-large" scholarship, students meeting the criteria must fill out the CEC application located on our website and send it to us with a copy of their high school transcript.

Go to www.cecmo.com and click on Your Community and Scholarship Program. Fill out your application and return it with the proper transcripts by April 17 to:

Citizens Electric Corporation
Attn.: Denise Gibson
P.O. Box 311
Ste. Genevieve, MO 63670



You could win \$200

While making your life a little easier

Sign up for Auto Pay by April 1, 2009, and become eligible to win \$200! If you're already paying automatically from your checking or savings account or have recently signed up through our bill insert, your name is already in the drawing. Auto Pay is a free option and the most convenient way to pay your electric bill.

It's easy to enroll! Just fill out the information on the back of your bill stub, return it to us and you are on your way.

At the same time, consider Level Pay to make it easier to pay your bill year round. Instead of paying your actual bill, you can pay a rolling average, and there is no catch-up month. Check "Sign me up for Level Pay" on the back of your remittance stub or go to www.cecmo.com for more information.