

Powerful Connections

CEC compared to AmerenUE

Some members have recently asked how Citizens Electric Corporation's (CEC) rates compare to Ameren's and why we are no longer buying power supply from Ameren. Although these responses have been printed in prior communications, it may be new information for some readers.

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

AmerenUE's rates are among the lowest in the nation, while CEC's residential rate (including customer charge) is more comparable with the national average of 12 cents per kWh.

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 request pending and has indicated that future increases are likely. Also, if AmerenUE 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 CEC that serves approximately eight members per mile.

Why not buy power from Ameren?

For nearly 60 years, CEC purchased power from Ameren by entering into long-term contracts with fixed-price, low-cost terms. These contracts are no longer available. During that time while CEC was "renting" from Ameren, our rates were lower than neighboring utilities who 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?

Ameren has not offered to buy CEC. 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 at the time it became a corporation in 1947. CEC has a right and obligation to serve all electric loads within that territory.



CEC offices will be closed on Monday, May 31, 2010 for Memorial Day.

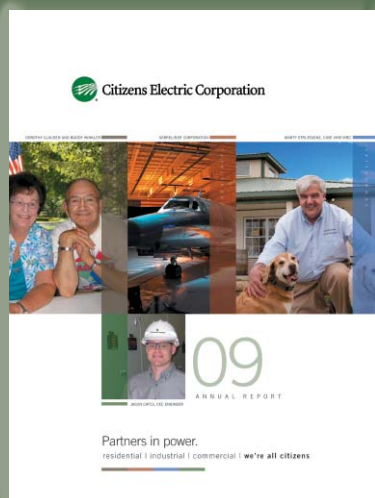
For electrical emergencies, please call
1-800-286-2251.

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QUARTERLY BOARD HIGHLIGHTS

- 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.
- Approved revisions to board policies to reflect the Corporation's 2010 rates;
- Appointed new Chief Financial Officer to serve as the Corporation's Assistant Secretary and added him as a signatory on the Corporation's various bank accounts and lines of credit;
- Approved the Corporation's Affirmative Action Plan;
- Received the annual net metering report;
- Discussed results of the 2009 Member Survey and actions taken relative thereto;
- Approved amendments to the Corporation's By-Laws to implement changes to current governance practices which included the repeal of cumulative voting rights and adoption of the "one member, one vote" concept (Article II, Section 4); the revision of the timeframe by which nominations by petition are to be received by the Corporation (Article II, Section 3); and repeal of the provision requiring the Board to hold its regular meeting immediately before and at the same place as the annual meeting of shareholders (Article III, Section 1);
- Set the place, date and time for the holding of the 2010 Annual Meeting of Shareholders and approved the Official Notice thereof;
- Appointed three directors to serve as the Official Proxy Committee at the 2010 Annual Meeting of Shareholders;
- Set date of March 1, 2010, as the closing date of the books of the Corporation as it pertains to the 2010 Annual Meeting of Shareholders;
- Reviewed and accepted auditor Kerber, Eck & Braeckel LLP's audit of the Corporation's books for year ended December 31, 2009;
- Adopted a Reliability Standards Compliance Program;
- Reviewed OSHA Form 300A for calendar year 2009;
- Approved the purchase of replacement vehicles as included in the 2010 budget;
- Received reports regarding advanced metering infrastructure systems;
- Adopted the 2010 Strategic Plan and discussed the implementation thereof;
- Accepted Kerber, Eck & Braeckel LLP's audit bid for year ending December 31, 2010;
- Received a report on a comparative rate study analysis;
- Received a presentation on the Corporation's storm restoration guide;
- Received reports on facilities planning;
- Authorized the use of a Proxy Ballot for the 2010 Annual Meeting of Shareholders;
- Discussed meetings and phone calls with customers;
- Received reports on meetings and training classes attended by members of the board of directors.

2009 Annual Report Available



Citizens' 2009 Annual Report is now available online at cecmo.com and in our local offices. It includes financial statements, complete survey results, statistics and a review of the past year.

Scrubbing our mailing list

As you are probably aware, the front and back pages of this publication are written by Citizens Electric and only sent to our members. The inside ads and articles are provided by the Association of Missouri Electric Cooperatives (AMEC), and the information contained within may or may not pertain to Citizens Electric. We hope you enjoy reading the monthly magazine, as it is an inexpensive way to keep our members informed.

In our effort to reduce costs, we are periodically reviewing our mailing list and eliminating duplicate mailings to members who have more than one electric account or whenever more than one magazine is being mailed to the same address. We would appreciate your help. Please call (1-877-876-3511) or email citizens@cecmo.com if you are receiving more than one Rural Missouri magazine each month or if you would like to unsubscribe to the publication.

Did you know that Citizens' portion of the Rural Missouri Magazine is available online at cecmo.com? The AMEC supplied articles are also available online at ruralmissouri.coop