

Holmes- Wayne

Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 

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Ronnie Schlegel	Chairman
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Larry Martin.....	Sec.-Treas.
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Bill Grassbaugh	Barry Jolliff

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Vicki Bilek.....	Executive Secretary
Casey Wagner.....	Accounting Manager
Robyn Tate	Public Relations/HR
Lisa Baker	Billing Supervisor
Stacy Shaw.....	Line Supv./Safety Director
Ward Vaughn	Line Supervisor
Brent Schrock	Contractor Supervisor
Tim Vickers	Staking/Field Engineer
Nolan Hartzler	GIS Mapping Technician
Gary Snyder.....	Operations Field Technician
Craig Duncan	Operations Field Technician
Brian Spencer	System Engineer
Kenny DePriest.....	Energy Advisor
Karen Tish	Plant Accountant/Purchasing
Curtis Woods.....	Warehouse/Mechanic
Carol Hawkins.....	Customer Serv. Supervisor
Jeanne Baker.....	Customer Service Rep.
Sue Holcomb.....	Customer Service Rep.
Lisa Gress.....	Customer Service/Accounting
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Daryl Reynolds.....	Class A Lineman
Harry Morris.....	Class A Lineman
Steve James	Class A Lineman
Fred Combs	Class A Lineman
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Michael Maurer.....	Class A Lineman
Michael Martin.....	Class A Lineman
Gregory Lemon	Class A Lineman
Michael Rowe	Class A Lineman
Bowe Firebaugh	Class A Lineman
Jeffrey Young.....	Class A Lineman
Ed Walton.....	Utility Man
Rick Fox.....	Utility Man
Darin Stefano.....	Apprentice Lineman
Steve Asbury	Apprentice Lineman
Josh Johnson	Apprentice Lineman

2009 Annual Meeting

Holmes-Wayne Electric's annual meeting of the members was Thursday, June 25. If you were unable to attend the meeting, please take a few moments to review the following pages of information that was shared. As a member-owned organization, we understand the tremendous responsibility of keeping our members informed and educated on the activities and growth of Holmes-Wayne Electric Cooperative. Below is the speech I shared at the annual meeting.

Tonight I would like to briefly update you on the accomplishments of your cooperative during the last year and plans for the year ahead.

In our continuing effort to improve reliability, our current \$16.4 million work plan focuses on building tie lines between substations so we can transfer affected members to other substations in the event of transmission related outages.

This will not eliminate the outage from our transmission supplier but will greatly reduce the length of the outage. This is a very large project and was originally projected to take four years to complete. The work was completed in just over two years. This plan includes 86 miles of line rebuilding and upgrades to 10 of our 17 substations. This, together with the FEMA project from the 2005 ice storm, has been an enormous undertaking. Historically, Holmes-Wayne has rebuilt 15 to 20 miles a year.

In the past 3 years we have rebuilt over 215 miles of our system. We maximized the FEMA dollars available to you, which amounted to approximately \$5 million.

We are in the process of installing a SCADA system at our substations to ensure the longevity of our substation equipment by utilizing real-time data monitoring to proactively prevent equipment failure, which is another outage avoidance measure.

In addition to all these major projects, there will also be numerous smaller upgrades to our electrical system. In the last three years, we have invested over \$12 million in our infrastructure system. I am very proud of our staff and contractors to get all this work accomplished in a short period of time, but more importantly, completing this in a safe manner.

I am pleased to announce your cooperative is completing a very rigorous safety accreditation program through our national association. This should be complete by this fall and has been a three-year process.

With tree limbs on the power lines being our number one source of power outages, we began a strategic tree trimming pro-

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President's Report

By
Glenn Miller



Annual Meeting

(—continued from page 29)

gram in 2004. Currently, we are in our second system-wide cycle of trimming.

In the last five years, we have trimmed approximately 2,086 miles of our system. This year, we will trim approximately 383 miles in Moreland, Hefferline, Alpine, Trail and Sugarcreek substation areas.

Even with new services being down considerably due to economic conditions, your cooperative continues to grow at a steady rate. In 2008 we had 214 new services. The total number of services at year's end was 18,360.

Our staff remains active in promoting energy efficiency and safety. We visit local schools, safety fairs and talk with youth in 4-H and Scout troops, just to name a few.

Recently, we implemented a two-cycle billing system. This allows us to be more efficient and has a variety of cost savings for the cooperative. We constantly are looking for ways to trim costs without compromising service.

Your cooperative continues to prosper in the area of community service. I am proud to announce again this year; the Holmes-Wayne Team donated \$10,000 to the American Cancer Society Relay for Life Fund. This makes the fifth consecutive year at the \$10,000 level, and over \$55,500 in the last six years.

All money was raised entirely by our staff and our board through sales of candy bars, pop, cookbooks, carry-in lunches, recycling and donations from members and local businesses. A big thanks to everyone for making this such a success.

Your cooperative is also a vital part of the local tax base. In 2008, we paid \$1.37 million in Kilowatt-Hour Tax to the State of Ohio. In addition, we paid \$703,000 in property taxes that benefit 12 local school districts, as well as local governments.

We continue to be actively involved in the legislative process. The current proposed Waxman-Markey climate change legislation has been our main focus. The initial legislation would have been devastating to co-op members' monthly bills, increasing as much as \$50 per month. Thankfully, there has been some significant progress made in just the last couple of weeks. In fact, the House of Representatives has called for a vote on the bill tomorrow and is expected to pass it. There are still some fundamental problems with this legislation. We will remain vigilant in protecting your interests as the bill moves to the Senate.

We may need to call on you for your help in the future, by contacting your senators, depending on the direction of the legislation. Please continue to look for updates on the status of this legislation in your Country Living magazine.

We hope you have found these investments and efforts have added value to your electrical service. It is our continued goal to keep costs affordable for you. Thanks again for attending tonight; I truly hope you enjoyed the evening.



Chairman's Report

by
Ronnie
Schlegel



Good evening! I would first like to thank you for the honor of serving as your board chairman again this past year. The past year has been another

active year for your nine-member board.

Recently, the board retired over \$962,000 of capital credits back to you, the members. This is a retirement for members living on our lines in 1988. Capital credits are a reminder of the principles which this cooperative was established on. You, the member, are returned the additional revenue that is not utilized on operating costs, therefore providing the most economical price for your electricity. You may also note on your May bill the allocation for 2008 membership. This will be retired on the standard 20-year cycle.

In the past year, the board has spent several Saturdays and monthly board meetings strategically planning for the growth and future needs of the cooperative. It is a constant effort to balance the quality of service at an economical price. That challenge has increased over the last few years with the dramatic transition of the electric industry. The price to produce electricity is in a very volatile period that is being greatly influenced by the world market impact on fossil fuels, the research and development of green energy, the investment in equipment to meet environmental emission requirements, the increasing price of transmission, the purchase of additional generation facilities to meet consumer demand and the proposed legislative climate change policies.

The board continues to monitor these changes on a monthly basis and review the projected increase from Buckeye Power, our generation company, and consult with our rate analyst to ensure our rates are at the appropriate level.

With all that you have heard on climate change in the past year, I would like to update you on what our generation facility, Buckeye Power, is doing toward environmental updates. The most recent environmental update to our coal generation facility almost eliminates nitrogen oxide (NO_x), sulfur dioxide (SO₂) and mercury. This update comes with a price tag of over \$800 million, which was more than the original cost to build the coal plant. For you the member, currently 15 percent of your Holmes-Wayne electric bill is the cost of environmental compliances. Next year, that number will increase to 20 percent, not including the proposed cap-and-trade legislation.

We, along with the other Ohio rural cooperatives, continue to invest in green energy research programs of solar, wind and methane gas. As you well know, wind doesn't blow consistently nor does the sun always shine in Ohio. Current technology does not make these economically viable. I would invite you to view the real-time data for these programs at our Web site. These are proving to be unreliable base load options. Buckeye Power's test solar panel in the past year generated electricity equivalent to two months of consumption for one Holmes-Wayne resident. The solar panel cost \$30,000. The test wind turbine produced the equivalent of six months of consumption for one Holmes-Wayne member. It cost \$70,000. The return on investment for each is 125 years—assuming no maintenance.

In May, two board members, Don Buren and Dave Mann, and the President/CEO, Glenn Miller, traveled to Washington, D.C., to represent Holmes-Wayne Electric at this year's Legislative Conference. During this three-day visit, they met with our Ohio legislative representatives. These meetings were crucial meetings as Congress is defining the new climate control policies that involve a proposal of cap and trade on coal-generated electricity.

Additionally, we have been proactive in providing you the tools to manage your own electric bill by managing your electric consumption. For over three years we have been providing conservation tips and tools on our Web site and through our monthly Country Living magazine. We also have a staff member dedicated to energy advice. He can provide information, answer questions and complete a home energy audit through blower door testing and using an infrared camera.

The cooperative will be handing out energy-efficient compact light bulbs. The bulbs you are receiving this evening are a pack of three light bulbs. These are provided through a partnership between our statewide organization and Touchstone Energy®. By replacing three incandescent light bulbs in your home with these three CFLs, you will save over \$200 in the lifetime of the three bulbs. They will last 10 times longer and are up to 75 percent more energy efficient.

Also thanks to the staff at Holmes-Wayne Electric for another year of dedication and hard work to providing quality service to our members as we continue to strive as a board and staff to elevate our service to you.

Although many things have changed since the establishment of Holmes-Wayne Electric Cooperative in 1935, the philosophy and success of the cooperative have not. It still takes active participation by the members and a commitment by the cooperative to communicate, educate and care for our members.

The perfect gift...a cure

The Holmes-Wayne Electric 2009 American Cancer Society Relay for Life team raised another \$10,000 for ACS's dedication to eliminating cancer through research, education, advocacy and service. The team would like to thank the following businesses for their donations. They are greatly appreciated.

Autoworks Collision Center; Holmesville
Barnhart Auto Body; Millersburg
Bromund and Byler; Millersburg
Canaan Meats; Creston
Didinger and Son, Inc.; Danville
Holmes Oil Distributing; Millersburg
Lake Fork Grain and Hay; Glenmont
Land O'Lakes Purina Feed; Wooster
Lem's Pizza; Fredericksburg

Mac Oil Field Services; Millersburg
McKay Oil & Gas; Millersburg
New River Electrical Corp.; Zainesville
Norman Electric, Inc.; Apple Creek
Tate Farms; Shreve
Town & Country Cooperative; Ashland
Winesburg Hardwood & Pallet; Dundee
WKLM Radio; Millersburg
W&W Transport; Winesburg

HWEC Annual Meeting

Larry Martin, Randy Sprang and Donald Buren were re-elected to the Homes-Wayne Electric Cooperative Board of Trustees during the annual meeting of members June 25 at the West Holmes High School in Millersburg. Martin of Ripley Township is the trustee from District 3 and also the secretary-treasurer. Sprang lives in Paint Township and has served on the Holmes-Wayne board for six years representing District 1.

Buren of Congress Township is the current District 7 trustee, has served on the board 17 years and currently is the vice chairman. Buren also represents the board as an Operation Round Up Foundation director.

Vice Chairman Buren opened the meeting by welcoming members and introducing the trustees and guests. Both Board Chairman Ronnie Schlegel and President/CEO Glenn Miller provided a summary of the 2008 cooperative activities and future goals.

Dan Mathie, president of the Holmes-Wayne Electric Operation Round Up Foundation, thanked everyone for their generous contributions. He said more than 10,000 members participated in 2008 with donations of \$61,000, of which more than \$38,000 was returned to the community. The remaining funds were placed in an interest-bearing account to be used for future requests for assistance.

Guest speaker Bob Daniel, vice president of finance for Ohio Rural Electric Cooperatives, Inc., talked about how cooperatives are responding to the current economy. He said they are looking at expenses and seeking new operating efficiencies. Even so, costs keep rising due to a continuing onslaught of environmental regulations and fuel volatility, he said. Daniel still expects Buckeye Power to be one of the lowest wholesale electric suppliers in the state.

Daniel explained the need to acquire new base load generation so costs will continue to be stable. He said cooperatives have expanded their generation mix with renewable resources such as hydro, wind and manure digester plants. He said cooperatives are green leaders among the Ohio utilities, but the level of green is not going to be nearly enough to satisfy policymakers in Washington.

Approximately 900 members and guests enjoyed a ham dinner and went home with a \$5 credit to be applied toward their electric bill and free energy-efficient light bulbs.

