

Holmes-Wayne Electric Cooperative, Inc.



2013 HWEC Annual Meeting

Three incumbents were re-elected to the board of trustees at the 2013 annual meeting of Holmes-Wayne Electric Cooperative (HWEC) held June 27 at West Holmes High School. Approximately 800 of the cooperative's members and guests attended.

A food drive held by HWEC at the annual meeting resulted in 210 pounds of donations from members attending.

The 2013 trustee election had 1,874 HWEC members cast votes. Re-elected to serve the cooperative's District 2 was William Grassbaugh of Glenmont. A member of Holmes-Wayne for 43 years, Grassbaugh was a dairy farmer for 25 years, then raised replacement heifers for six years. He currently has a grain-only operation on T.R. 20 in Glenmont. He is also a trustee of the Killbuck Valley Landowners Association. Grassbaugh has been a trustee for nine years and completed classes to obtain a Credentialed Cooperative Director certificate.



A member of the cooperative for 17 years, Barry Jolliff of Wooster was re-elected to serve the cooperative's District 8. Jolliff is an Ohio State University/ATI instructor, where he teaches classes in education, leadership and dance. He also leads team building and leadership seminars across Ohio and several neighboring states. He is a member of the Church of the Cross United Methodist Church and a 30-plus year board member of Buckeye Leadership Workshop. He is currently also HWEC's representative to the statewide organization, Ohio Rural Electric Cooperatives.

Board vice chairman David Mann of Shreve was re-elected to serve HWEC's District 9. He retired in 2006 from the City of Wooster Maintenance Department and currently operates a grain and beef farm in Franklin Township. He has served 12 years on HWEC's board and has been a cooperative member for 41 years. He also has been a Franklin Township trustee for 22 years and currently serves as the chairman of the Wayne County Planning Commission.

For those members unable to attend the 2013 Annual Meeting, the following pages include the speeches of Randy Sprang, board chairman, and Glenn Miller, president/CEO.

Board of Trustees

*Randy Sprang, Chairman Dave Mann, Vice Chairman Barry Jolliff, Secretary/Treasurer
Don Buren Kenneth Conrad Kenneth Bower Bill Grassbaugh Jackie McKee Ronnie Schlegel*

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Business hours 7:30 a.m.-4 p.m.

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A Touchstone Energy® Cooperative
The power of human connections®



President's Report

Good Evening. Your cooperative is in the last year of our \$16.5 million, four-year work plan. Approximately \$10.5 million was again focused on line rebuilding. The majority of the balance is major substation upgrades — specifically West Salem, Clear Creek, Ripley and Killbuck.

Our main investment is in the system that provides your service. In the last six years alone we have rebuilt approximately 250 miles of the system. We will begin a new four-year work plan at the beginning of 2014. Line rebuilding will again be the main focus.

Tree limbs on the power lines are the number one source of power outages. So back in 2004, we began a strategic tree trimming program. All totaled, in the first nine years of the program, we have trimmed approximately 3,700 miles of right-of-way. This year, we will trim another 404 miles in Hefferline, Moreland, Alpine, Trail and Sugarcreek substation areas. This work is bid out and contracted annually, with Davey Tree being the contractor this year.

New services continue to be stagnate due to current economic conditions, however; your cooperative held its own last year. In 2012 we added 191 new services. We retired 270 services. That brought the total number of services at year's end to 18,375.

Your cooperative continues to prosper in the area of community service. I am proud to announce this year the Holmes-Wayne Team donated over \$7,700 to The American Cancer Society Relay for Life Fund. We have donated more than \$91,000 over the last 10 years.

Our staff participates additionally in other community activities including: parades, answering phones for the share a Christmas program, touch a truck day in Wayne County, Reality Day in Holmes County, parades and concessions stands at local ball games, just to name a few.

We continue to be active in promoting energy efficiency and safety, by visiting local schools, safety fairs and talking with youth in 4-H and scout troops, just to name a few.

The past three years we have conducted "energy savings days" at both our West Salem and Millersburg offices. Our energy advisor is available to do home energy audits as a service to you to help lower your electric use and manage your costs.

We have, I feel, the best staff you will find anywhere in our industry. They are hard working, dedicated and loyal in providing your electric service and being good members of our community.

Your cooperative is a vital part of the local tax base. In 2012, we paid \$1.37 million dollars in Kilowatt-Hour Tax to the state of Ohio. Additionally, we paid \$889,000 in property taxes that benefit 12 local school districts, as well as, local governments.

I know your rates have increased the past few years. The vast majority of which is to comply with federally mandated environmental upgrades at Buckeye Power, your generation facility. The regulations were imposed by the EPA. Buckeye Power now has one of the cleanest coal fired plants in the country.

Overall, Holmes-Wayne has the third lowest rates in the state out of 25 cooperatives. I believe this, along with our level service and increased reliability, gives you the balanced value you deserve as member-owners of the cooperative.

At Holmes-Wayne we are constantly looking for ways to keep our operating costs low. We currently have 37 staff members and 18,375 meters. That equates to 497 meters per staff member, which is one of the best ratios in the state.

To give you an example of how that compares to other co-ops, the average for our size co-op nationally is 316 employees per meter. That ranks us third in our class size in The United States.

We can only accomplish this because of the quality of our staff and the fact that we continue to focus on technology advances that create many efficiencies and cost savings. This gives our personnel up-to-date information and streamlines our work processes greatly and in return, reduces costs to you.

You can find some more details of the operations on page 11 of the annual report. One item listed there is our line rebuilding program. This single item saves you approximately \$400,000 per year in reduced line loss.

Outage management on our website now updates every 15 minutes. You can report outages, submit meter readings or make payments 24 hours a day, 7 days a week, through our call center.

In summary, the tremendous staff we have here allows us to accomplish this for you — keeping your power costs among the lowest in Ohio, which, now more than ever, is important during these enduring difficult economic times.

As generation costs continue to rise due to EPA imposed regulations, being actively involved in the legislative process is more important than ever to your cooperative. We certainly support clean air and water, but we must be reasonable to consider the economic impact on electric rates and jobs. In the past 10 years, cost to generate your power have doubled, mostly because of EPA imposed regulations.

Three years ago, we introduced the ACRE Co-op Owners Political Action® program as a way for you to be active and heard in the legislative process. To date, 249 of you joined us, and I want to thank you for your participation, support and interest in the legislative process.

On Tuesday, the president announced plans to use his executive order to bypass congress to implement further regulations on existing coal plants. Your voice is needed now more than ever. This proposal will increase your rates if permitted to be enacted. Please contact your congressman and voice your opinion.

You can also help by joining other co-op owners' tonight by becoming a member of COPA (Co-op Owners Political Action), for \$25 per year, or just \$2.08 per month, which we can simply add to your bill. Ohio has become the leader across the nation in this program and your voice does matter.

As a member-owner company, we feel it is our responsibility to make you aware of the options you have to keep your power safe, clean and affordable. We will continue to remain vigilant to protect your interests. Please continue to look for updates on the status of legislative issues in your *Country Living* magazine.

In closing, I hope you have found all the investments and efforts made this past year have added value to your electrical service. It is our continued goal to provide you with clean, safe, reliable electricity with top quality service and keep costs affordable for you.

"Holmes-Wayne has the third lowest rates in the state out of 25 cooperatives."

Board Chairman's Report

Good evening! On behalf of your nine-member board, we would like to commend you for taking the time out of your busy schedule to attend the Holmes-Wayne Electric Cooperative Annual Meeting. As a board, we take the responsibility of representing you, the member-owners, honorably.

We are all here tonight because we believe in the cooperative model. An example of this democratic process was displayed a few weeks ago as all Holmes-Wayne Electric members were mailed a ballot for the election of board trustees.

Another recent cooperative principle displayed was the retirement of \$939,245 of capital patronage credits back to you, the members. This is a retirement for members living on Holmes-Wayne Electric lines in 1992.

Additionally when you leave this evening, you will receive your complimentary energy efficient CFL light bulbs. Your cooperative continues to provide resources, tools and information regarding energy efficiency to assist you in managing your electric bill.

I wanted to take a moment tonight to express the focus and emphasis that your board has placed on safety. We understand and appreciate the responsibility we have to deliver safe electricity to the rural areas of our community. Behind the scenes, how that electricity is provided to you and this community is just as important. We are committed to keeping the HWEC staff safe. This includes monthly safety meetings and field inspections. As a board, we review on a monthly basis a safety report. We also commit a portion of the budget to, not only purchasing safe equipment, tools and personal protective clothing, but also providing valuable safety training and education.

A key part to creating a culture of safety is the staff recognizing and embracing safe practices. Your cooperative is blessed to have dedicated and committed staff, who work diligently to provide not only safe but also reliable electricity to our eight-county service territory. As you well know, electric service interrupted by storms, car accidents and animals doesn't happen just during daytime working hours. These men and women work hard to provide quality service 24 hours a day, seven days a week, 365 days a year. The board thanks them for their dedication.

This past year, our nation has seen several major disasters in which weather has destroyed communities. Your cooperative has again reached out to those who have been victims of hurricanes and storms. Lineman assisted last summer when high winds and a major thunderstorm hit the midwest to east coast leaving three million customers without power. This included 1 million across the Buckeye state. Eight linemen gave of their family time to help others during the 4th of July holiday weekend.

Fall brought Hurricane Sandy that created a path of destruction to the east coast. For the first time, investor-owned utility FirstEnergy, asked for assistance from rural cooperatives and HWEC line personnel were graciously willing to assist.

This spring, the east coast was hit again with a late snow storm that dumped 12-22 inches of wet heavy snow. Holmes-

Wayne crews traveled to Virginia to assist a rural cooperative that had 22,000 members without electricity during the peak of the storm.

The board appreciates our line personnel's dedication to assisting those in need not only for our community but communities across the nation.

Assisting "sister cooperatives" is what makes the cooperative network so special. You can be reassured as members of HWEC that we have received similar assistance from other cooperatives in our times of need in the past and is a service available to us for future outage situations.

Another important role your board is committed to is legislative communication. We understand the importance of communicating with lawmakers about the facts of our industry and the impact of legislation on you, the members of the cooperative. Over the past couple of years, we have seen a variety of new proposals from the federal level regarding fossil fuel generation.

You can have confidence in the efforts of your board of trustees and Holmes-Wayne staff is with you in this fight to keep electric affordable. All nine board members at HWEC are contributing to the Action Committee for Rural Electrification® (ACRE). ACRE supports congressional candidates, regardless of party, who share public policy goals that are consistent with the mission of member-owned electric cooperatives. Also, half of the contributions to ACRE are returned to the statewide associations for use in state elections to express our concerns regarding proposed energy and environmental policies and the devastating impact this would have on our members

You, a member-owner, also have the opportunity to let your congressman know that you are concerned about maintaining affordable electricity. The past several annual meetings, we have provided information regarding the COPA program, which is the Co-op Owners for Political Action program. This program tells your state and federal elected officials that you are committed to promoting policies that will secure the future of our electric cooperative and our community. There are more than 34,000 like-minded COPA members nationwide. I want to personally thank the 249 Holmes-Wayne Electric Cooperative members who have joined COPA. Maintaining a strong grassroots presence in the political process is vital to the long-term success of our cooperative, and cooperatives nationwide. If you haven't already, please stop at the exit on your way out and learn more about the COPA program or contact the office.

Finally, I want to communicate the board's commitment to you, the members. Decades ago your local electric co-op was formed to make sure everyone who needed electricity had it. And as time went on, as our community continued to grow, so did the need for electricity. Generation to generation, we've made certain that need has been met. Today, we're still doing everything in our power to keep safe, affordable and reliable electricity flowing. It was our purpose then. It's our purpose now. And that'll never change. We are looking out for you!

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2013 Cardinal Power Plant Tour

*Thursday, October 3rd
7:30 a.m. - 4 p.m.*

An opportunity for members of Holmes-Wayne Electric to tour our generation facility located on the Ohio River in Brilliant, Ohio. If you are interested in participating in this educational day to learn where your power comes from, please contact the office 866-674-1055.

Guidelines for Cardinal Tour Participants

Must be at least 12 years of age. Please note there is considerable amount of walking including steps. This is an approximately one hour walking tour.

*Deadline to
register —
August 15*