

Holmes-Wayne Electric Cooperative, Inc.



*Glenn W. Miller
President/CEO*

Co-op power: Reliable, affordable, and environmentally responsible

At Holmes-Wayne Electric Cooperative, we have three top priorities: provide you safe, reliable access to electric power; offer that service as reasonably priced as possible; and do both of those things in a fiscally and environmentally responsible fashion.

Because Holmes-Wayne Electric is a non-for-profit cooperative, you are our investors. As an organization we are well-positioned to make any necessary investments for ensuring safe, reliable and affordable electricity.

Your cooperative is represented by nine members on the board of trustees (listed below) who are members of the cooperative throughout our service territory. Monthly HWEC financial reports are reviewed by the board. Additionally, on an annual basis strategic planning is completed to review not only current financials including capital investments but also utilizing a third party to review our retail rates.

We are currently in the midst of that review process, assessing not only the cost to maintain and manage our distribution system but also the future cost of purchasing wholesale power.

The largest factor impacting your wholesale power is the cost of environmental regulations. This factor is becoming more challenging as many environmental laws that were adopted by Congress decades ago are being used by federal agencies and the courts to address issues for different intentions. Our wholesale power generation cooperative, Buckeye Power, continues to work diligently to meet the new and continuously changing regulations.

We also as an organization continue to provide factual information to our legislators at both the state and federal level. In all our communication, we emphasize the importance of the impact of policies and laws on you, the members, who pay their electric bill every month.

All of these factors and many more are being considered. GDS Associates, an independent, nationally recognized consulting firm headquartered in Marietta, Ga., is working with HWEC personnel to complete the analysis. Recommendations will be made to the board of trustees if changes need to be made to our retail kWh rate and/or our monthly consumer charge, which is the monthly service fee that generates revenue needed to provide electric service to each meter in our 2,200-mile system.

As we review HWEC service rates in the future, we will continue our year round commitment to providing the information and tools necessary to manage your energy consumption and your electric bill.

Board of Trustees

*Ronnie Schlegel, Chairman Randy Sprang, Vice Chairman Larry Martin, Secretary/Treasurer
David Mann Donald Burne Kenneth Conrad Kenneth Bower Bill Grassbaugh Barry Jolliff*

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www.hwecoop.com

24-Hour Toll-free Phone:

866-674-1055 or 888-264-2694

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The power of human connections®





Holmes-Wayne Electric Announcements

E-bill offers members 2011 summary

If your business would like to retrieve its total electric expenses for 2011 for tax purposes, it's as easy as a few clicks away. You can go to our website at hwecoop.com, select our "view and pay bill on-line" and then select "payments".

Budget Bills January Adjustment

If you participate in the HWEC budget billing program, you will notice the mid-year recalculation change on your January bill. Your monthly payment will be adjusted based on your consumption over the last 12 months. This adjustment prevents you from accumulating a large credit or debit on your HWEC balance. As always, on the top left of your bill you can find your current balance based on actual consumption of electricity.

HWEC TREE TRIMMING PROGRAM

Why does Holmes-Wayne Electric trim trees?

Tree limbs and power lines aren't a good combination. HWEC service territory is a beautiful rural territory with rolling hills and country scenes that includes a large population of trees. Because this area has a high density of trees, the cooperative was seeing a high number of outages and interruptions to power due to tree contact with power lines. In 2004, a tree trimming program was implemented. This program has reduced tree-related outages to 15 percent of our outages in 2011.

How often are the trees trimmed?

HWEC has established a four-year tree trimming cycle. Annually the cooperative has a tree trimming bid process for any interested third party service. The HWEC board reviews the bids and selects the service provider. The tree trimming contractor is required to complete the trimming process within the calendar year in order to maintain a timely cycle.

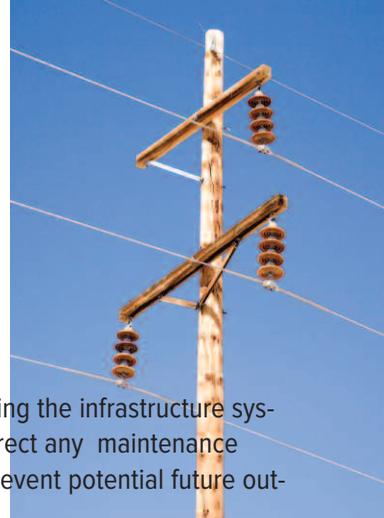
What guidelines are used for trimming?

HWEC tree trimming project is managed by Brent Schrock, HWEC Right-of-Way Supervisor. Schrock is a certified utility arborist. All tree trimming is reviewed before and after the process. All cutting and trimming is required to be at arborist cut and directional trimming is the main focus. Directional trimming not only eliminates the limbs from current contact with power lines but strives to train the tree to grow away from the lines.

Where should I plant a tree in my yard?

Smart planting saves the need for pruning. Trees planted along your property's border should be low-growing shrubs or tall, narrow trees planted at least 30 feet from power lines. Spreading trees, including maples and oaks, are the most common outage-causing culprits and need to be planted at least 50 feet away from the lines. Visit our website at www.hwecoop.com for more valuable planting information or contact the office toll-free 866-674-1055 for a detailed brochure.

2012 HOLMES-WAYNE GOALS



2012 marks another assertive year for Holmes-Wayne Electric in an effort to continue to provide reliable service to our members. Tree trimming and EPA-approved vegetation control are completed on a four-year rotation. Designed to prevent potential outages, these programs began in 2004 and are completed by a third party.

Additionally, we have more than 36 miles of distribution lines that will be rebuilt. This includes 9.5 miles of three-phase and 26.5 miles of single-phase. This is an investment of more than \$2 million.

Annual pole inspections will continue. Poles are tested throughout the HWEC service territory to identify any poles not meeting standard requirements. Those poles identified will be replaced by line personnel within the standard daily schedule.

In 2012, the cooperative will conclude its system wide GPS (Global Positioning System) program. All infrastructure will be tagged and identified on our electronic mapping system.

Remaining substation areas to be completed are Ripley, Sugarcreek, West Millersburg and West Salem.

Also, throughout the entire year, line person-

nel are visually inspecting the infrastructure system to identify and correct any maintenance issues in an effort to prevent potential future outages.

With more than 2,200 miles of line that is exposed to a variety of weather elements throughout the year, it is critical for your cooperative to administer the above processes to provide the best service to our members.

Substation Upgrades

Clear Creek
Killbuck
Ripley
West Salem

Tree Trimming — 408 miles

Reedsburg
Ripley
West Millersburg

Vegetation Control — 351 miles

Buckhorn
Killbuck
Stillwell

STAY SAFE ALL YEAR LONG

We want all our Holmes-Wayne Electric members to stay safe in 2012. You don't want an electrical fire to serve as your wake-up call that something is amiss in your home or business. We recommend you take a few seconds to print out a Home Safety Calendar. This calendar is provided by the Electric Safety Foundation International (ESFI).

This handy calendar is located on the ESFI website at www.efsfi.org. We feel this is a valuable tool that can help you remember when to perform routine maintenance and safety checks around the house. Some things, like vacuuming coils and changing furnace or air conditioning filters, should be done every three months. Other items, like testing GFCI outlets and smoke alarms, need to happen monthly.

Many of these tips not only help keep your home safe but also add years of life to appliances. Additionally, your appliances will work more efficiently which reduces your energy consumption and reduces your electric bill.

If you do not have Internet access, please feel free to contact the office and we will provide a copy of the calendar to you. **Wishing you a happy and safe 2012!**

High School Seniors

*Are your parents members
of an electric cooperative?*

You could win a college,
vocational or technical
school scholarship of

\$5,400*



Touchstone Energy[®]
Cooperatives

Contact your electric
cooperative for details on
how you can enter

**Seven scholarships for both the boys' and
girls' division will be awarded statewide
and amounts include local Holmes-Wayne
first-place awards*

Second place:.....	\$4,500
Third place:	\$4,200
Fourth place:	\$4,100
Fifth place:	\$4,000
Sixth place:	\$3,900
Seventh place:	\$3,800

1. Applicants must be a son, daughter or legal ward of an Ohio rural electric distribution cooperative member living on the lines and receiving service at the time of the statewide competition.
2. All applications must be submitted (typed) on forms obtainable from local high school guidance office, or at our website, www.hwecoop.com.
3. All applications must be postmarked or submitted to the office of Holmes-Wayne Electric Cooperative by January 31.
4. Applicants must have all basic credits for college or proper vocational or technical school* entrance. They must have a current career average of "B+" (3.5 on a 4-point scale) or better and must be accepted, then enrolled (when they receive the award), in the accredited college or proper vocational or technical school of their choice.
5. Any applicant who has received a full-tuition scholarship to the school of his/her choice is not eligible for a scholarship from OREC.
6. All scholarships must be accepted in the first academic year after proof of enrollment is received by OREC.
7. Holmes-Wayne Electric Cooperative local 1st place winner in both the boys' and girls' division will be eligible to participate in the statewide competition.
8. Local winners will include both girls and boys division of \$2,500 first place, \$2,000 second place and \$1,500 third place.

*Proper vocational or technical schools must educate beyond high school and credits earned must be transferable to a state-accredited college.