

Holmes-Wayne

Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 

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

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888-264-2694

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Board of trustees

| | |
|-----------------------|---------------|
| Ronnie Schlegel | Chairman |
| Donald Buren..... | Vice Chairman |
| Larry Martin | Secy.-Treas. |
| David Mann | Randy Sprang |
| Kenneth Conrad | Kenneth Bower |
| Bill Grassbaugh | Barry Jolliff |

Personnel

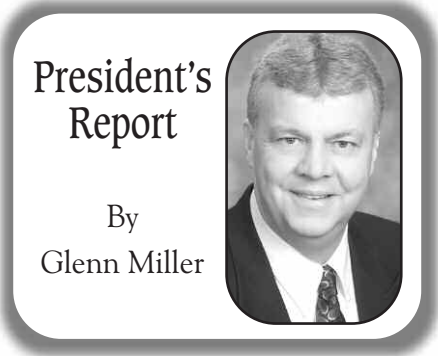
| | |
|-----------------------|-----------------------------|
| Glenn Miller | President/CEO |
| John Porter | Asst. Manager/Engineer |
| Vicki Bilek..... | Executive Secretary |
| Casey Wagner..... | Accounting Manager |
| Robyn Tate | Public Relations/HR |
| Lisa Baker | Billing Supervisor |
| Stacy 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 |
| Albert Schonauer..... | Class A Lineman |
| Daryl Reynolds..... | Class A Lineman |
| Harry Morris..... | Class A Lineman |
| Steve James | Class A Lineman |
| Fred Combs | Class A Lineman |
| James Rose | Class A Lineman |
| 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 |

2008 Holmes-Wayne Electric Cooperative Annual Meeting

The following is the president's report regarding 2007 and presented at the Holmes-Wayne Electric Annual Meeting...

Good evening. It always is nice to see so many member/owners of Holmes-Wayne Electric actively involved in your Cooperative.

It was a busy 2007 at Holmes-Wayne Electric. You may have noticed those changes directly within your community — whether you were contacted for our tree trimming program, observed the extensive new construction of poles and lines, took advantage of our new online payment system or your child came home talking about electric safety from one of our community demonstrations.



All of these efforts are to provide reliable and quality service to you, the member, while continuing to strategically plan for the future.

I am very pleased to announce that we are completing the last mile of line rebuild from the 2004 and 2005 ice storms. We have received approximately \$4.75 million dollars in funding from FEMA, during the last three years, to rebuild 115 miles of line throughout our system.

This brings the grand total cost of the ice storm to approximately \$6.3 million dollars. This has been an enormous undertaking. Historically, Holmes-Wayne has rebuilt 15 to 20 miles of distribution line per year. In 2006, we rebuilt approximately 70 miles of line. Additionally, we rebuilt approximately 85 miles in 2007.

Beyond the ice storm construction, we have made approximately \$10.4 million dollars in electrical infrastructure improvements in less than two-and-one-half years. I am very proud that our staff and contractors got all this accomplished in such a short period of time.

In 2007, we concluded our final year of a four-year tree trimming cycle and are pleased to see a significant reduction in tree-related outages. With more than 2,200 miles of line, we have aggressively met our goal in an effort to help prevent outages.

This year we begin our second cycle, and will trim approximately 374 miles in the Ripley, West Millersburg and Reedsburg substation areas.

You also may have noticed some new options we are providing to you, the member, for bill payments. We now have an online view and payment option. You now can go to our Web

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2008 Annual Meeting Highlights

Three members of the Board of Trustees of Holmes-Wayne Electric Cooperative were re-elected during the Cooperative's annual meeting held June 26 at West Holmes High School. Re-elected to the board were Ken Conrad, Ronnie Schlegel and Kenneth Bower.

More than 900 members and guests attended the meeting.

Ken Conrad was re-elected to represent the Cooperative's District 4. A lifelong resident of Mechanic Township, Conrad has served on the Board since 1990. He has completed the Credentialed Cooperative Director courses and currently is pursuing Board Leadership courses. He is a self-employed farmer and livestock hauler and also has served for 18 years on the Mechanic Township Trustee Board and Holmes County Fair Board.



Ken Conrad, Ronnie Schlegel and Kenneth Bower

Serving as chairman of the Board for Holmes-Wayne EC, Ronnie Schlegel was re-elected to serve the Cooperative's District 5. He has served eight terms on the Board and has received the Credentialed Cooperative Director certification. Ronnie is an agriculture sales representative in Holmes and Wayne counties for Shearer Equipment. A lifelong resident of Holmes County, he resides on a farm near Holmesville.

Kenneth Bower of Wooster was re-elected to serve HWEC's District 6, which he has represented since 1983. A native of Plain Township, he owns and operates Ken Bower Trucking. He also has been a Plain Township Trustee for nine years, where he served as president and vice president, and has been on the Wayne County Fair Board for 17 years, also serving as president and vice president.

President/CEO, Glenn Miller shared the 2007 accomplishments of the Cooperative and future goals and initiatives. (Miller's comments are listed in the President's report)

Board Chairman Ronnie Schlegel announced that he, President/CEO Glenn Miller and Board Secretary/Treasurer Larry Martin attended the 2008 Legislative Conference in Washington, DC in May, meeting with Ohio legislators to discuss the proposed Lieberman-Warner act on climate change, which Schlegel said would have had drastic financial consequences on rural electric Cooperatives and increase rates for members between 25 and 40 percent. The grassroots effort paid off when discussion of the bill was ended on June 6.

Schlegel also announced that the board has approved a full-time staff member to serve as an Energy Advisor to train and develop new programs that will educate consumers how to reduce their electric consumption.

Schlegel also said that the board recently retired more than \$800,000 of capital credits back to the members for members living on HWEC's lines in 1987. "You, the member, are returned the additional revenue that is not utilized on operating cost; therefore providing the most economical price for your electricity," Schlegel said.

Representing Ohio Rural Electric Cooperatives, the statewide system of Cooperatives of which HWEC is a part, President and CEO Tony Ahern discussed the need to address climate change and conservation measures. He said that rapid changes in infrastructure will be necessary in the coming decades to address both of these issues, with more of both nuclear energy and natural gas drilling necessary to offset shortages in oil supply. He stressed how members of electric Cooperatives can help by purchasing energy-efficient appliances and by becoming part of the grassroots efforts to communicate with legislators, just as Cooperative leaders do each year at the Legislative Conference in Washington.

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President's report

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site to view your bill and pay online if you choose. You also can, at any time, view your payment history or take advantage of reviewing monthly electric use charts and cost charts. It's a great way to manage your own electric bill.

Looking to the future, we are completing the first year of a four-year \$16.4 million dollar work plan which focuses on building tie lines between substations. This allows us to transfer affected members to other substations in the event of transmission- or substation-related outages. The work plan also includes 86 miles of line rebuilding and upgrades to 10 of our 17 substations.

Your Cooperative continues to grow at a steady rate. In 2007, we had 239 new services. This brings the total number of services to 18,274 at year's end.

As always, we continue to be active participants within our community. Recently, I am proud to announce again this year, Holmes-Wayne staff and board raised and donated \$10,000 to The American Cancer Society Relay for Life Fund. This makes the fourth consecutive year at the \$10,000 level, and more than \$45,500 in the last five years.

The staff also continues to take an active role communicating both energy efficiency and safety throughout the community. We visited

our local schools, participated in community green fairs and safety fairs and talked to youth within 4-H and scout troops.

Your Cooperative also is a vital part of the local tax base. In 2007, we paid \$1.36 million in kilowatt-hour taxes to the State of Ohio. Additionally, we paid more than \$700,000 in property taxes that benefit 12 local school districts, as well as local governments.

As you have heard from the chairman of the board, we continue to be very involved in the legislative process. I feel now more than ever, all of our voices need to be heard at the local, state and federal levels to keep energy clean and affordable for you. Please take advantage of the communication we provide on these subjects in your *Country Living* magazine.

We hope you found these investments have been an additional benefit to you the member/owners of the Cooperative and have added value to the electrical service provided to you.

The management and Board of Trustees understand, and are continually focused on meeting the demand and needs of our growing community while maintaining a reliable, safe infrastructure that remains cost conscious.

Thanks again for attending tonight; I truly hope you enjoyed the evening.



*Special thanks to these
businesses for their
donation to the
Holmes County Relay for Life*

Autoworks Collision Center — Holmesville
Barnhart Auto Body — Millersburg
Best Housing, Inc. — Millersburg
Bromund and Byler — Millersburg
Canaan Meats — Creston
Golden Oval Egg — Millersburg
Holmes Oil Distributing — Millersburg
Kirk Builders — Millersburg

Mac Oil Field Services — Millersburg
McKay Oil & Gas — Millersburg
MPS Services — Shreve
NEI — Apple Creek
Ratliff Custom Homes — Wooster
Schlabach Excavating — Millersburg
Town & Country Cooperative — Ashland
Winesburg Hardwood & Pallet — Dundee
W&W Transport — Winesburg

2007 allocation of capital credits on July bill

As a member-owned Cooperative, Holmes-Wayne Electric is committed to operating the Cooperative to provide the best service at the lowest possible cost. We sell and deliver electricity to our members at cost plus a small margin.

It is necessary to collect a small margin in order to provide working capital. We use margins to maintain the electric distribution system, to build and upgrade lines and to provide service to new members.

However, because we are a nonprofit Cooperative, we return these margins to the members. These are called patronage capital credits.

Capital credits are returned to each member based on patronage. They are divided among the members according to the amount of power purchased by the member; so, the more power you consume and

purchase, the higher your share of capital credits.

Capital credits are assigned, or allocated, to each member/owner for the previous year.

Your member-elected Board of Trustees oversees the financial well-being of the Cooperative. As the financial status of the Cooperative permits, the board will decide to “retire” capital credits. Currently, capital credits are being retired on the industry standard of a 20-year cycle. Please note the retirement of the 1987 capital credits on the previous page.

When these capital credits are retired they are returned via a check to current members, and via check to former members no longer on our lines. This is one reason why you always should keep your Cooperative apprised of your address if you move off of Holmes-Wayne Electric’s lines; you may have money coming

to you that you have forgotten about!

You also receive an allocation of capital credits from our generation company, Buckeye Power, also a Cooperative. Holmes-Wayne Electric is a member/owner of Buckeye Power. Buckeye Power allocates capital credits to Holmes-Wayne Electric based on the same principles. We, in turn, allocate these capital credits to you. You are notified annually of your allocation of the capital credits assigned to your account for the previous year.

Please note on your July 2008 bill the information regarding the “2007 Allocation” for both Holmes-Wayne Electric Cooperative and our generation company, Buckeye Power.

You will have only “2007 Allocation” if you were a member of the Cooperative in 2007.

Annual meeting highlights

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In particular, Ahern urged Cooperative members to fill out a card that had been inserted into the June issue of *Country Living*.

“We’ll make sure your viewpoints are delivered to Congress,” Ahern said. “How many companies do you know that are asking you to use less of their product? We do. We’re about meeting needs, not making money.”

Harold Neuenschwander, vice president of Holmes-Wayne Electric Operation Round Up Foundation, reported on 2007 activities of the organization, which distributes funds to needy individuals and organizations. Neuenschwander thanked the more than 11,000 HWEC members who donated more than \$62,000 in 2007 by rounding their electric bills to the next

highest dollar. Of that amount, approximately \$37,000 was distributed in the community, with the remainder placed in an interest-bearing account to be used for future requests or for a rainy day fund for catastrophic events. A summary of the donations was passed to all members attending the meeting.

Prior to the meeting, members attended a health and information fair and enjoyed an evening meal.

At the close of the evening, all members attending the annual meeting were given a pack of three energy-efficient light bulbs that should save members \$130 over the course of the bulbs and last 10 times longer than incandescent bulbs.