



Membership is all about you!!

2015 Holmes-Wayne Electric Annual Meeting



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2015 HWEC Annual Meeting at a glance

"Membership is all about you!" That theme was reflected throughout the 2015 Holmes-Wayne Electric Cooperative Annual Meeting, June 25 at West Holmes High School.

The event kicked off with a health and information fair, where Holmes-Wayne members received screenings from a variety of locally based health services. Cooperative employees offered information about Holmes-Wayne Electric's services and programs, plus electrical safety and energy-efficient tools, and linemen were on hand to demonstrate how they use safety equipment and tools.

At the business meeting, three seats on Holmes-Wayne's board of trustees were up for election. Re-elected to the board were Randy Sprang and Jackie McKee of Districts 1 and 3, respectively. Joining the board is David Tegtmeier, representing District 7. Tegtmeier replaces retiring trustee Don Buren.

Glenn Miller, president and CEO of HWEC, noted that the cooperative has experienced substantial growth in the last year. Miller's full speech is located on page 26.

Guest speaker Doug Miller, vice president of statewide services for Ohio Rural Electric Cooperatives, Holmes-Wayne's statewide services organization, congratulated the cooperative on its efforts to control costs to members.

"Your cooperative's board and management have done their best to control costs locally to minimize the impact of 10 years of wholesale rate increases," Doug Miller said. "It has been a challenge, but they have persevered for you."

He also highlighted Ohio electric cooperatives' successful efforts to ensure the environmental compliance of the state's power supply. Emissions from Cardinal Generating Station, the cooperatives' primary source of power, are down 90 percent since 1990, and carbon dioxide emissions are down 17 percent since 2005 — all achieved without mandates from Congress or the Environmental Protection Agency (EPA).

"But today," Doug Miller said, "we are challenged by an overreaching EPA that, in spite of our accomplishments, continues to push for more regulation that will threaten reliability and increase costs with minimal effect on the environment."

To respond to these looming regulatory challenges, Holmes-Wayne Board President Randy Sprang encouraged members to join Co-op Owners for Political Action® — a political action committee fighting to keep electricity reliable and affordable for rural Americans.

"Maintaining a strong grassroots presence is vital to the long-term success of our cooperative and cooperatives nationwide," Sprang said. "I want to personally thank the 342 Holmes-Wayne members who have already taken the step to join Co-op Owners, and encourage those of you who haven't to join."

Sprang's entire speech is on the next page.

Holmes-Wayne's community involvement was also spotlighted. The co-op's Operation Round Up program, which is funded by members who choose to round up their electric bills to the next highest dollar each month, distributed \$48,216 to a variety of charitable causes in 2014. Since its inception in 2006, Operation Round Up has contributed \$435,277 to the community.

Operation Round Up Chair Dan Mathie thanked the 7,200 Holmes-Wayne members who participate in the program.

Also recognized were the winners of Holmes-Wayne's annual scholarship program, who were collectively awarded more than \$12,000 to use toward their education.

The evening concluded with drawings for seven bill of credits worth a total of \$300, a gift basket with energy-efficient products, and a leaf blower compliments of Davey Tree Service.

Randy Sprang
District 1



Jackie McKee
District 3



David Tegtmeier
District 7



Board Chairman's Report

HWEC Board Chairman Randy Sprang gave the following speech at the annual meeting on June 25:

Good Evening! At the top of my agenda this evening, I have the privilege and honor to take a moment to recognize a special board member, Don Buren. Don is retiring this year. He has served the Holmes-Wayne Electric board for 23 years. He served in many leadership roles, including in recent years, vice chairman and director on the Operation Round Up Foundation Board. Don, if you would please stand so we can recognize you for your years of service.

On behalf of your nine-member board, I would like to express appreciation for your continued interest in your local rural electric cooperative. As you may have already noticed, the theme for this year's annual meeting is "Membership is all about you!"

This year, we wanted to remind you of all the benefits of being a member-owner of your electric cooperative. Also this year, **Holmes-Wayne Electric will be celebrating its 80th anniversary! On Oct. 30, 1935, an independent, inspired group of farmers across our community banded together to improve their quality of life by electrifying rural Holmes and Wayne counties.**

We celebrate their initiative to work cooperatively as a shining example of determination and ingenuity. This evening we would also like to celebrate you, the current members of the cooperative. You are the members and owners of this organization, and on behalf of the board and staff, it is a great privilege to serve you.

I hope you had an opportunity earlier this evening at the health and information fair to watch the video of employees explaining the vast amount of benefits you have as a member-owner. If you did not, we will be streaming this video on our website and our Facebook page.

One of the benefits we instantly think of as a member of the cooperative is the capital patronage. You, as a member, pay for safe and reliable electric service. Any margins after expenses are returned to you the members. No board member and no investor receives this margin! All of you sitting in this room receive this margin back in a capital patronage check!

Just this month, over \$1,328,000 of capital patronage credits was returned to HWEC members. This is a retirement for members living on Holmes-Wayne Electric lines in 1994. That's over a million dollars returned to our local economy! **Even more amazing is in the past 10 years, your cooperative has returned \$12,525,422 to the membership.** I'm pretty sure no other utility sent you a check this year or in the last 10 years.

The benefits do not stop at capital patronage. We, as a board and staff, live and work in the community. As you saw in the lobby this evening and as you will hear from our president/CEO, Glenn Miller, your cooperative is actively involved in supporting your community, volunteering time and resources.

Also, isn't it nice to know you can pick up a phone and call your local cooperative? During business hours, you are going to talk to someone in Millersburg, Ohio, who knows where your township road is or the closest intersection to your house or business. It's hard to put a value on that type of service.

Another advantage of cooperative membership is how we rep-

resent all of you, as a united voice, by lobbying at both the state and federal level to maintain affordable electric rates.

Just last month, two of your board members, Barry Jolliff and Dave Mann, along with President/CEO Glenn Miller, were in Washington, D.C., to meet with our congressmen to express our concerns with EPA (Environmental Protection Agency) proposals and maintaining affordable electric.

You also can take confidence in the efforts of your board of trustees and Holmes-Wayne staff in placing personal dollars behind our legislative communication. 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 electric. The past several annual meetings, we have provided information regarding the Co-op Owners 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.

If you have not signed up for Co-op Owners, I want to emphasize the importance of this program. Now more than ever, we must protect ourselves. There was a table in the lobby during the health and information fair. If you were unable to sign up this evening, please talk to one of our board members after the meeting or call the cooperative office.

I want to personally thank the 342 Holmes-Wayne Electric Cooperative members who have already taken that step to join Co-op Owners. Maintaining a strong grassroots presence in the political process is vital to the long-term success of our cooperative and cooperatives nationwide.

As Glenn will be sharing, HWEC for the first time completed a membership survey. We were pleased to hear back from our members on any concerns you may have as well as your satisfaction in the service we are providing.

Holmes-Wayne Electric is blessed to have dedicated and committed staff who work diligently to provide not only safe but also reliable electric 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, 7 days a week, 365 days a year. The board thanks them for their dedication.

In closing, **as a board, every decision in the boardroom is based on you, the member. Eighty years ago, HWEC was established to safely provide reliable, competitively priced electric to our member-owners to enhance the quality of life in the communities we serve. We were established in this mission, and we will continue to thrive based on this simple but powerful philosophy.** Thank you!

President's Report

HWEC President/CEO Glenn Miller gave the following speech at the annual meeting on June 25:

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

Over the last decade, we have rebuilt approximately 360 miles of line in your system; 10,155 poles have been replaced, which is about 25 percent of all the poles on the system.

A new substation was added in Reedsburg as well as numerous substations upgrades. Many tie lines have been added to allow us better options in restoring power quicker in the event of transmission outages, and we can backfeed all substations.

Tree limbs on power lines are the number one source of power outages. So back in 2004, we began a strategic tree trimming and vegetation control program.

This year, in our four-year cycle, we will trim another 423 miles in Buckhorn, Killbuck, Stillwell and Drake Valley substation areas.

This work is bid out and contracted annually, with Davey Tree Service being the contractor this year. The year following tree trimming, those same areas are sprayed to minimize growth until the next trimming cycle.

In the last year, emerald ash borer infestation has become a serious problem in our service territory. Diseased or dead ash trees become brittle, increasing the risk that they could fall and cause a power outage. With this knowledge, we are working proactively with all members, system-wide, to prevent potential power outages.

As these efforts reduce outages tremendously, it does not eliminate them. We will always battle a variety of factors, such as weather, wildlife and car accidents.

New services picked up last year. In 2014, we added 246 new services. That brought the total number of services at year's end to 18,194. This year we have seen a lot of growth in commercial load.

Your cooperative has a very good mix of commercial and residential members. We are about 60 percent residential and 40 percent commercial. This growth enables us to keep our rates low.

We have added additional technologies to provide you more options to communicate with us. Facebook has been added, and in January, SmartHub was introduced. SmartHub allows our members to report meter readings, outages, and pay bills through our website and all mobile devices.

Your cooperative continues to prosper in the area of community service. I am proud to announce this year we were the top fundraising team in Holmes County for Relay for Life.

The Holmes-Wayne Team donated over \$12,000 to the American Cancer Society Relay For Life Fund. All totaled, we have donated over \$113,000 over the last 12 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 Days in local schools, parades, and concessions stands at local ballgames, just to name a few.

We recently held an ice cream social in conjunction with the Village of West Salem's 150-year anniversary celebration.

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, for instance.

Our energy advisor, Kenny DePriest, is available for 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 our local tax base. In 2014, we paid \$1.43 million in kilowatt-hour tax to the state of Ohio. Additionally, we paid \$965,000 in property taxes that benefit 12 local school districts, as well as local governments.

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

A recent survey of you, our members, reflected just that. I am extremely proud to report Holmes-Wayne scored an 88 in the American Customer Satisfaction Index survey. In all 18 categories of the survey, we scored "excellent" or "good" and exceeded the national averages in all 18 areas.

To give you a sense of how we measure up with other cooperatives nationally, the average score for a cooperative across the United States is 80. Additionally, the investor-owned utilities in Ohio averaged a score of 75, and the municipal-owned utilities had an average score of 73.

In summary, 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.

In the past 10 years, cost to generate your power has doubled, mostly because of EPA (Environmental Protection Agency)-imposed regulations on your generation facility, owned by Buckeye Power, our power supplier. This is well-illustrated on page 10 of the annual report. The orange portion shows the increasing power costs.

The good news is Buckeye Power currently has complied with all current regulations, and those costs are currently in your wholesale power costs. For the first time in the past 10 years, your cost of power generation is not projected to increase for the next year.

Buckeye Power now has one of the cleanest coal-fired plants in the country. However, coal continues to be under attack by our current administration in Washington. The new EPA regulations on future power plants eliminate the possibility of using coal to produce electricity, resulting in cost pressures on natural gas as well.

Even more devastating to you are the current proposed EPA regulations on existing coal-fired plants. These regulations will increase the cost of your monthly bill unless we can prevent them from becoming law.

As you heard from our board chairman, we are committed to being actively involved in the legislative process. We certainly support clean air and water, but we must be reasonable to consider the economic impact on electric rates and jobs that will be affected.

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.

In closing, I hope you have found all the investments and efforts that have been 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 member service excellence.