



CENTRAL ELECTRIC COOPERATIVE, INC.

President's Quarterly Newsletter

January 2012

To Our Members:

I am pleased to report, 2011 was a good year for your cooperative.

Foremost was our ability to keep rates stable despite a 7.8 percent average increase in the Bonneville Power Administration's wholesale power rates. We entered 2011 knowing a BPA increase was coming and fully expected some portion would need to be passed on in members' rates. But, the BPA increase was lower than first estimated and we were able to hold the line on members' rates and still provide safe and reliable service, and maintain our financial strength and stability. Our continued focus on cost-effective, efficient operations surely deserves a good deal of the credit.

That commitment to operational excellence was on full display in February when a wet winter snowstorm knocked out service to about one-third of our members – CEC's worst weather-related outage since 1996. The storm took out three major transmission lines and seven of our 24 substations just before dawn, yet our crews had 90 percent of the affected members back on within 12 hours. They worked around the clock for two more days to bring the remaining members – most in remote locations – back on-line.

We also continued to improve our electrical system in 2011. We reached a major milestone in the upgrade of the transmission system serving the western portion of our 5,300-square-mile service area. A 20-year effort culminated with the final conversion from 69,000 to 115,000 volts, boosting electrical efficiencies and service reliability.

More than 13,000 of our members received new advanced electrical meters by year-end. We are fast approaching the mid-way point of a technology installation that will allow us to receive billing information electronically and eliminate the need to travel to all 32,000 meters every month. We soon will begin enabling members to access their usage information online and increase their understanding of usage patterns.

I am pleased and proud of our performance in 2011 and am extremely confident of our ability to build on that record in the year ahead.

Sincerely,

Dave Markham
President & CEO

