

2009 Annual Report Edition



A MONTHLY PUBLICATION FOR THE MEMBERS OF WHITEWATER VALLEY REMC

Message from your Board Chairman and CEO

In 2009 we were faced with many challenges. Energy usage is down due to the economy and mild weather. The cooperative also lost its largest Industrial Account when J&J Packaging announced the closing of their Franklin County facility. There are considerably more challenges to face us as we closely monitor what is happening on Capital Hill with issues relating to climate change and debating mandates regarding renewable energy development and energy efficiency. Electric bills are going to increase because of the climate change and energy policy decisions being made. The debate now is how much the increase will be and that depends on which study you believe.

This is a unique time in the history of our country and the history of our industry. The conversation on energy that is going on across the nation at this time will impact our lives for many years to come. We have addressed many of these issues in the *Powerlines* newsletter. Some of these issues include climate change legislation, the future of coal, renewable energy, energy efficiency, and cap-and-trade.

Electric cooperatives in Indiana and across the nation have been leaders in communication efforts with the public and with policy makers regarding pending climate change proposals. Hundreds of thousands of electric cooperative members like you have sent more than 1.7 million messages to Congress, through the Our Energy, Our Future grassroots



Gary Stokes
Board Chairman



Boyd Huff, CEO

awareness campaign. Your letters have asked lawmakers to focus on the interconnected issues of making sure we have enough generation to satisfy growing demand, developing new low-emissions technologies, and keeping electric bills affordable when shaping energy and climate change policy. However, there is a significant portion of our cooperative demographic, and the public in general, who are not aware of the potential impact of climate change legislation on Indiana consumers and business owners.

To reach a larger community and give utilities, civic groups, chambers of commerce, business owners and other organizations the opportunity to make their voices heard, Indiana electric cooperatives and municipal utilities formed the Indiana Partnership for Fair & Affordable Energy. Our message from the beginning has been a request for lawmakers to work with utilities and other industries on not only an environmentally effective but cost effective solution for climate change legislation. By visiting FairPowerNow.org, individuals can sign an on-line petition, contact their elected officials and share their

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A Touchstone Energy® Cooperative

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Mark Your Calendars!
Annual Meeting - April 6

Liberty Office Hours:

7:30 a.m. to 4:30 p.m. Monday through Friday
Closed Saturdays, Sundays and Holidays

To Report an Outage or Emergency:

Call 1-800-776-0493

24 hours a day, 7 days a week

Be ready to provide the following information:

- The name and account number under which your electric service is listed
- Map location number
- Your phone number—needed to call back or confirm power restoration
- The type of problem you are experiencing —flickering lights, complete power outage, etc.

We appreciate your call and will work promptly to assist you.



WHITEWATER VALLEY

RURAL ELECTRIC MEMBERSHIP CORPORATION

101 Brownsville Avenue

P.O. Box 349

Liberty, IN 47353

Phone: 765.458.5171

1.800.529.5557

E-mail: info@wwwremc.com

For up-to-date information, visit us on the web at www.wvwremc.com.

President & CEO - Boyd Huff
Powerlines Editor - Sandy Cason

message with family and friends. We want to thank all our members who have participated in these grassroots efforts and encourage you to visit those sites for updated information.

FINANCIALS

Whitewater Valley REMC has experienced rising operating costs and decreased kilowatt sales because of milder weather patterns and the reduction of industrial loads as a result of the faltering economy. The board and staff has continued to focus on ways to improve efficiencies and work standards through deploying new technologies, emphasizing employee health and safety, improving customer service, adding energy efficiency programs, and better managing the cooperative's bad debt write-offs.

If you have been following our articles in the newsletter you are aware that we completed a Cost-of-Service Study in the fall of 2009. We have also communicated how electricity prices change based on the season, the month, the day, and even the

hour it is used. As one of 18 electric cooperatives that own and operate Hoosier Energy, we will begin a move toward rates that will reflect the different energy demands of consumers based on the season and time of day that electricity is consumed.

Currently, the cost of wholesale power accounts for 72 percent of our total expenses. Your REMC has no control over what the power cost is; it simply passes on this cost to you. Taxes, interest, and depreciation account for another 12 percent. The remaining 16 percent is the cooperative's operating costs.

Those operating costs to the REMC have increased dramatically over the past five years. Forty-foot poles have gone from \$218 in 2004 to \$256 in 2009, a 15 percent increase. Fifteen kVa transformers in 2004 were \$339 and are now \$539, a 38 percent increase. Distribution wire in 2004 was 14 cents per foot but in 2009 we are seeing an increase of 40 percent at a price of 23 cents per foot. In 2004, tree trimming

expenses were \$313,203, compared to \$527,716 in 2009 – a forty-one percent increase to improve reliability and keep up with tree growth.

The cooperative must maintain certain margins to meet the loan requirements of Rural Utilities Services and Cooperative Finance Corporation. Though kilowatt-hour sales were below budget, cost-control measures were implemented to assure that budget targets would be met. We have reduced operating costs where possible and done our best to absorb additional expenses and end the year with a positive operating margin of \$567,000.

INCENTIVES AND ENERGY EFFICIENCY PROGRAMS

Whitewater Valley REMC is committed to keeping our costs as low as possible while still providing the level of service you expect. Because of that philosophy, we are proud to offer programs and tips that will help our members become wiser energy users. In 2009, more than 13,000 incandescent light bulbs were removed and replaced with compact

2009 FINANCIAL FIGURES

ASSETS

Utility Plant in Service	\$44,068,906
Construction Work in Progress	36,336
Total Utility Plant	44,105,242
Less: Accumulated Provision for Depreciation	(14,747,188)
Net Utility Plant	\$29,358,054
Investments in Subsidiary Companies	(3,439)
Investments in Associated Organizations	8,330,865
Other Investments - Econ. Dev. Revolving Loan Fund	48,000
Total Other Property & Investments	\$8,375,426
Current Assets	
Cash - General	756,976
Temporary Investments	0
Accounts Receivable	3,068,943
Material and Supplies	390,755
Other Current & Accrued Assets	1,004,622
Total Current Assets	\$5,221,296
Deferred Charges	19,848
TOTAL ASSETS	\$42,974,624

EQUITY & LIABILITIES

Memberships	\$200,363
Patronage Capital	20,775,032
Other Margins & Equities	1,738,301
Total Margins & Equities	\$22,713,696
Long Term Liabilities	
Long Term Debt - RUS	8,313,712
Long Term Debt - Other	7,100,617
Other Non Current Liabilities	0
Total Long Term Liabilities	\$15,414,329
Current Liabilities	
Notes Payable	500,000
Accounts Payable	3,307,367
Other Current & Accrued Liabilities	881,509
Total Current Liabilities	\$4,688,876
Deferred Credits	157,723
TOTAL EQUITY & LIABILITIES	\$42,974,624

fluorescent lights (CLFs) saving thousands of kWhs and dollars. Members received over \$52,000 in rebates for installing energy efficient water heaters, heating and cooling systems in their homes. Energy efficiency kits were given out to members at our annual meeting and new LED Holiday Lights were sold for \$5 with a trade-in of an incandescent string of lights.

TECHNOLOGY

We continue to seek ways to improve our performance in reducing outage times and by training employees on ways to serve you better. To serve you faster during a power outage, we've created a new 'Hotline' to report your power outage 24 hours a day, 7 days a week. We researched areas where improvements needed to be made in order for members to reach us when their power is out. During major outages of long duration that unfortunately affect hundreds or thousands of members, phone lines can become overloaded. The new hotline will allow a larger volume of

calls to simultaneously be made with fewer busy signals. We are also working on a phone system upgrade that includes voice over internet protocol technology.

The cooperative is in its final phase of installing its AMI meter project. The project was implemented in three phases and we are pleased to announce that Phase Three – the last phase to be installed will be completed one year ahead of the planned four-year schedule. The AMI Tantalus Utility Network will enable us to move toward our objective of improving system operations.

COMMITMENT TO COMMUNITY

The Co-op Connections Card continues to offer great savings for members. In 2009 the cooperative added a Dental, Vision and Hearing benefit as another way to help members save on health care products and services. To help you save on everyday grocery items, a wide variety of on-line coupons that you can print off to use at the grocery store is now available on the Co-op Connections Card website. Members

using their Co-op Connections Card at area pharmacies are saving approximately 30% on their prescriptions. Whitewater Valley REMC members have filled 2,322 prescriptions using their card. With the discount, members have saved over \$30,000 since the program launch.

Also in 2009, The Whitewater Valley REMC Community Trust, Inc. awarded over \$40,000 in grants to 64 local organizations. The program is yours as a member of Whitewater Valley REMC. It is amazing how quickly the pennies, nickels, and dimes from members who support this program add up. Your dollars certainly make a big difference for many people. Thank you for another successful year!

Building the intellectual property of Whitewater Valley REMC is reflected in increased training programs for employees and board members, such as NRECA certifications, and Hoosier Energy Apprenticeship Training in electricity. A total of 2,000 training hours were logged by employees and directors for the year.

SUBSIDIARY

Our subsidiary products offered through Whitewater Products, LLC saw a decline in satellite services and water products, while propane and long distance remained steady. The products lines maintained positive operative margins despite the decline in sales.

Much has been accomplished at Whitewater Valley REMC during the past year. As we said in our introduction this is a unique time in the history of our country and the electric industry. The board and staff will continue to work hard and look for ways to promote efficiencies and programs that will benefit the members today and in the future.

Keep in mind your REMC always strives to keep its costs as low as possible for you. Since your electric company is a cooperative, it's not in the business to make huge profits for its stockholders — it's dedicated to providing you with safe, reliable, and economical power.

OPERATING REVENUES AND PATRONAGE CAPITAL	\$22,316,512
Operating Expenses	
Cost of Power	\$15,577,699
Distribution Expense - Operations	409,485
Distribution Expense - Maintenance	884,424
Customer Accounts Expense	790,548
Customer Service & Information Expense	220,898
Administrative & General Expense	1,244,893
Depreciation Expense	1,409,649
Taxes	398,909
Interest on Long Term Debt	843,512
Amortization of Gain on Reacquired Debt	(39,280)
Interest on Short Term Debt	8,519
Total Operating Expenses	\$21,749,256
NET OPERATING MARGINS	\$567,256
Non-Operating Margins	
Interest and Other	61,712
Income (Loss) from Equity Investments	32,847
Generation & Transmission Capital Credits	424,988
Other Capital Credits and Patronage Dividends	67,602
Total Non-Operating Margins	\$587,149
TOTAL PATRONAGE CAPITAL AND MARGINS	\$1,154,405

2010 INCENTIVE PROGRAM

Members can earn rebates when they install certain high efficiency electric water heaters, heating and cooling equipment in their home. Installation and efficiency ratings must be verified by REMC personnel before rebate can be paid. Please call our office for complete details on how to apply for a rebate.

MARCH CFL WINNERS

Congratulations to the following members! They each won a complete home CFL package from the cooperative.

March winners are:

Odis Abney, Centerville
William Campbell, West Harrison
Joe Falcone, Richmond
Leroy Simonson, Brookville
David Heinzelman, New Trenton



Each month, we will randomly select five members to receive a complete home CFL package.* (hidden account # is 1493700)

In addition to the drawings each month, the cooperative is giving away free CFL bulbs at the cooperative office in Liberty. There is a limit of six free bulbs per member.

For more information on CFLs and other energy saving ideas go to www.wvremc.com and click on the Touchstone Energy Home Energy

For Your Information OUTAGES BY CAUSE 2009 Recap



Cause	# Outages	%
Animals	197	18.82
Equipment	176	16.81
Trees	164	15.66
Decay/Corrosion	138	13.18
Lightning	134	12.80
Unknown	104	9.93
Vehicles	55	5.25
Construction	29	2.77
Weather	20	1.91
Power Supplier	17	1.62
Member	12	1.15
Total	1047	100



Find the Hidden Account Number!

Mrs. Rufus Hayes of Centerville found her hidden account number from January and won a \$25 bill credit. Keep reading your *Powerlines* each month or browsing our website—the next hidden account number could be yours!

Tuesday, April 6, 2010

Whitewater Valley REMC Annual Meeting

When: Tuesday, April 6, 2010
beginning at 7 p.m.

Where: Civic Hall, Richmond
Children's Program for ages 4-12
Receive a \$10 bill credit for attending.

Grand Prize:

Three members
will win one of 3
42" Flat Screen TVs



Each member will receive a registration gift, a \$10 bill credit, and be eligible for the prize drawing at the end of the meeting.

Prizes will be given away immediately following the business portion of the meeting. Members with multiple meters/accounts in the same name will have only one vote, receive one bill credit and one special attendance gift. You must be present to win cash prizes.

March Due Dates

During March the due dates for payment of your electric bills are March 3, 10, 19 and 26.

Remember, we recommend that you allow five business days for the mail to reach the payment processing center. That way, you'll never run the risk of being late.

Payment Options

US Mail: Send your payment to:
Whitewater Valley REMC
P.O. Box 3199
Martinsville, IN 46151-3168

Internet: Log-on at www.wvremc.com

Liberty Office: In person or in the drop box

Automatic Withdrawal: Simply request a form and submit it to our office

FCN or Franklin County National Bank:

In person or in the drop box (Please bring your payment stub with you)

First Merchants Bank both Richmond

Locations: In person or in the drop box (Please bring your payment stub with you)

If you would like more information about payment options, call 765-458-5171 or 1-800-529-5557.