

# Annual Report

## Year marked by changing economy and industry

As anyone might guess, this has not been a typical year at your cooperative. Growth and construction activities have slowed significantly. We're not setting a lot of new meters or building a lot of new line, but there is no shortage of challenges to face. In fact, some employees are busier than ever doing what they can to improve safety, reliability and service, and help members manage their energy costs during difficult times.

New meter sets in 2008 were down 40%. The trend continues, down 40% again this year. That's the downside. The upside: we're using this opportunity to accelerate line and transformer maintenance projects, especially in areas with underground facilities, and step up the pace of our overhead line conversion projects.

Many of our linemen were also busy answering the call for help from other parts of our state faced with disaster. They served extended stays in southeast Missouri communities paralyzed by January's ice storm, and May's inland hurricane. They joined hundreds of other linemen from around the country to assist our neighbors in need, and we say, "Thank you."

For two decades this annual report celebrated stable or declining electric rates. This tide has now turned, and we are very grateful for your understanding that our industry is changing. We are doing everything we can to hold the line on

### 2008 Fuel Diversity Report

Coal .....	77%
Hydro Power .....	10%
Natural Gas .....	8%
Wind .....	1%
Off-System Purchases.....	4%

### Cooperative Generating Assets

Coal .....	2,619 MW
Gas/Combined Cycle.....	1,603 MW
Gas/Oil Peaking.....	655 MW
Hydroelectric.....	478 MW
Wind .....	157 MW

Source: Associated Electric Cooperative, Inc.

costs we can control. This year our local distribution system costs — from power lines to paper clips, bucket trucks, buildings and employees — make



**Dan L. Brown**  
**GM/CEO**



**Walter Gregory**  
**Board President**

up only 30% of the costs we incur. Nearly 70% goes directly to pay our wholesale power bill. We expect power costs to continue to increase, driven in large part by politics.

Utilities across the nation are facing similar challenges. We are fortunate that our cooperative-owned power suppliers, Central Electric Power Cooperative and Associated Electric Cooperative, Inc. (AECI), continue to provide us with some of the most affordable power in the country. Even though costs continue to rise, we know our suppliers are working to reduce the economic impact of rising costs for families and businesses, while they manage and develop environmentally sensitive, sustainable energy production resources.

One key strategy they have implemented is a partnership with us to fund the Take Control & Save energy efficiency program. Since its launch last summer, more than \$268,000 in rebates have been awarded to help Cuivre River members reduce their demand for electricity. Additionally, during 2008 AECI distributed more than 1.7 million compact fluorescent lights (CFLs) to cooperative members throughout the state, reducing CO<sup>2</sup> emissions that equal the removal of 11,300 cars from U.S. roads.

Plans for future power generation have shifted as demand has declined due to both reduced economic activity and demand reduction strategies. The immediate future includes construction of a second high-efficiency combined-cycle natural gas plant adjacent to an existing plant in Oklahoma, and exclusive contracts to purchase electricity from new wind energy projects under construction in northwest Missouri. Long-term plans will continue to be a mix of resources and will likely be affected by the results of pending national legislation.

We encourage you to learn about broader power generation issues and contact your senators and representatives through the “Our Energy-Our Future” national grassroots campaign. We are gravely concerned about the impact federal legislation may have on the cost to operate existing power

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plants and the ability to meet future energy needs. More than 1,200 Cuivre River members participated last year, joining nearly 250,000 Missourians who asked their leaders not to forget who will bear the burden of added costs.

Your cooperative remains committed to looking out for your interests and providing you with safe, reliable, affordable energy. Your directors continue to express that commitment by refunding a portion of your equity, Capital Credits. More than \$3 million was refunded in both 2008 and 2009 and underscores the value of your membership. Being a cooperative member makes you much more than just a customer.

It has often been said that the only constant in life is change. This year we witnessed several changes.

There were changes in leadership. We said farewell to Director Larry Buck, who served Lincoln County one term, replaced by Troy Galloway during last year's election. We also said farewell to Director Meade Foster, who served in St. Charles County for nearly 20 years before his resignation. We welcome Diane Saale, appointed to serve the remainder of his term.

We also mourned the loss of the cooperative's longest serving employee, Kenny Creech, who was with us full time for nearly 57 years.

The annual meeting has changed. In 2008 we moved the event to an indoor venue to make it safer and accessible to more members. Response to the location in Lake Saint Louis

was encouraging. We hope our subsequent move to the Family Arena in St. Charles this year provides even greater comfort and access.

Our ability to serve you at our branch offices has changed. Access to our Harvester Office, opened 20 years ago to serve eastern St. Charles County, is now impeded by construction on Hwy. 94. This office is closed indefinitely, and we hope Harvester area



American Customer Satisfaction Index™

## ACSI Scores First Quarter 2009

Cuivre River.....	89
Touchstone Energy®.....	80
Top IOU*.....	80
Industry Average.....	74

*\*Investor Owned Utility*

## Cuivre River Members by County

St. Charles County .....	56.6%
Lincoln County .....	25.5%
Warren County* .....	15.7%
Pike County .....	2.2%

*\*includes Montgomery*

members will visit us at the Lake Saint Louis Office.

Your expectations and your opinions help determine how we run your business.

We closely monitor member satisfaction survey results, and are humbled once again to achieve one of the highest scores in the nation - an ACSI of 89 - for your overall satisfaction, exceeding your expectations, and doing our best to operate as an “ideal” utility by your standards. This score is especially rewarding when the industry average is 74.

We appreciate the opportunity to serve you in the field, in the office, on the phone and online. We are grateful for your support and pledge our ongoing efforts to earn it every day.

*Walter Gregory, Board President*

*Dan L. Brown, General Manager/CEO*