




Otsego Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 



THE OEC CURRENT

People You Can Count On

www.otsegoec.coop

March 2010

Stephen Rinell
CEO

Board of Directors

Gary Potter
President

Charles Arnold
Vice President

Wendell Saunders
Treasurer

Steve Child
Secretary

Roger Erway
Director

Fred Braun, Jr.
Director

Edward Clarke
Director

Kathleen Del Plato
Director

Electric Water Heater
Switches Installed: 630

February Savings:
\$1,853

Total 2010 Savings:
\$3,623

Office Hours

7:30am –
4:30pm

Monday – Friday

Phone:

607-293-6622

After

Hours/Outages:

1-866-591-3192

Letter To OEC Members

Dear Member,

Over the years we have seen good times and tough times and in some cases good times with tough times. Currently, we are seeing good times with tough times. As you will see within the newsletter the right-of-way and line relocation efforts are paying dividends with greatly reduced outages during the latest snowstorm—good times. We are also experiencing declines in our revenues due to fewer new services—tough times.

Your Board of Directors has a responsibility to ensure the cooperative stays financially strong while delivering reliable power. Your board and cooperative employees have made many modifications to work toward achieving this goal. Due to many factors, it is becoming increasingly difficult to accomplish all of our goals.

Operating in an efficient, effective, and proactive manner is essential for your cooperative's survival. The New York Power Authority has recently transferred some of its' regulatory oversight to your local board. The Board of Directors has decided to exercise these new operational advantages. The resolution on the next page of this newsletter states why and how we will accomplish this transfer. This will enable faster proactive action by your board to maintain your cooperative.

There is no doubt that as expenses rise revenues will also need to rise. We frequently review expenses and revenues to make any necessary adjustments. A cost of service study evaluating our current rate structure will be started soon. Expense and operational issues will continue to be reviewed with various forecasting tools.

As we continue to analyze the cooperative's financial and operational status, we are ever mindful of how modifications may affect the membership. Keeping rate increases reasonable while maintaining a stable cooperative will be our major goal.

We are owned by those we serve and understand the importance of what has been entrusted to us. Moving forward we will do what is necessary to provide you, our member/owners, with safe, reliable, and affordable services.

Cooperatively Your Board of Directors

Somewhere in the body of this newsletter there is a service map location number, your map location number is located on your bill. If you find your map location number in this newsletter call the office within 15 days and your account will be credited \$25.

Energy Efficiency - Tip of the Month



A significant amount of the average home energy bill pays for heating water. Take five-minute showers instead of baths and make sure your water heater is set no higher than 120° F.

Source: U.S. Department of Energy

BRINGING VALUE AND COMFORT TO ENHANCE OUR MEMBER'S QUALITY OF LIFE!

Otsego Electric Cooperative, Inc.

Resolution of the Cooperative Board of Directors Self-Regulation With Regard To Rates

March 1, 2010

WHEREAS, the board of directors of Otsego Electric Cooperative, Inc. would prefer to proactively address financial conditions to ensure compliance with loan covenants, right-of-way clearing, line relocations/upgrades and systematic patronage capital retirements; and

WHEREAS, the board of directors of Otsego Electric Cooperative, Inc. would prefer flexibility to modify rates and rate structures to minimize the impact on member/owners; and

WHEREAS, the board of directors of Otsego Electric Cooperative, Inc. would propose that the New York Power Authority modify the power contract with Otsego Electric Cooperative, Inc. to allow the Directors of Otsego Electric Cooperative, Inc. to determine the rates for electric service and fees by self-regulation from time to time under the following conditions:

- a.) The decision to self-regulate is based on Cooperative's bylaws empowering the Board of Directors to attend to the business and affairs of the cooperative as stated in Article IV Section 1;
- b.) Otsego Electric Cooperative, Inc. would still be subject to audit and reporting requirements by the New York Power Authority confirming that the value of New York Power Authority power purchases are flowing to the membership;
- c.) Otsego Electric Cooperative, Inc. will self-regulate for rate making and fee related purposes. All other regulatory functions would remain regulated by the New York Power Authority;
- d.) The New York Power Authority would remain as a "backstop" entity to address customer complaints that cannot be resolved by Otsego Electric Cooperative, Inc.'s management and Board of Directors;
- e.) Self-regulation with regard to setting rates may be rescinded by the membership by a majority vote of the members attending a duly called annual or special meeting of the members;

WHEREAS, Otsego Electric Cooperative, Inc. will communicate to their membership the reasons for self-regulation prior to final implementation of self regulation.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the Otsego Electric Cooperative, Inc. requests the New York Power Authority modify existing contracts between the parties to permit Otsego Electric Cooperative, Inc.'s Board of Directors to evaluate the costs and set rates for electric service and fees to all of their members according to the guidelines and conditions set forth above.

CERTIFICATION

I, Steven Child, Secretary of the Otsego Electric Cooperative, Inc. Board of Directors, do hereby certify that the above is a true and correct excerpt from the minutes of the March 1, 2010 Special Board Meeting.

Cleared Lines Lessened February 2010 Outages

The snow storm that hit us in late February 2010 dumped more than 24 inches of wet, heavy snow in many areas around OEC's service territory. During the peak of the storm approximately 250 electric services were out, most of those were back on within a few hours. Prior to February's outage, the last big weather related event was October 28th of 2008. During that storm we had 2,228 members without power, approximately 1,200 of those were restored the first day, some members were off several days.

Our most recent outage data supports that it makes sense to continue aggressively maintaining our rights-of-way. Keeping the right-of-way improvement rider on the bill appears to be working well. We analyzed the outage data and the results showed that where our brush crew and brush machine had been there were very few problems. The Town of Westford and Town of Otsego were the areas most affected, tree trimming has not been completed in those areas. We had a few other individual scattered outages which were mostly caused by trees. Most areas received minimal storm damage.



MAKE YOUR NEXT LIGHT
AN ENERGY STAR®





Fridge Facts

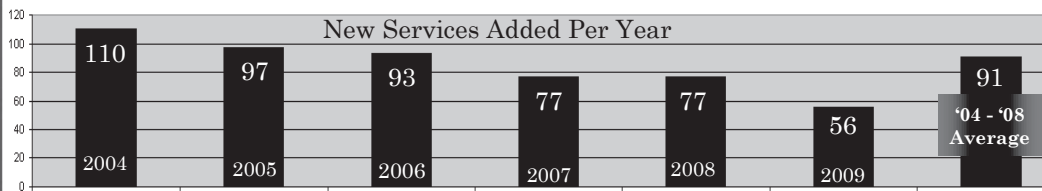
- The average refrigerator sold today uses less energy than a 60-watt lightbulb left on for 24 hours a day.**
- Every year refrigerator efficiency improves. An average 2008 fridge consumes 3 percent less energy than one made in 2007.**
- 44 percent of fridges that could be retired or recycled are used as second fridges, sold, or given away.**
- 26 percent of all U.S. households maintain a second refrigerator.**
- Only three out of every 10 refrigerators sold are Energy Star-qualified.**
- 27 million inefficient fridge models made before 1993 are still in American homes.**

Source: Energy Star, Association of Home Appliance Manufacturers.
Image: GE Consumer Products

New Services Decrease Since 2004

In the last six years the number of new services added to Otsego Electric Cooperative has steadily been decreasing. There are several reasons for the downturn; however, economic reasons are largely to blame.

Lack of new growth and the rising costs of doing business are causing the Otsego Electric Cooperative to look at other cost saving options and additional services we could offer. Our primary focus is to take steps to make your cooperative more efficient.



Nominations for Director

In compliance with the U.S. Department of Agriculture, Rural Utilities Service, all members are hereby notified that, as defined in the bylaws of Otsego Electric Cooperative, Inc. the Board of Directors will appoint a nominating committee. The nominating committee will meet during the month of June to select a list of nominations for director.

Article 4, Section 3 of the bylaws follows:

Nominations: It shall be the duty of the Board of Directors to appoint, not less than thirty days nor more than seventy-five days before the date of a meeting of the members at which directors are to be elected, a committee on nominations and elections five members who shall be selected from different sections of the project area so as to insure equitable representation. No member of the Board of Directors may serve on such committee. The committee, keeping in mind the principle of equitable representation, shall review, certify, and post at the principal office of the Cooperative at least twenty days before the meeting a list of nominations for directors. Any fifteen or more members acting together shall make nominations by petition not less than seventy-five days prior to the meeting. In the event adequate nominations are not received and certified, the nominations and elections committee will have the authority to appoint nominees. The Secretary shall be responsible for mailing with the notice of the meeting or separately, but at least ten days before the date of the meeting, a statement of the number of directors to be elected and the names and addresses of the certified candidates.

U.S. Census Bureau Looking For Census Takers

The U.S. Census Bureau is in need of additional census takers in rural areas. You must be at least 18 years old and take a written test to qualify to work. Tests are given regularly in Cooperstown, Richfield Springs, Oneonta and many other local communities. Positions will open up in late winter and early spring. Applicants hired will be interviewing residents and knocking on doors and also making follow-up visits to people who do not fill out the census questionnaire. Interested people can call the local census office in Utica at 1-315-223-0100. Applicants are also encouraged to visit www.2010censusjobs.gov and take the practice pre-employment test.

Marathon
WATER HEATERS

Contact Otsego Electric Cooperative at 607-293-6622 to find out about member discounts on energy efficient Marathon electric water heaters.

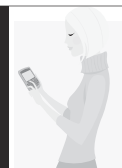
Call the Co-op office at 607-293-6622 for info about the \$2 monthly credit for being in the Load Switch Energy Saver Program.

16-10-06-05-RF



Did you drop your landline phone service?

If you dropped your landline phone service and are only using your cell phone, please contact Otsego Electric Cooperative and update your member information.



Pay your bills automatically – without writing a check



It's a convenient, easy way to pay your electric bill – without writing a check. You save the cost of a check, postage, inconvenience, and the possibility of forgetting to pay. Join today!

Using Otsego Electric Cooperative's automatic bill payment system is simple, all you have to do is sign up. You can choose to have your payment made with a bank draft from your checking or savings account.

How do I sign up for automatic bill payment?

Fill out the form below and mail it back to Otsego Electric Cooperative, PO Box 128, Hartwick, NY 13348. If you choose the bank draft payment from your checking account, **you must enclose a voided check**. If you choose a bank draft payment from your savings account, please enclose a deposit slip (make sure your deposit slip has the bank's routing number and your account number on it).

Otsego Electric Cooperative does not charge its customers for automatic bill payment. It is best to ask your financial institution if they have a charge. If they do, it is usually less than a paper check charge. Contact our office at 607-293-6622 if you have any questions.



Authorization for Automatic Bill Payment

Please complete and return this form with your bill if you would like to sign up for Automatic Bill Payment.

Attach a voided check if you are choosing bank draft payment from a checking account.

Attach a deposit slip containing the required routing and account number information if you are choosing a bank draft from a savings account.

Member Information

Name: _____

(as shown on bill)

Address: _____ City: _____

State: _____ Zip Code: _____ Phone: _____

Otsego Electric Cooperative Account Number(s): _____

OECBlue account & Email address: _____

Bank Information

I authorize Otsego Electric Cooperative to instruct my financial institution to make my payment from the account listed on or about the 27th of every month for the purpose of paying my electric bill. I understand that I will receive a copy of my Co-op bill statement each month as a reference. I will contact the Co-op directly concerning billing disputes. I understand the ACH process will not become effective until noted on my bill statement. This authorization will remain in effect until I notify Otsego Electric Cooperative, in writing, to cancel.

Signature: _____

Signature: _____ Date: _____

(both must sign if joint bank account)