

SOUTH CENTRAL POWER COMPANY

A Touchstone Energy® Cooperative 



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Hillsboro, OH 45133

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37801 Barnesville-Bethesda Rd.
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OFFICE HOURS:
Monday through Friday
8 a.m. to 5 p.m.

Keep This Number

When reporting an outage, an automated outage reporting system may answer your call. It may ask for your 12-digit account number to help locate the outage site. This number is found on your monthly bill. It's handy to write it down and keep it near the phone.

Suggestions

Please send your *Country Living* story ideas or comments to the attention of Lisa R. Hooker at South Central's Lancaster office.

Remarks from South Central Power's 74th Annual Meeting

A pleasant summer day greeted about 1,100 South Central Power members and friends at the cooperative's 74th Annual Meeting Aug. 19 at the Fairfield County Fairgrounds.

Trustees elected. Elected to three-year terms were Alan Gabriel in District 2, Richard Poling in District 6 and Harold E. Cooper in District 9.

Valid ballots totaled 5,180, representing 6 percent of the electric cooperative's membership.

In his comments to the crowd, President and CEO Ralph Luffler briefly reviewed 2009 and looked to the future. Highlights of his remarks include:

The Great Recession. South Central Power was unable to steer clear of the economic meltdown. Sales of kilowatt-hours decreased as some residential customers became unemployed, lost their homes or moved from the service territory. Businesses shut their doors, while others declared bankruptcy.

"Customers added, a statistic we watch annually, dropped sharply as housing, commercial and large power developers all pulled back on their expansion efforts," Luffler said.

Additionally, accounts receivable write-offs reached an all-time high of \$1.2 million in 2009.

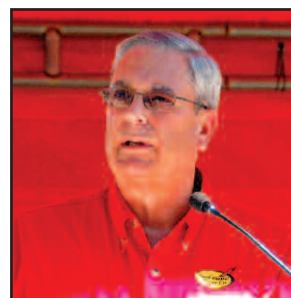
"In spite of these negative recessionary effects, co-op operations were profitable at just more than \$3 million," Luffler said.

South Central Power's 2009 budget called for margins of \$11.5 million. Two 2009 winter storms cost the co-op nearly \$3 million. The co-op also didn't receive capital credits from Buckeye Power, Inc., its generation-and-transmission supplier. The recession and higher maintenance and coal costs meant Buckeye Power's year ended with a \$5 million loss and it paid no capital credits.

"You can quickly see with the storm costs and a capital credit shortfall, we were fortunate to maintain our \$3 million margin," Luffler said.

Rate changes. On Jan. 1, 2009, South Central Power added \$2 to its customer charge.

"For your budgeting purposes, in 2011 it appears we will need to again increase the customer charge by \$2. An internal cost-of-service study, management review and board approval must



South Central Power President and CEO Ralph Luffler addresses the crowd.

South Central Annual Meeting

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take place first,” Luffler said.

The price South Central Power pays Buckeye Power for electricity generation and transmission keeps increasing.

“From the year 2000 to today — 10 years — South Central charges have gone up \$5.80. The generation-and-transmission charges have increased \$33.37,” Luffler said of members using 1,000 kilowatt-hours.

Legislative action. The federal government created the electric cooperative movement 75 years ago to provide safe, reliable electric service to the rural countryside.

Today, state and federal legislative issues are moving forward that, if enacted, will increase consumer electricity costs.

The Rural Utilities Service (RUS) no longer makes loans to electric generation projects that result in added carbon emissions.

“This is not devastating to Ohio, since we have all the generation we need for the foreseeable future. But in other states, where supply is low and demand is high, this becomes an issue of survival,” Luffler said.

Distribution loan funding is in peril, too. The federal budget for distribution loans is inadequate to sustain all of the nation’s distribution cooperatives. As a distribution co-op, South Central Power relies on CoBank and Cooperative Finance Corporation for funding. The co-op has drawn long-term loan funds at a very attractive 4.8 percent interest rate.

For years, the co-ops have allowed telephone and cable companies to attach their wires to co-op poles at cost. This long-standing asset sharing practice saves money because multiple poles along the same stretch of highway aren’t needed.

“Recently, telephone and cable companies find cost-based billing too high and have appealed to the Statehouse and Congress to lower their bills. If we’re required to lower our

cost-based billing for the ‘public good,’ who then pays the difference? There’s only one answer: you, the customer,” Luffler said.

Because Congress hasn’t yet acted on greenhouse gas emissions, the U.S. Environmental Protection Agency is moving toward regulating carbon emissions under the Clean Air Act.

“Whoever creates the rules will be creating a much more costly system for electricity generation, which, in turn, will cause major increases in your electric bills,” Luffler said.

“We understand that some people don’t want to mess with politics. They’re turned off by what’s happening in Columbus and Washington, D.C. But if you want to become more involved, use ‘Our Energy, Our Future’ and Co-op Owners for Political Action to express your support for electric co-ops. Remember, it’s your pocket-book we’re trying to save,” Luffler said.

Co-op Connections Card®. South Central Power is implementing this Touchstone Energy® program in August.

It’s free, and it offers South Central Power members discounts on products and services from participating local and national companies.

A favorite is the 10 to 60 percent discount on most prescriptions at a number of independent and national chain pharmacies.

“Most consumers think about South Central Power once a month when they pay their bill. With the Touchstone Energy Co-op Connections Card, you’ll think about us more often. Since we’re saving you money, you’ll think of us in a good light,” Luffler said.

Officers elected. Following the annual meeting, the board of trustees held its reorganizational meeting.

Officers elected for the upcoming year are Kenneth Davis, chairman; Richard Poling, vice chairman; Mike Hummel, assistant vice chairman; Thomas Lamb, secretary; Larry Kobi, assistant secretary; James D. Evans, treasurer; and Harold Cooper, assistant treasurer.



Clockwise from upper left: South Central Board of Trustees Chairman Ken Davis, Secretary Tom Lamb and Treasurer Jim Evans. Bill Roberts spoke on behalf of Ohio Rural Electric Cooperatives and Buckeye Power.

Annual Meeting Sights



Attorney Dan Gunsett swears in re-elected trustees (from left) Dick Poling, Harold Cooper and Alan Gabriel.



Carol Disbennet and Bruce Duck answer a member's security system questions.



Julie Whetstone explains the new Co-op Connections Card discount program.



The Vogues entertained the crowd with their unmistakable 1960s harmonic vocal blend.



(Above) Lithopolis Boy Scout Troop 241 prepared a delicious lunch, while Fairfield County 4-H Club members from Scissors and Spice served Weldon's ice cream (below).



Safety Directors Jerry Crago (left) and Buzz Detty show members how they can help thwart copper thefts at co-op facilities.



(Left) Brad Graham explains energy-efficient lighting and (right) Rose Gear discusses home insulation options shown on the new interactive Energy Wall.

National Cooperative Month

In October, America's 48,000 cooperative businesses celebrate National Cooperative Month. As member-owned businesses, 120 million people are finding solutions to community needs through cooperatives.

South Central Power is proud to be among the more than 900 electric co-ops that operate nearly half of the distribution lines that criss-cross 75 percent of the country's landmass. Electricity for 42 million people in 47 states is generated by an electric cooperative.

**LOCAL.
TRUSTED.
SERVING
YOU.™**

Every day, South Central Power employees demonstrate the power of human connections. It may be our line crews working late into the night to restore power after a storm. It might be an energy advisor solving an electric problem or offering suggestions on energy efficiency. It could be an explanation from an office representative regarding a billing question.

Employees and trustees of your electric cooperative contribute to the communities we serve, too. Many are fire and rescue squad volunteers. Others work with young people, social service agencies or economic development efforts.

From electricity to telephone service, child care to health care, agriculture to housing, hardware stores to grocery stores, credit unions to media outlets, cooperatives provide Americans with the basic services they use every day.

The Seven Cooperative Principles

Cooperatives abide by seven unifying principles that differentiate them from other types of companies.

Voluntary and open membership: Co-ops are open to all persons able to use their service and willing to accept membership responsibilities.

Democratic member control: Co-ops are controlled by their members. Representatives are elected from the membership and are accountable to the membership. Members have equal voting rights. Each member has one vote.

Member economic participation: Members contribute equitably to, and democratically control, the capital of their cooperative. Some of the capital is usually the common property of the co-op. Surpluses are allocated to the development of the co-op and to support member-approved activities. Surpluses also can be returned to members in proportion to their transactions with the cooperative.

Autonomy and independence: Cooperatives are autonomous organizations controlled by their members.

Education, training and information: Co-ops provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperative.

Cooperation among cooperatives: All co-ops serve their members most effectively and strengthen each other by working together.

Concern for community: Cooperatives are frequent supporters of civic and charitable causes in the communities they serve.



**Remodeling?
Replacing a major
appliance?
Interested in
saving energy?**

**As a member of an
electric cooperative,
you have access to free
energy-savings tips and
information that also
will help save you
money.**

**Whether your question
is about heating and
cooling systems,
weatherproofing and
insulation, water
heaters or other
appliances, the Energy
Advisor at your local
office can help.**

