

# Connected to Your Life

Bartholomew County REMC

**2009 ANNUAL REPORT**

# Connected to Your Life



We are connected to our members' lives in nearly every aspect of daily living.

When Thomas Edison's first power plant lit up 800 bulbs in New York City in September 1882, the world saw opportunity.

In 1937, when Bartholomew County REMC brought power to the rural community, lifestyles were forever changed.

In addition to all that electricity contributes to our individual lives and to society, it makes possible literally millions of jobs in a host of industries in the U.S. and across the globe.

It fuels the economy in countless ways.

Currently, our nation's demand for electricity is at an all time high and is projected to grow at least 30 percent within the next 25 years, according to the U.S. Energy Information



Administration.

The need for demand side management and energy efficiency measures to help meet this demand will be more important than ever.

U.S. households use more electricity today than ever, but the portion of our budgets dedicated to electricity bills has declined. That's because electricity prices – unlike the prices for many other goods – did not keep pace with inflation for many years.



From 1987 through 2007, electricity prices increased and average of 1.8 percent per year, while inflation grew at a rate of 3.1 percent per year. The electric system infrastructure needed to supply the way of life we expect and enjoy is complex and intricate and the resources numerous. Designing, building, purchasing, operating and maintaining this infrastructure will call on a big investment in human and financial capital.

Bartholomew County REMC and other electricity providers face steadily increasing costs to generate and deliver electricity. While we work to improve efficiency and contain costs in order to keep electricity prices as affordable as possible, the reality is that higher prices are inevitable. Even so, electricity is one of the best values available to U.S. consumers. An emphasis on energy efficiency is a feature of the stimulus bill. Bartholomew County REMC will continue to work with our power provider Hoosier Energy, to implement programs that help members manage their electricity usage and control their costs.

# A Message from...



**Paul Ketner**  
*Board President*

Flip a switch, turn a knob or press a button, and we instantly have lights, sound or other conveniences that electricity provides us. Electricity makes our lives easier and better.

Indeed, we depend on it for almost everything we do. We are truly connected to your life and committed to you as we face the challenging years ahead.

Over the last several years we have all been reading about issues in the media such as the Clean Air Act, issues with Nitrogen and Sulfur dioxide emissions, ozone, airborne particulates, carbon dioxide, and the list goes on and on. Most recently we have been concerned about anticipated climate change legislation – known commonly as cap and trade. Needless to say there are many environmental concerns in our country that have been and continue to be addressed by our industry and organizations such as the EPA, Congress and others.

Our number one job at the cooperative is going to be to communicate and educate our members on what this new world is about. How can we work together to hold down costs while at the same time having the energy you need, when and where you need it, to live and work like you want to? To be honest that is going to be a huge challenge, but your REMC is up to the task. It is going to take all of us working and learning together to make sure electricity is available, reliable, and at an affordable price and produced in an environmentally responsible manner.

As your energy provider, REMC will do everything we can to communicate, educate, and work with our consumers over the next months and years on these important changes coming to our industry. The good news is that we as members will have the tools and the power to help control our energy costs in the future while making our communities a better and cleaner place to live!

A handwritten signature in black ink, appearing to read "Paul".



**Jim Turner**  
*General Manager/CEO*

Since the electric industry was formed over 100 years ago, the manner in which electricity has been delivered to homes and businesses has essentially gone unchanged. In the early years of the “electrification”

of the country, the cost of electricity per unit or kilowatt-hour was relatively expensive for the time. However, as more and more Americans wanted electricity and new electric consumer appliances were developed, the industry responded. Large “base load” generating stations that used mostly cheap coal were developed and came on line. In fact for years, the cost of electricity continued to come down due to these economies of scale. More and more consumers and utilities were able to spread the large infrastructure fixed costs among more customers, driving the average cost per KWH down. At times, electricity was even priced so that the more you used the less it cost per KWH! The trend of declining prices has continued until recently.

The pricing structure for electricity has basically stayed the same since the beginning of our industry. Consumers paid a flat rate for each unit of electricity and that flat rate even went down when consumption went over certain levels so the more you used the less it cost per unit. The simple fact is “those days are over”. For some time it has been true that electricity realistically costs different amounts at different times of the day and different times of the year. There are several reasons for this. During the spring and fall, demand is lower and lower-cost coal fired generation is able to meet our electrical requirements. During the winter and summer when demand for electricity is at its highest, higher-cost natural gas fired generation is more often needed to supplement the coal fired generation to meet consumers’ needs. And there are times the utility may have to go out on the wholesale electric market to purchase additional capacity, those costs can be more volatile and sometimes extremely expensive.

Beginning April 2010, our energy supplier Hoosier Energy is beginning to change their pricing structure to us to better reflect the realities of these “seasonal” and “time of day” differences in cost. In the future, wholesale costs will be

based on the time of day cost of supplying electricity during that time. Price signals through rates are a way to encourage consumers to make changes that can help smooth peaks. By shifting more usage to off-peak times, utilities can avoid the need to build costly new generation plants or buy expensive market power. In short, it helps us all better use what we already have. We pay Hoosier Energy for the electricity that you, our members, use. We are a member-owner of Hoosier Energy just as you are a Bartholomew County REMC member. Working together to reduce peak electric usage makes good sense for the co-op and the member. We are all going to have to work together even harder in the future to control our costs and find ways to use electricity wiser and during times when it is the least expensive. The future is going to be about:

- Energy efficiency
- Energy conservation
- Demand side management (load control)
- Smart technologies

Your REMC has a plan to move us in the right direction but we are going to need your help. Our plan is to “phase in” these fundamental changes in electricity pricing and usage over the next few years. Beginning this month, consumers will have an “option” on what billing rate tariff they choose. We are not going to force these “seasonal” price changes on you right away. In 2010 consumers can choose either the traditional “flat” or average rate or you may choose a “seasonal” rate option. In the very near future we plan on offering a true “time of use” rate that truly reflects the cost of power at different times of the day. Smart meters and time of use rates can put you in control of demand and your electric bill. You will have the information, knowledge and tools available to make a difference in your bill. The rising cost of new power plants, changing public policy such as cap and trade proposals and new technologies are changing the way electric utilities conduct their business. It is the future of the industry!



## New Building Leads the Way for Energy-Efficiency

Bartholomew County REMC has always prided itself in its commitment to the community. In fact, it is one of our core values. It is with this community leadership that REMC took the initiative to follow voluntary U.S. Green Building Council guidelines to seek LEED – Leadership in Energy and Environmental Design – certification. If this merit is achieved, REMC will be the first LEED certified commercial building in Bartholomew County.

Elements considered in LEED certification include: water efficient landscaping; rainwater recycling methods; optimizing electricity use; installing on-site sources of renewable energy, such as solar panels and small wind turbines; the use of recycled materials in construction; and effective use of sunlight for heating and lighting.

Some specific features of our new headquarters:

- HVAC system has increased energy efficiency through new heat pump technology
- Water drainage stored on-site
- Use of renewable energy through solar panels and wind turbine (this summer) installed on-site
- Building materials purchased locally
- LED lighting with motion and light sensors



# Connected to Our Community...

...as a supporter of youth and education.

## Heritage Fund Scholarship



Robin Cartwright,  
scholarship recipient

Kylie Hutchinson, a 2009 Columbus East graduate, currently attending Indiana University and Robin Cartwright currently attending the Indiana Wesleyan nursing program were the recipients of the Bartholomew County REMC Scholarship that is administered through the Heritage Fund, for the 2008-2009 school year.

## Youth Tour

Adam Fischer and Alison Sullivan, both students at Columbus East High School, represented Bartholomew County REMC on the 2009 Electric Cooperative Youth Tour to Washington, D.C. This trip was the 50th year that Indiana's electric cooperatives have hosted the Youth Tour giving hundreds of young Hoosiers the opportunity to visit our nation's capital to learn about government and electric cooperatives. The tour began June 11 with a statehouse tour and orientation program in Indianapolis and ended on June 18 back in the Hoosier capital.



Alison Sullivan and Adam Fischer, 2009 Youth Tour participants.

The Indiana delegation was comprised of a record 78 students from throughout the state, each selected by their local cooperative. Over 1,500 students from across the country joined Indiana's delegation in Washington for the four-day conference.

## School Safety Program

The REMC's School Safety Program, now more than 12 years old, teaches electric safety to area third graders. Through eye-catching visual effects, the demonstrations encourage children to remind parents and other adults of safety's importance around electricity and power lines. Throughout April and May, BCREMC hosts over 600 students in efforts to spread the word about electrical safety.

Using a toy figure and a mini electric line display, linemen demonstrate the dangers of electricity to area third-graders. The sizzle and sparks draw "oohs" and "aahs" from students, but the message is serious. "Don't mess with electricity and don't be the path to ground".



Lineman Steve Whiteside takes kids for a bucket truck ride.

...as a giver of volunteer time and charitable dollars to support causes that reflect the values we share as neighbors and fellow advocates

## United Way



Bartholomew County REMC and its employees have been United Way supporters for many years. In 2009, Bartholomew County REMC donated the cubicle partitions from the old 801 Second Street office to the International School of Columbus to begin their first school year. The total contribution to United Way including donations, and employee payroll deduction was approximately \$9,000.



Richards Elevator in Taylorsville, completed an expansion to their grain bin operation in 2009.



### Operation Round-Up®

Operation Round-Up grants from Bartholomew County REMC members, rounding up electric bills to the next highest dollar, reached

a grand total of \$482,686 since the program started in 1997. Round-Up donations are placed in a fund for grants awarded to worthy community causes throughout the year. Approximately 70% of the Bartholomew County REMC members contribute to this fund. From January through December 2009, REMC members contributed \$38,761 to aid 15 organizations. Pennies truly do make a difference. For more details, see the Operation Round-Up Annual Report.

...as the provider of a service that is absolutely essential to everyday living and economic vitality.

### Residential Growth

In 2009, Tipton Lakes announced further expansion with the development of Sunset Cove of Spring Hill. This new housing development offers adaptable features specifically designed to serve those 55 and older and is a welcomed addition to the REMC service area.

Shadowcreek Farms, a Beazer Homes community, also saw growth in 2009. Now developing in section 5, each high performance home includes at least 15 eSMART features that save energy, conserve water and improve indoor air quality.

...as an electric distributor for diverse small, mid-sized and large businesses that are the lifeblood of the local economy.

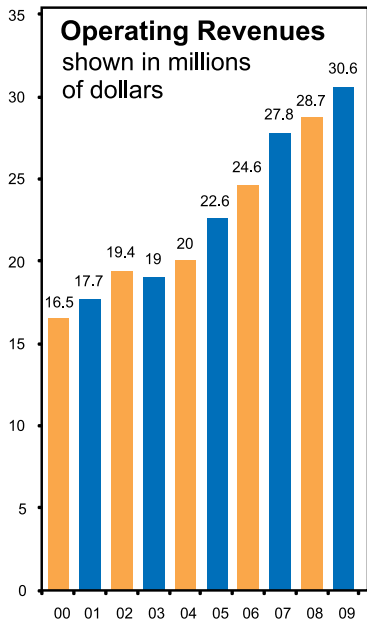
### Small Commercial and Large Power Growth

Richards Elevator in Taylorsville, completed an expansion to their grain bin operation. As Phil Newton watched the 2009 harvest come in, he knew that the timing was right to expand the elevator that he co-owns with his son, Operations Manager, Jason Newton.

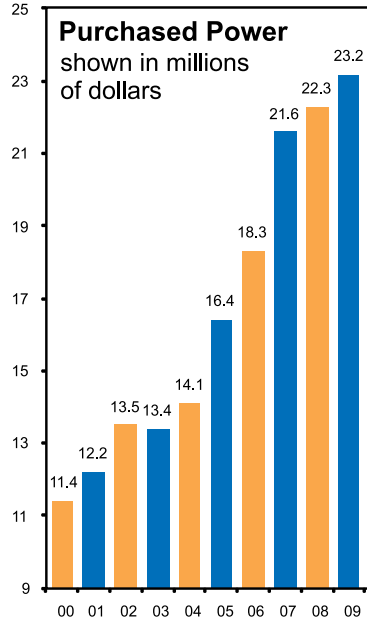
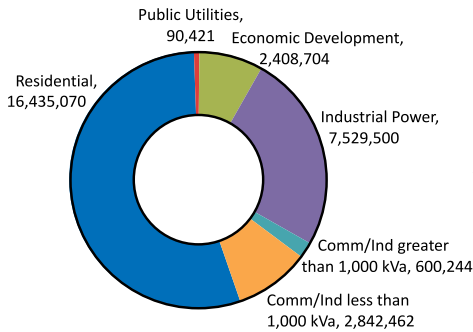
Bartholomew County REMC broke ground in 2009 on its new facility located at 1697 W. Deaver Road. It seeks to become the first LEED (Leadership in Energy and Environmental Design) certified commercial building in Bartholomew County.

The Walesboro Airport development, located in REMC territory, will provide growth to the cooperative as more companies choose to locate and build on the land.

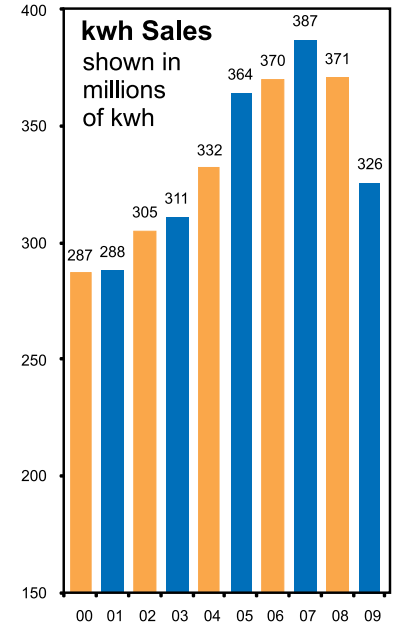
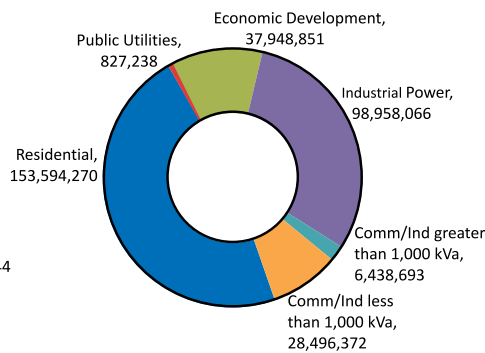
# Years in Comparison



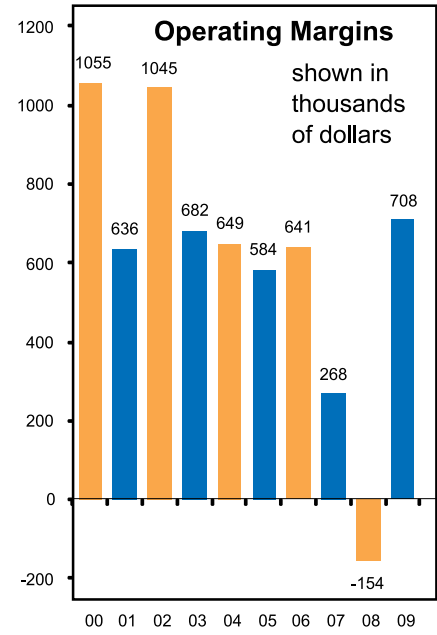
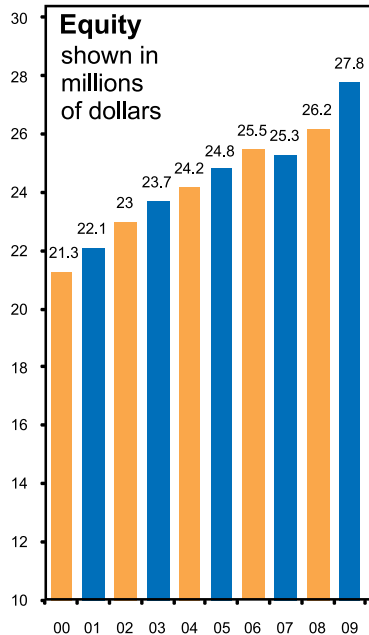
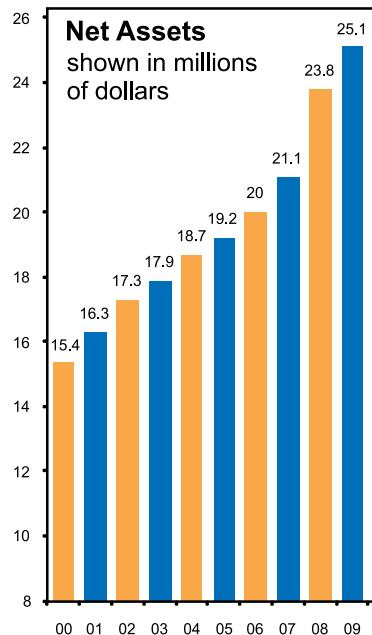
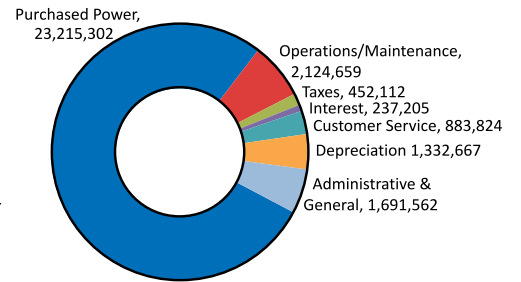
**Income by Customer (\$'s)**



**Total Sales (kwh's)**



**Expenses by Category (\$'s)**



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## Statement of Operations

<b>For Year Ending</b>	<b>2009</b>	<b>2008</b>
<b>Operating Revenues</b>	<b>30,645,742</b>	<b>28,718,149</b>
<b>Operating Expenses</b>		
Purchased Power	23,215,302	22,289,943
Operations & Maintenance	2,124,659	2,299,383
Customer, Administrative & General Service	2,575,386	2,610,086
Depreciation	1,332,667	1,110,246
Taxes	452,112	400,647
Interest & Other Deductions	237,205	162,314
<b>Total Operating Expenses</b>	<b>29,937,331</b>	<b>28,872,619</b>
<b>Total Operating Margins</b>	<b>708,411</b>	<b>(154,470)</b>
Non-Operating Income		
Interest Income & Other Margins	154,687	186,643
Patronage Capital Associated Organizations	850,804	1,353,444
<b>Total Net Margins</b>	<b>1,713,902</b>	<b>1,385,617</b>

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## Balance Sheet

<b>Assets</b>	<b>2009</b>	<b>2008</b>
Utility Plant	35,110,123	35,618,847
Construction Work in Progress	583,664	263,147
Accumulated Depreciation	(10,557,790)	(12,066,548)
Net Plant	25,135,997	23,815,446
<b>Capital Credit Certificates from Other Assoc.</b>	<b>8,682,598</b>	<b>7,797,062</b>
<b>Current &amp; Accrued Assets</b>	<b>9,608,525</b>	<b>5,044,860</b>
<b>Total Assets</b>	<b>43,427,120</b>	<b>36,657,368</b>
<b>Equities &amp; Liabilities</b>		
Membership	430,224	431,556
Patronage Capital	27,413,144	25,803,219
Other Equities	(28,544)	(28,544)
<b>Total Equities</b>	<b>27,814,824</b>	<b>26,206,231</b>
<b>Long Term Debt</b>	<b>4,756,923</b>	<b>804,706</b>
<b>Total Current Liabilities</b>	<b>10,249,398</b>	<b>9,219,746</b>
<b>Deferred Credits</b>	<b>605,975</b>	<b>426,685</b>
<b>Total Liabilities &amp; Member Equity</b>	<b>43,427,120</b>	<b>36,657,368</b>

# NAVIGATE

## The New Rate



For the past few months, Bartholomew County REMC has been providing you updates about changes coming in April which will affect the rate structure and the rate you pay for electricity. In tough economic times, rate increases are especially difficult to accept. Therefore, we want to give you more details about the reasons for the changes.

Our power supplier, Hoosier Energy, is changing the way it charges us for wholesale power to reflect actual use and how that affects the cost to generate electricity. Because electric energy can't be stored cost effectively, power suppliers have to build extra generators for the sole purpose of meeting customer needs during peak times of use. Typically, peak demand only happens a few hours a day and only in the summer and winter months.

Since the generator costs can only be spread over a few hours during the year, peaking power is very expensive on a kilowatt-hour (kwh) basis. By contrast, the cost of "baseload" generators, which are used to meet normal everyday electricity demands, can be spread over many hours, resulting in a relatively low cost per kilowatt-hour.

Traditionally, the electric industry has averaged the costs of peaking power and baseload power into a single price per kilowatt-hour that is charged to customers. This average rate is currently how we bill you for electricity.



With Hoosier Energy's new rate structure, the rates Bartholomew County REMC pays for power will depend on the season and the time of day. The price will be highest during on-peak summer periods, lower during on-peak winter periods, and lowest during off-peak periods. This means we will have relatively low pricing during the months of September, October, November, March, April and May, as well as the off-peak hours during the summer and winter. BCREMC is taking advantage of this wholesale pricing by making two different residential rate structure options available to our members beginning April 1, 2010. These two rates will be available until we transition to a time-of-use rate, which will give you the opportunity to save more by managing your electric use to take advantage of lower rates at off-peak periods during the day. We need to make some changes in our information technology infrastructure before we can implement the time-of-use rate structure. We hope to have those changes in place in time to introduce this new rate option in early 2011.

### Flat Kilowatt-hour Rate

We will continue to offer a standard, flat kilowatt-hour rate throughout 2010. Because of the net impact of the rate structure changes from Hoosier Energy, this rate will increase on April 1, 2010 to \$0.09278 per kwh. For most members, the flat rate will be the most cost effective at this time. You will be placed on this rate automatically unless you request a change to the seasonal rate.

### Seasonal Rate

With the seasonal rate option, customers pay more per kwh during summer and winter peak months, but less during off-peak months. The seasonal rate is a voluntary option for those who have little use during the peak months and could benefit from the lower price during non-peak months. To find out more about the seasonal rate and if it would be a good choice for you, contact the BCREMC office at 372-2546.

## Our Mission

*To provide reliable energy and quality services at competitive prices to members and customers that add value to the communities we serve.*

## Board of Directors

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### District 2

Paul Ketner, President

### District 3

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### District 7

Janet Anthony, Secretary



## Bartholomew County REMC

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*The power of human connections®*

