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- Nancy Lendyak
President
- Kenneth Etzel
Vice President
- Althea Smith
Secretary/Treasurer
- Kenneth Durrett
- Robert Smith
- Jody Weaver
- Richard Weaver



Power Lines

Photo from Unsplash

Patronage Capital Rotation

by Matthew Boshaw, CEO & General Manager

The rotation of patronage capital is fundamental to the cooperative business model. Unlike the purchase of stock in an investor-owned utility, the cooperative model is not an investment tool but a way to provide an essential community-based service at reasonable cost. If positive margins exist, they can be invested back into the cooperative’s system or returned to those who used the service. It is a perpetual service that should always benefit its users and should never end. When margins are retired, they typically do not align with useful upgrades to a system, so they are assigned and/or paid based on co-op’s needs and financial stability.

At the end of each year, the amount of money we have left after paying all the cooperative’s expenses is our margin. (In a for-profit business this would be a

profit.) We then hold that money in individual allocation accounts to serve as our members’ equity, or the part of the cooperative that you own. After a number of years have passed, we then return the money to the membership in the form of a capital credit refund (the amount each member receives is based on their respective electric usage throughout the year). Patronage capital is specifically what makes our members owners, and the rotation of that capital is a big part of what makes us a cooperative.

After the annual third-party audit of Central Electric Cooperative’s (CEC’s) financials, our board allocates the margin to our membership. This is typically done at our April board meeting. We then utilize that capital in the maintenance of our perpetual service model. The final part of the patronage capital rotation process is the retirement

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of capital credits to our membership. This retirement is typically decided on at our February board meeting so the retirement can happen with the April billing cycle.

Our board considers the rotation of patronage capital and the retirement of capital credits to our members to be a foundation of what it means to be a cooperative and therefore has identified financial goals around that process that are second in priority only to rate stabilization. Our financial goals for patronage capital have two components. The first, as I mentioned, is to retire capital credits to our membership every year provided the cooperative is financially healthy. The second is less visible, but equally important, and is to work to decrease the number of years that CEC holds members' patronage capital before retiring it to you. We have been very successful in recent years on both counts and this year was no exception. At the February meeting of the Board of Directors, the board approved the repayment of over \$1,600,000 in capital credits to our members. Our hybrid retirement approach, retiring the oldest years in their entirety while also retiring a percentage of all other years, allowed us to get all members a credit while decreasing the years of rotation by another year. Current members will see the retirement described above as a bill credit on their April billing. Former members with outstanding capital credit allocations will receive a check in the same time frame. I hope this refund serves as a tangible reminder

of your membership in your cooperative.

The board gave particular emphasis to the entire rotation of patronage capital process during this challenging period of global pandemic that has now stretched over two cycles of rotation. As they recognized the potential hardship to our membership, they authorized both the decrease in years of rotation and for 2020 and 2021 combined over \$3.2 million in capital credit rotation. Additionally, they authorized a greater percentage of the previously unclaimed capital property or escheats dollars to be used to assist members struggling to pay their electric bill during this time.

Ultimately, we are committed to the rotation of patronage capital and utilizing the process to support and assist our membership during this difficult time. Please be looking for your capital credit retirement on your April billing or, if you do not currently have an active account, by check.

Thank you for your continued support of your cooperative and the cooperative business model. It is times like these when the value of our cooperative business model is highlighted.

**Check your April bill
for your capital credit
refund!**

“The board gave particular emphasis to the entire rotation of patronage capital process during this challenging period of global pandemic that has now stretched over two cycles of rotation. As they recognized the potential hardship to our membership, they authorized both the decrease in years of rotation and for 2020 and 2021 combined over \$3.2 million in capital credit rotation.”

Matt Boshaw, CEO &
General Manager



The Safety Linke



Don't be a stranger, to electrical danger.

Spring Cleaning Safety



Manager of Safety
& Loss Control

Dylan Linke

The last few months remind all of us that Pennsylvania's attempt at Spring is not always what it is chalked up to be. As the weather continues to change, many homeowners start to think about spring cleaning or projects they plan to do when the weather breaks. Here are some safety tips to consider during spring cleaning.

- Household chemicals and potentially hazardous materials such as pool chemicals, paints, and poisons should be properly marked and stored under lock and key.
 - Correctly dispose of any substances or containers that are leaking, expired, or look bad.
 - When cleaning up hazardous chemicals or potentially dangerous materials, wear rubber gloves and follow safety directions found on the packaging.
 - Never mix chemicals in the same container.
- If you do not know how to dispose of them, seek outside advice.

- Never put chemicals or hazardous materials in the trash or pour down the drain.
- Make sure gasoline and cleaning fluids are well marked and stored in a cool, dry place away from the house and out of the reach of children and pets. Use only approved containers for gasoline and other types of fuel storage.
- Never use gasoline to clean.
- Clean up work areas inside and outside your home.
- Put dangerous tools, adhesives, matches, or other work items out of children's reach.
- Check your barbecue grill for leaks and cracks and be sure to store any propane tanks away from your house and/or garage.
- Remove all fire hazards, including stacks of rags, newspapers, and magazines. Pay special attention to the spaces around your furnace, hot water tank, fireplace, space heaters, and dryer, as well as under stairs.

Attention High School Seniors: PREA Scholarship

A minimum of five \$1,000 Pennsylvania Rural Electric Association (PREA) scholarships, in memory of William F. Matson, are available for the 2021-2022 college year.

Who is eligible?

The PREA Scholarship Trust Fund offers scholarships to children of members and employees of electric cooperatives in Pennsylvania and New Jersey who belong to PREA. Applicants must be high school seniors.

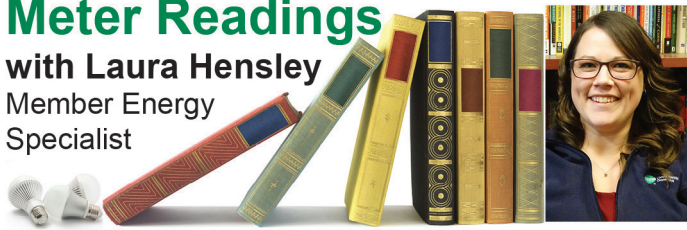
Applications and required information must be received no later than **May 7, 2021**. Finalists will be sent a follow-up questionnaire that must be returned by **June 18, 2021**. Scholarship awards will be announced at the PREA summer meeting in July. To download a PDF version of the application visit www.prea.com or mail your request to:

PREA Scholarship Trust Fund
P.O. Box 1266
Harrisburg, PA 17108-1266

Meter Readings

with **Laura Hensley**

Member Energy
Specialist



Members often wonder about the operating cost of their refrigerator or freezer. There is not really a single answer to this question as the appliances come in many sizes and configurations and operate in a variety of conditions, and there is always the age of the appliance to consider. For a new purchase you can consult the appliance's EnergyGuide for this information.

Refrigerators

To ensure you are getting the most out of your refrigerator set the temperature to 35-38 degrees and be sure door seals are airtight. Place the refrigerator in a cool area away from the oven or dishwasher and out of direct sunlight, when possible. Also, leave a few inches between the refrigerator and wall for air circulation and to clean dust from condenser coils in older units.

According to Energy Star, improvements in insulations and compressors in the last twenty years allow today's refrigerators to use much less energy. If your refrigerator is 15 years or older, consider

Refrigerators & Freezers

replacing it with a new Energy Star model to save an estimated \$200 over the expected 12-year lifetime of the appliance.

If you are in the market for a new refrigerator, keep in mind that the most energy efficient models are 16 to 20 cubic feet and have freezers on top. Avoid moving the old refrigerator to the unconditioned garage, where it will likely use even more energy to operate.

Members who purchase a new Energy Star refrigerator this year are eligible for our \$50 mail-in rebate. Visit www.central.coop for an application.

Freezers

While a stand-alone freezer is a less common household appliance, our rural members have plenty of reasons to have them. Set your freezer temperature to zero degrees and make sure the door seals tightly. If you find that you have very little in the spare freezer — unplug it until it is needed again and take the opportunity to defrost the unit.

Energy Star boasts replacing your older freezer with an Energy Star model could save you \$195 over the next five years. When purchasing a new freezer, resist the urge to buy one larger than needed to meet your needs and consider a chest freezer, which uses less energy than an upright freezer.

Lineworker Appreciation Day

On April 12,
remember to
#ThankALineworker



LINEWORKERS BRING THE LIGHT.

Submit Your Photo and Win!

CEC invites you to submit your best photo for our 2021 Photo Contest. The subject of your photo can be beautiful scenery, landscapes, power line equipment, or anything!

CEC will award prizes for the top three winners: a \$100 bill credit for first place, a \$50 bill credit for second place, and a \$25 bill credit for third place. Submit your best photo for a chance to win! You must submit your photo before June 11.

Members will vote for the top five photos from June 18 to July 30. Then voting begins for the top three photos from Aug. 6 to Oct. 15. You can vote through CEC's website at www.central.coop. You will also have the opportunity to vote using a ballot in the September issue of this newsletter.

Winning photos will appear on CEC's website and in future publications of this newsletter. Winners will be announced in late October.

Rules:

1. Only one entry per membership.
2. The photo must have been taken by a CEC member within one of CEC's seven service counties (Allegheny, Armstrong, Butler, Clarion, Forest, Mercer, and Venango).
3. The photo should be submitted electronically through CEC's website by June 11. When submitting a photo, you must include where the photo was taken, your name, CEC account number, and a title for the photo.
4. Employees and directors of CEC, along with their immediate families, are ineligible.
5. The prizes will appear as a credit on the winners' bills and may not be redeemed for cash.

Questions about this contest should be directed to Emily Shumaker at 800-521-0570 x2152 or eshumaker@central.coop.

CEC Scores Big with Member Survey

Member satisfaction is a topic of great interest to electric cooperatives. By definition, the cooperative model — ownership by those we serve — suggests high member satisfaction must be a constant goal for any cooperative to be successful.

CEC's 2020 Member Survey was meant to provide a tool for you, our members, to tell us what you believe is important and what areas you'd like us to focus improvement efforts on. It was also meant to provide us with data for national comparisons and a general understanding of how satisfied you are. It did just that! Over 3,000 members participated in the survey and the results will have a large impact on our strategic plan and how the cooperative looks moving forward.

2020's survey revealed that you'd like us to focus improvement efforts on rates, reliability, and system maintenance. We also learned that reliability, high-quality customer service, and

affordability are what are the most important parts of CEC to you.

Beginning in September and running through mid-November, the 2020 survey also provided CEC with an American Customer Satisfaction Index (ACSI) score. ACSI is the only national cross-industry measure of customer satisfaction in the United States. CEC's 2020 ACSI score is an 85. Nationally, electric cooperatives scored at 73 and investor-owned utilities scored at 72 in 2020.

Thank you to everyone who took time to participate in the survey.

Congratulations to the winners of the prizes for the survey: Linda Orth of Butler; Marie Bauldoff of Fenelton; Harold Grossman of West Sunbury; Charles Hanford of Fenelton; Jean Rodgers of Oil City; Michael Clougherty of Prospect; and Shirley Perry of Seneca.

