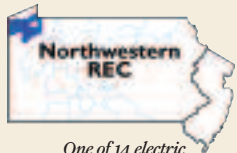


Northwestern
Rural Electric
Cooperative
Association, Inc.

Your Touchstone Energy® Cooperative 



One of 14 electric
cooperatives serving
Pennsylvania and
New Jersey

Northwestern REC
P.O. Box 207
22534 State Highway 86
Cambridge Springs, PA 16403
Home Page:

<http://www.northwesternrec.coop>

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Monday through Friday
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FROM THE MANAGER & CEO

New Year - New Decade - New Plans



by Michael D. Tirpak
General Manager & CEO

THE OLD saying about "time marching on" is very true as we march into the next decade of the 21st century. Northwestern REC is also marching into our 2010 Work Plan, and our multi-year Technology Plan continues at a rapid pace.

The last two years have resulted in a new main computer system, called IVUE, at our headquarters

that updates and integrates our consumer and accounting information. We've launched a new web page (Northwesternrec.coop) that interactively communicates with our membership to supply energy audit software tools to help make our members' homes more energy efficient, adds billing information, provides for online payments and highlights community information. We also began the installation of our new automatic meter reading (AMR) system that will give us the ability to remotely read our 20,000-plus electric meters from our office and supply a host of other information such as voltage readings and electric interruptions that is changing the way we do business and makes us more efficient.

In 2010, we will be putting the finishing touches to the AMR system with the installation of our commercial and industrial meters and other specialty meters. This project is almost a full year ahead of schedule and working great! We will now be turning our attention to our load management system and the 10,000 controls we have on members' water heaters and electric home heating systems. This enhanced system will bring our 25-year-old load control system up to "smart grid" capabilities. Controlling our system demand (the electric load when homes and businesses use power at the same

time) is very important to keep our cost of wholesale power at the lowest possible level. Another feature we plan to add to our system is SCADA (Supervisory Control and Data Acquisition) so that we can check the status of our equipment at our substations and lines from the office and, in some cases, actually control their operation. This should also improve our efficiency and system reliability.

Another technology project for both 2010 and 2011 will be our system inventory project that is designed to take a detailed inventory of every pole on our system, put a number marker on every pole, take a GPS reading, and develop a digitized record of each location that will go together into a complete electronic map file of our system. These new electronic maps will allow us to put laptop computers in all of our co-op vehicles and handle our day-to-day workload in an electronic, paperless and more efficient fashion.

We plan to make more modifications to our co-op web page in 2010 to allow members to look at a map of our area and visually see the location of any outages that occur when weather systems impact our distribution system. Our new outage management system will also help us to handle outage situations more efficiently.

In addition to the exciting Technology Plan, we will be continuing in 2010 many of the normal activity plans, such as the old conductor replacement program and the right-of-way management program, along with the usual operations and maintenance activities and member-focused activities. 2010 will be a very busy year! ☀

Michael D. Tirpak

Happy new decade and Happy New Year everyone!

Rebuilding for reliability

Generally, Crane Road north of Edinboro isn't a likely spot for traffic jams, but for the last several months the likelihood of a bit of a delay has been possible. Northwestern REC crews worked in the area since early summer to rebuild the substation located on the corner of Crane Road and Route 98. While crews tried to minimize road delays, the necessity of large construction and transport vehicles caused motorists unavoidable delays. Updating this substation will improve reliability and includes necessary upgrades for the Automated Meter Infrastructure (AMI) and the load management program.

The new Edinboro Substation closely resembles the recently upgraded Conneautville Substation. Cabinet-style, pad-mounted transformers replaced the old overhead transformers. The design of both substations allows easier access and connection of the co-op's mobile substation should it be needed.

Extensive ground work included underground vaults, wiring and cabinet work for housing equipment. Because the Edinboro Substation supplies power to the Edinboro West Substation on the western end of Crane Road, improvements to the transmission line between the two subs were also accomplished. The improvements make it possible to supply power to either substation from an alternate substation during outage situations.

We regret if you were held up in traffic during the rebuilding process, but increasing reliability and performance is essential in our quest to provide great service. 🌞



TOP: Norb Adam, group leader/chief, gathers hotline cover-up while keeping a close eye on the overhead activities.

ABOVE: Bucket truck work is under way at the Edinboro Substation.

LEFT: The new Edinboro Substation transformer is maneuvered into position.

Capital credits checks mailed in early January

Cooperative members to receive \$538,700 from the 2009 retirement

As an owner-member of Northwestern REC, you provide equity for the cooperative. When you pay your electric bill, any amount paid in excess of the cost and expense of furnishing power creates patronage-sourced margins. These margin amounts are not profits like a regular corporation. For a member-owned cooperative, these margin amounts represent each member's capital contributions (i.e. capital credits), which are used by the cooperative to build the utility plant, make improvements and fund capital spending projects.

Member equity (in the form of capital credits) is used to leverage long-term loans that finance line construction costs. You can compare it to the down payment required when you are buying a home. The cooperative's members must provide the equity or "down payment" for these loans.

Annually, the board of directors determines if the finances of the cooperative permit a retirement of previously allocated

capital credits and then determines the method and priority of payment. This year, the board has elected to use a method that takes into consideration the "time value of money" and uses a retirement cycle that is closely tied to the life of the utility plant. The cooperative is retiring certain capital credits in advance of maturity for the allocation vintage year of 1996 and the generation and transmission capital credits for 1983 and about 75 percent of 1984. We are also retiring about half of the co-op allocated patronage for 2008 using the same "time value of money" formula so that we can speed up the retirements to the current membership.

Long-term members, new members and past members all benefit

from this method of retirement by receiving the capital credit retirements.

Only checks for amounts greater than \$5 will be issued. Lesser amounts will be held over until the next retirement. ☀



Touring the nation's capital in your dreams?

Apply for a Youth Tour Scholarship and it might become your own reality show

IMAGINE 1,400 high school juniors and seniors from nearly every state across the country, together in one hotel in Washington, D.C. For one week, they marvel at the historic sites, meet with elected officials, learn about our government, and absorb facts about rural electrification. In a nutshell, that's the annual Rural Electric Youth Tour.

Northwestern REC annually selects high school juniors and seniors as Youth Tour Scholarship winners — one way we can help enrich the lives of the young people in our community. Last year, the following winners enjoyed the Youth Tour: Katie Harvison and Laurie Shorts, Maplewood High School; Maura Stewart, Kystal Kline and Amanda Mosier, Cochran-ton High School; Thomas Sovisky, Cambridge Springs High School; Anne Grill and Elliot Kim, Meadville High School; Trenton Whitman, Jessica Rumbaugh and Laurie Hopkins, Titusville High School.

There are many other highlights during the week, beginning with Youth Day. Youth Day allows students to discuss issues they care about. They also hear various speakers discuss rural electrification and the business culture in today's world. Later in the week, they visit places such as Mount Vernon, the FDR, Lincoln, Jefferson, World War II, Vietnam War and Korean War memorials, and the Iwo Jima Monument.

Students get a chance to meet, mingle and dance on a boat cruise down the Potomac River and spend another evening in semi-formal dress at the Kennedy Center for a play.

Youth Tour Scholarship winners are chosen through an interview and testing procedure. Students from all local high schools as well as homeschoolers are eligible to apply.

Fill out the coupon if you are currently a high school junior or senior and

would like to win one of our Youth Tour Scholarships. Return it to Northwestern REC, P. O. Box 207, Cambridge Springs, PA 16403 by Feb. 15, 2010. ☀

Youth Tour Application

Northwestern Rural Electric Cooperative

Name _____

Address _____

City _____

State, ZIP _____

Telephone _____

Parents' Names _____

School Attending _____

Safety and use tips – using space heaters

During winter, many people turn to space heaters as a way of adding extra heat to a room. While they are a source of supplemental heat, if not used safely, they can present a safety hazard. Space heaters can also be costly to operate.

When purchasing a space heater, always choose a model with a guard in front of the heating device. This is an important safety feature as it keeps people from touching the hot surface. Always check that the space heater has been tested at an accredited laboratory to ensure it meets proper safety standards. Also consider the size of the space you want to heat when selecting a space heater.

Carefully read the manufacturer's safety and operating information. Make sure everyone who will be using the space heater has read the directions as well. And, make sure the safety instructions are kept in a handy place where they can be referred to later.

It is important to remember to always turn off the space heater when it's not in use. When deciding where to place the space heater, make sure it is at least three feet from any flammable objects or chemicals. Also make sure nothing nearby can fall into the

space heater and catch on fire. Place the space heater on a level, hard surface, never on carpet. This will keep it



from tipping over and starting a fire. In case the space heater should tip over, it is important to choose a model with a switch that will shut off the heater until it is turned upright again.

Pay attention when plugging in the heater as well. Make sure you are not plugging it in near places that may accumulate moisture. If a space heater

gets wet, it can become a shock hazard. Avoid using extension cords if possible with space heaters. Check that the plug fits into the outlet securely because a loose plug may overheat. If the plug feels warm, disconnect it immediately.

Remember, too, that the electric space heater will increase your kilowatt-hours used, which will be reflected on your electric bill. Depending on the room and your activity, you may just be able to put on a sweater and eliminate the need for a space heater. If you do operate an electric space heater, you can use a formula to figure out how much it will cost you. Multiply the wattage of the heater by the number of hours used each day, divide by 1,000 and multiply this number by \$0.10104. The answer is the daily cost to operate the unit. For example, 1,500 watts X 2 hours = 3,000 divided by 1,000 = 3 kWh. And 3 kWh X \$0.10104 = \$0.30312 per day. So in a month, this space heater running for two hours a day will add \$9.40 to your bill.

Space heaters are a way of driving the chill out of drafty rooms on cold winter days. However, like other electric appliances, they must be kept in good condition and used carefully to keep your family and home safe. ⚡

'Kill-A-Watt' monitors available

Are you wondering just how much electricity that old refrigerator is actually using? The co-op has "Kill-a-Watt" monitors available for members to borrow. You simply plug the monitor into an outlet, and the refrigerator or other appliance into the monitor. The monitor will show a reading of the energy use of the appliance.

If you would like to borrow a monitor, call the office at 800/472-7910 to schedule a time to pick one up.



UNDER SURVEILLANCE: A Kill-A-Watt monitor shows a voltage reading.