



A Touchstone Energy® Cooperative 

16755 Finley Butte Road
P.O. Box 127
La Pine, OR 97739

www.midstateelectric.coop
info@midstateelectric.coop
541-536-2126 • 800-722-7219

Departments

Member Service..... Option 3
Engineering..... Option 4
Marketing..... Option 5
Operations..... Option 6

**After-Hours Outage and
Emergencies: 541-536-2165
or 800-752-5935**

OFFICE HOURS

Monday through Thursday
7 a.m. to 5:30 p.m.
Closed Fridays and holidays

BOARD OF DIRECTORS

President

Leland Smith, Sunriver

Vice President

Alan Parks, Fort Rock

Secretary/Treasurer

Diana Cox, Christmas Valley

Vic Russell, Fall River

Robert Reed, La Pine

Gordon DeArmond, Crescent

Ron Sommerfeldt, Gilchrist

Ken Wilson, Chemult

Bud Kendall, La Pine

Board meets the fourth Monday
of each month at the co-op office.

STAFF

General Manager

Dave Schneider

Operations/Engineering Manager

Steve Hess

Marketing Manager

Teresa Lackey

CFO/Accounting Manager

Jami Bartunek

Information Services Manager

J.D. Powers

Attorney

Raymond Kindley

OR-23

Manager's Message

Dear Member:

Electric cooperatives are local and community centered. Founded as a way to bring electricity to communities that did not interest investor-owned utilities, electric co-ops have been a cornerstone of the community and economic development in rural America for decades.

I am proud to be a part of an organization that serves the community in which we live, instead of a group of shareholders who may never set foot in our service territory.

As a member of Midstate Electric Cooperative, you not only get the benefit of safe, reliable and affordable electric service, but a benefit reserved for owners of a company: a return on your investment. MEC operates as a not-for-profit utility. The foundation of the cooperative business model is the allocation and retirement of patronage capital. This is the two-step process that returns margins to the cooperative's member-owners.

Each year, any revenues received in excess of expenses—referred to as margins—are deemed patronage capital and set aside in the form of capital credits. These margins are allocated to each member in proportion to the amount of electricity they bought that year. This allocation is the first step.

MEC retains the capital credits for a period of time. Like all businesses, MEC must maintain a balance between debt and equity to ensure financial stability. Capital credits are a significant source of equity and help fund the maintenance and growth of the system. In reinvesting your capital credits, MEC is able to keep rates competitive by reducing funds that must be borrowed from other sources.

MEC disburses or returns these capital credits when it is financially feasible to do so. Each year, the board of directors determines if the cooperative's financial position permits the return—or retirement—of capital credits and, if so, what amount of capital credits will be retired.

The board of directors has authorized the retirement of \$1.57 million in capital credits. When capital credits are retired, your equity is refunded to you. This disbursement completes the allocation and retirement process.

MEC retires capital credits using the first-in, first-out method: capital credits that have been invested in the cooperative for the longest period of time are returned to members first. In mid-December, members who bought power during 2001 and/or 2002 will receive capital credit retirement refunds.

All MEC members have an economic stake in the cooperative, both as users and owners. Capital credits benefit the individuals, businesses and governments the cooperative serves. Capital credit retirement refunds also provide an indirect benefit and economic impact as they flow back into the local communities.

Happy Holidays!

Our office is closed Tuesday, December 25, and Tuesday, January 1. Our after-hours outage line, 800-752-5935, is open 24 hours a day to assist you.

Washington, D.C., Youth Tour Applications due January 31

All interested high school sophomores or juniors should call 541-536-2126 option 5 for details.

General Manager Dave Schneider