



CENTRAL ELECTRIC COOPERATIVE, INC.

President's Quarterly Newsletter

April 2009

To Our Members:

This February, the Bonneville Power Administration (BPA) announced plans to increase wholesale power rates for its public and consumer-owned utilities customers, which includes Central Electric Cooperative.

The proposed rate increase is subject to an extensive public review process, which I expect will be heavily challenged. A decision is expected this July with the rate increase becoming effective October 1, 2009. This will be first such increase by the Bonneville Power Administration since 2003.

The amount of the increase has not yet been established but this February, BPA released a public announcement that proposed an increase of 9.4 percent. But more recently, representatives of BPA stated this wholesale power rate increase could be in the range of 15 or 20 percent. BPA identified many factors for seeking the increase. One is the lower than expected sales of excess BPA wholesale power to other parties on the West Coast, which can provide 20 to 25 percent of BPA's total power revenues for the year. Typically, sales outside the Northwest help keep our rates low but the economic downturn has had an impact on these revenues. Other factors cited are the increased funding requirements for Columbia Basin salmon and operation and maintenance costs of the hydropower system and the Columbia Generating Station nuclear plant.

CEC gets virtually all of its power from BPA. The timing and magnitude of BPA's proposed rate increase is unfortunate given the current economic conditions. Accordingly, CEC will be active participants in the formal rate process to ensure any rate increase is as minimal as possible.

We have not increased our members' rates since October, 2001, but when that inevitable day arrives, we are going to do everything we can to minimize the impact. We will work hard to protect your interests and will keep you updated on the progress of this BPA rate increase proposal.

Sincerely,



Dave Markham
President/CEO