




RURAL MISSOURI

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 **CURRENT TIMES**

News for members of White River Valley Electric Cooperative
A Touchstone Energy® Cooperative 

Guest Column

Missouri needs more power

by Jim Jura

You and your electric cooperative are part of a growing electric system that provides power to members in Missouri, Iowa and Oklahoma. One reason you enjoy reasonable electric rates is that coal-based electric generation is the source of most of your electric energy.

Our three-tiered cooperative system consists of Associated Electric Cooperative (AECI), the wholesale power supplier for rural Missouri, and its member-owners: six generation and transmission cooperatives that serve 51 local distribution cooperatives.

About 830,000 rural electric cooperative member-owners receive electricity from AECI; 671,000 of those are in Missouri.

After 19 years of providing stable wholesale power costs — and even a drop in costs — AECI has announced a rate increase for 2006. Because of upcoming federal environmental requirements on existing power plants combined with the growing

demand for new generation by our member-owners, AECI will need to invest \$1.5 billion over the next 10 years.

AECI forecasts member energy sales will grow 2.9 percent per year over the next few years. At this pace, by 2006 we will be unable to meet member-owner electricity demand with existing generating facilities.

By 2010 we will need to produce an additional 400 megawatts of electricity — enough to support a city of about 200,000 residents. In

seeking a reliable, low-cost power supply, we are reviewing a number of options that fall into two basic categories: build a plant ourselves or partner with another company on a new generation project.

Soon the Environmental Protection Agency will finalize its rules addressing sulfur dioxide and nitrogen oxides, requiring substantial emissions reductions from our plants. Although U.S. electric utilities emit only about 1 percent of total global mercury

emissions annually, the EPA recently proposed alternative rules on mercury emissions that would require AECI to begin adding new emissions controls as early as 2006.

In preparing to meet upcoming environmental obligations and the need for additional generating resources, AECI's board of directors adopted a rate plan that provides stability and the lowest costs over time while ensuring it remains a financially strong and competitive wholesale power supplier. The plan is a balance of starting early to fund capital costs while maintaining the ability to review any potential rate increases annually.

Even after the April 1, 2006, wholesale rate increase — which returns wholesale rates to 1983 levels — AECI will remain one of the lowest-cost wholesale power suppliers in the nation.

Jura is general manager of Associated Electric Cooperative, Inc., the wholesale supplier of electricity to 51 electric cooperatives in Missouri, Iowa and Oklahoma.



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