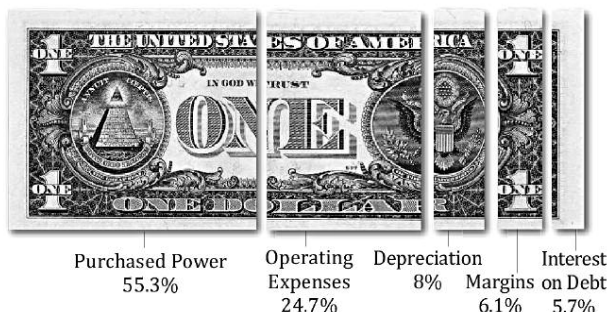


The co-op dollar


Where it comes from



Where it goes



Valley Rural Electric Cooperative, Inc.

Your Touchstone Energy® Cooperative 

December 2011

Dear valued member,

Due to a combination of rising wholesale power costs, higher-priced materials and a volatile energy market, the board of directors at Valley Rural Electric Cooperative has made the tough decision to implement a small rate adjustment. Effective with the Feb. 1, 2012 bills, average residential consumers will notice about a \$6.50 monthly increase (5.9%).

We work hard to avoid price adjustments. However, the cooperative has experienced zero sales growth in recent years, while the costs of doing business have continued to climb. Regardless, our members have enjoyed long periods of rate stability. In fact, **even with this adjustment, Valley's rates are still among the lowest in the state.**

Maintaining dependable service at the most affordable price possible is the cornerstone of our business. We want to reassure you that we will continue to plan for your future energy needs while keeping costs down. We're here to deliver the reliable power you've come to expect.



Cooperatively yours,

Wayne F. Miller

Wayne F. Miller
President & CEO

What you get for your money

	Avg. monthly kWh use*	Monthly cost (new)	Cost per day
Water heater	333	\$ 31.80	\$1.06
Refrigerator/freezer	80	7.64	.25
Lighting	92	8.79	.29
Electric range/oven	42	4.01	.13
Dryer	79	7.55	.25
Television	21	2.00	.07
Computer & monitor	17	1.62	.05
All other use	336	32.09	1.07
Basic monthly charge		21.00	.70
TOTAL	1,000	\$116.50	\$3.87

* The above figures are approximate. Kilowatt-hour use will vary depending on which appliances you own, how you use them, and the number of people in your family.

Click ... Calculate ... Save

For detailed information on how much electricity is used by your appliances, lighting, TVs and more, visit www.valleyrec.com and follow the "Save Energy" link to the "Calculators" tab.



To order your FREE copy of **101 Easy Ways to Save Energy and Money**, email memberservices@valleyrec.com or call 800/432-0680. Be sure to provide your name, address and account number.

"Owned by those it serves ..."

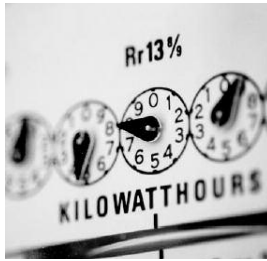
As always, we will continue to provide the best possible service to you, the owners of Valley Rural Electric Cooperative.

If you have questions or concerns, please contact us at your convenience.

814/643-2650
Toll-free 800/432-0680
www.valleyrec.com

General service rate

The new rate will be effective on bills rendered on or after Feb. 1, 2012.



Price per kilowatt-hour (kWh):

	Old	New
Generation/transmission	\$0.0652	\$0.0680
Distribution	0.0238	0.0275
Total	\$0.0890	\$0.0955

Basic monthly charge: \$21/month

(currently \$21/month)

There will be **no increase** in the basic monthly charge with the new rate.

The effect on your monthly bill

Energy use	Old rate	New rate	Change
250 kWh	\$ 43.25	\$ 44.88	\$ 1.63
500 kWh	65.50	68.75	3.25
750 kWh	87.75	92.63	4.88
1,000 kWh	110.00	116.50	6.50
2,000 kWh	199.00	212.00	13.00

A member who uses the average of 1,000 kWh each month will see a 5.9% increase in his or her monthly bill.

Updated area lighting rates



Area lighting service is available to any member of the co-op. The lights are furnished from dusk to dawn on an existing pole and from an existing transformer. Maintenance is done at the co-op's expense during regular business hours. The cost to fix damaged or vandalized equipment is the responsibility of the member.

RATES (for available lighting options)

	Monthly	Annual
100 W* HPS*	\$ 8.10	\$ 97.20
150 W HPS	10.20	122.40
250 W HPS	11.20	134.40
400 W HPS	12.10	145.20

The following equipment is no longer available but will be maintained until fixtures must be replaced.

RATES

	Monthly	Annual
100 W Mercury vapor	\$ 6.75	\$ 81.00
175 W Mercury vapor	8.15	97.80
250 W Mercury vapor	12.20	146.40
400 W Mercury vapor	15.65	187.80

Additional area lighting fees

1. If an area light requires a separate pole or post, the consumer will be charged an additional fee of \$2 per month (\$24 per year) for each pole or post.
2. If an area light requires a separate transformer, the consumer will be charged an additional fee of \$4.50 per month (\$54 per year).
3. If a member requests that an area light be moved, he or she will be responsible for the costs of the relocation.

*W = Watt

*HPS = High-pressure sodium

How can I manage my bill?

At Valley REC, we want to help you offset the effects of price increases by finding ways to reduce your monthly electric bills.

Start by taking advantage of our free energy audit program, which helps you calculate your energy use and find ways to conserve. Visit www.valleyrec.com and click the "Save Energy" tab to learn more. Or call 800/432-0680.

You could also sign up for our levelized billing program, which reduces the variance between seasonal bills.

In addition, we offer low-interest loans of up to \$15,000 at 5 percent interest for energy conservation projects that qualify.

Water heating tips

Electric water heating accounts for a substantial portion of energy bills, which is why it is important to make sure your unit is running efficiently. Your energy consumption for water heating is dependent on three factors:

Heating efficiency describes how well your water heater uses energy to create hot water. The yellow Energy Guide label on the heater lists an energy factor (EF). The higher the EF value, the more efficient the appliance.

Standby losses include the heat that goes through the walls of your water heater tank. The best defense against standby loss is a heavily insulated tank. Tanks with a high EF already have the best built-in tank insulation available. You can reduce standby loss on an older water heater by installing an external water heater blanket.

Hot water consumption is the heated water you use at appliances and faucets. Reduce that amount by lowering your water heater thermostat to 120 F, installing low-flow showerheads and using the cold water cycle on your washing machine.