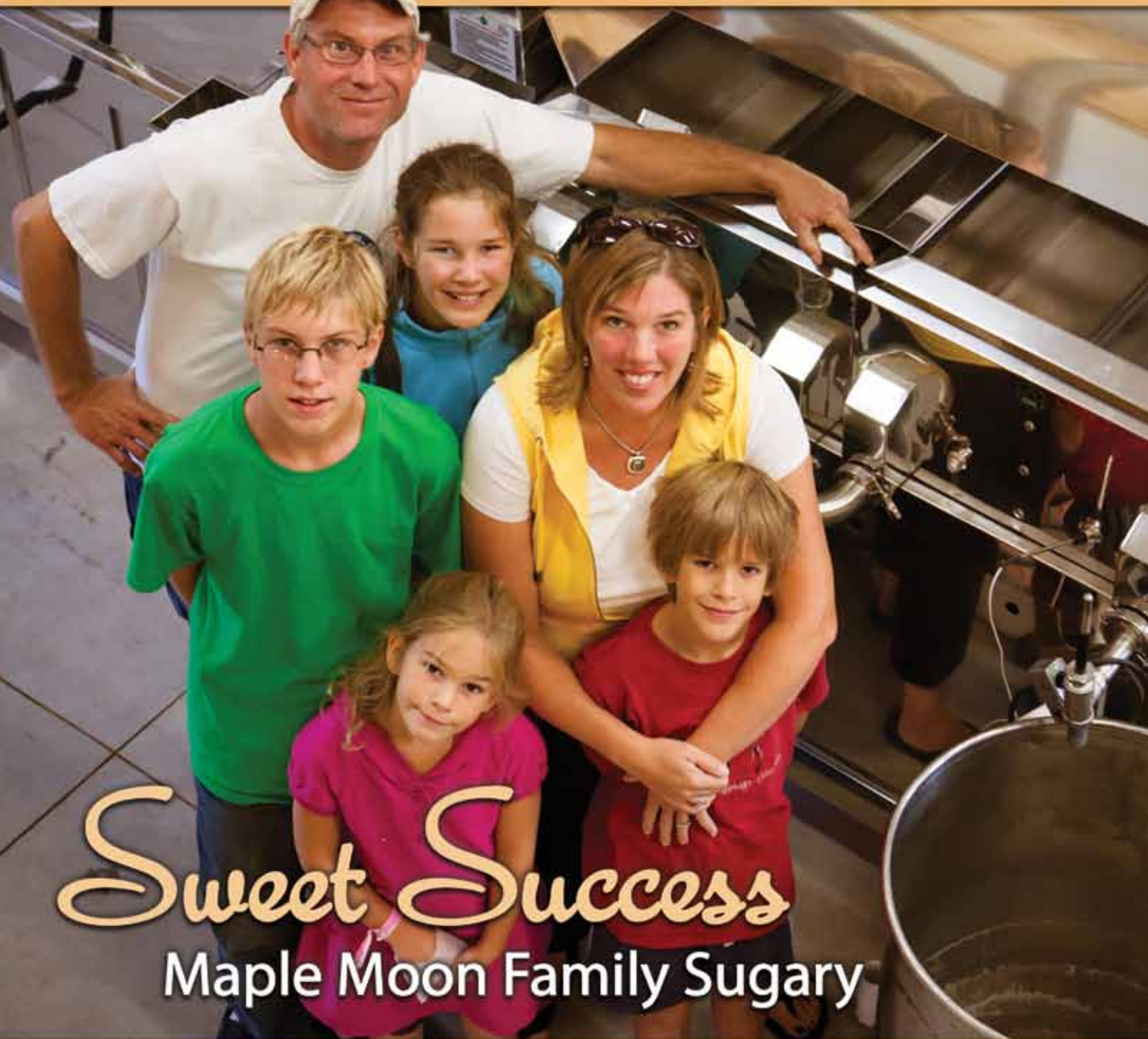


Michigan COUNTRY LINES



Sweet Success

Maple Moon Family Sugary

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BOARD OF DIRECTORS

TOM VAN PELT

President

386-5234 • tvanpelt@cecelec.com

TERRY LAUTNER

Senior Vice President

946-4623 • tlautner@cecelec.com

MELINDA LAUTNER

Secretary

947-2509 • mlautner@cecelec.com

RICK DENEWETH

Treasurer

929-4526 • rdneweth@cecelec.com

BETTY MACIEJEWSKI

Director

947-0463 • bmaciejewski@cecelec.com

JOHN OLSON

Director

938-1228 • jolson@cecelec.com

JON ZICKERT

Director

631-1337 • jzickert@cecelec.com

GENERAL MANAGER

Tony Anderson

CO-OP EDITOR

Nick Edson

OFFICE HOURS

Monday-Friday 7:30 a.m.– 4 p.m.

TELEPHONE NUMBERS

231-486-9200 or 1-800-442-8616 (MI)

ADDRESS

P.O. Box 298, Grawn, MI 49637

WEBSITE

cherrylandelectric.com

PAY STATION

Cherryland Electric office
5930 U.S. 31 South, Grawn

MANAGER'S MESSAGE

Why We Celebrate You In October

October is cooperative month. In 2012, the United Nations sanctioned an International Year—a full year!—of cooperatives. In 2013, Cherryland Electric Cooperative (CEC) will celebrate its 75th year in existence. But what are we really celebrating? What makes CEC different, and why should that matter to YOU?

Our economy still has critical hurdles to overcome, so you may not feel like celebrating at all. But when our faith in big institutions has been shaken, it's the perfect time to remember what we've already accomplished locally—all with some good old-fashioned "cooperation."

Cherryland has faced tough times before; 75 years ago the rural portions of our service area didn't have electricity. Young folks were leaving en masse to find a brighter future in urban areas, and rural America was literally "left in the dark." But instead of waiting

for someone else to fix our problem, we turned to each other. We built

our own utility, and we powered our future.

By our very nature, not-for-profit, local, member-owned and governed cooperatives like Cherryland empower members to improve their lives. And while bringing electricity to rural northern Michigan was a big first step, you, as our members, certainly didn't stop there. Think about what we've accomplished in the Cherryland service area just in the last year:

- We made over \$500,000 in zero-interest economic development loans to expand businesses and grow jobs in our area;
- You funded over \$6,000 in college scholarships for children in your local community. These bright young leaders will keep our community's future strong;
- Supporting a strong community on your behalf, Cherryland employees

serve the Traverse City Area Chamber of Commerce, 4-H, YMCA, Big Brothers Big Sisters, Munson Hospice, Rotary, Traverse Bay Area Intermediate School District, and many other local organizations.



Tony Anderson
General Manager

By working with your electric cooperative, you can make a big impact on the communities we serve.

Ready to get involved? Follow us on Facebook and Twitter to find out when federal regulations might impact your electric bill,

and help us stand up for our community's right to affordable, safe and reliable electricity (also see Comment, p. 11).

Watch for *Country Lines* stories and email newsletters with timely information and provide us your personal feedback and insight. You can always email me directly at tanderson@cecelec.com with any ideas on how to be engaged with your co-op and ways we can work together to support our community.

Help us stand up for our community's right to affordable, safe and reliable electricity.

In October, Cherryland will return \$2 million back to members like you. This is the largest retirement of capital credits in our entire 75-year history. This is a great way to kick off our anniversary, but it would not be possible without YOU. Each employee is fully aware that we are here to serve our members, and it is our members who provide us the financial strength necessary to make this historic refund.

As we celebrate National Cooperative Month, thank you for your efforts to strengthen our community. We want you to continue to stay involved as we build a better future together.

The cooperative business model is a handy tool that lets us improve our quality of life. Find out more about *your* cooperative at cecelec.com.





Lead Screws Does Business ... All the Way to China

Their leader's secret to success? 'Hiring good people!' **Nick Edson**

Dave Busch admits he's reached an age when he could retire and travel around the world.

But the thought never crosses his mind.

"Heck no," says the owner and chief executive officer of Lead Screws International of Traverse City. "I travel around the world right now as part of my business. I love what I do and the people I work with. It's my life."

So much so, in fact, that Lead Screws is undergoing an expansion, adding 15,000 square feet to their 30,000-square-foot headquarters.

It's all part of what makes Busch and Lead Screws so successful.

"You've got to be willing to take chances and you've got to have guts," Busch explains about his business philosophy, which was born out of his upbringing in Saginaw and nurtured by his parents.

"My dad was the last of the doctors in Saginaw to make house calls," he adds. "My mom stayed home and raised our family."

The lessons Busch learned have worked well for him in business.

He went from Saginaw Arthur Hill to the University of Michigan, where he got a degree in business. From there he landed

a job at General Motors and then went to Fleetwood Enterprises, where he traveled around the country.

"We took summer vacations to Traverse City when I was young," he says. "And my wife's parents used to take vacations up here. So I was familiar with this area."

Twenty six years ago he was ready to buy a business in Traverse City.

"That deal fell through," he says. "But luckily, Lead Screws became available and I decided to become one of the buyers."

Shortly after the deal was completed, Busch bought out his partners.

He threw everything he learned into the company, including Lesson No. 1.

"The smartest thing I did was hire good people," he says. "A lot of them are still with me. Between those kind of employees and making good products, we've been able to grow."

Busch's company—as the name implies—is international. He travels to China twice a year and maintains a sales office there. He also has sales representatives—individual contractors—located across the U.S. and Asia.

Many of the screws the company makes—up to 47-feet in length—are sent overseas, many to China. The electric service that is so crucial to Lead Screws

International is supplied by Cherryland Electric Cooperative.

Lead Screws also makes specialized screws for the U.S. oil industry, nuclear industry, and even for the Hubbell space satellite.

"Our market is changing all the time and you have to adapt," Busch says. "When I'm traveling, I know that things are in good hands back in Traverse City. And I love to travel. Even after all these years, I don't get tired of it."

Busch never gets tired of his job, either. He still puts in 11-hour days and doesn't take scheduled vacations.

"Oh, we've taken some vacations," he says with a smile. "My wife and I used to enjoy scuba diving. But my business travels are more or less my vacations now."

In the spring, Busch and his company take part in the China International Machine Tool Show in Beijing. Three years ago, in 2009, Lead Screws was a big hit at the show by unveiling its wide range of ballscrew products and unveiling a new rotating ball nut screw.

"We try to be innovative and stay on top of things in our industry," says Busch, who employs 35 workers full-time at the Traverse City office. "I think that's the secret to our success."

Cherryland Returns \$2 Million to Members

Cherryland Electric Cooperative members will have \$2 million returned to them this month.

At a cooperative, members are the owners and any excess profits are returned to them over time. The excess revenue, called margins, is assigned back to the members as “patronage capital.” Residential members receive credit on their electric bills and the cooperative’s bigger commercial members will receive a check.

“This is an advantage of being part of an electric cooperative,” explains Cherryland General Manager Tony Anderson. “Thanks to sound management practices by our board, this money will go to work in our local economy. I’m sure this will come in handy to our members.”

Cherryland’s board of directors approved the patronage capital refund. Members of the board include Tom Van Pelt, Terry Lautner, Betty Maciejewski, John Olson, Melinda Lautner, Rick Deneweth and Jon Zickert.

Utilities Finance Cooperative at the prevailing market rates. We no longer get money from the U.S. government, since you helped pay that debt off.

Q: What is patronage capital revolvment?

A: It is the process whereby the patronage capital contributed by members is returned to them. It is important to note that patronage capital revolvment is the cornerstone of the cooperative. Those who receive the service are the owners and are entitled to a return, at some point in time, of money they have contributed in excess of the cost of providing the service.

Q: Why is patronage capital returned instead of being used by the co-op to help keep electric rates down?

A: Patronage capital is used, in part, to finance new construction for the cooperative. The rest is returned to you. Cherryland Electric retains only the funds which it needs to build equity for the cooperative. This form of self-financing helps offset additional cost through borrowing, which could potentially result in higher electric rates.

Questions & Answers About Patronage Capital

Q: What is patronage capital?

A: Money the cooperative collects in excess of its cost of operation is called patronage capital, capital credits, members equity or margins. It is money that the members have paid in excess of the cost of providing their electric service and it is their equity in the cooperative.

A: In order to obtain favorable interest rates from the market, it is necessary that our members contribute some equity. This is accomplished through patronage capital contributions. We receive 100 percent of our borrowed capital from the National Rural

Q: Are electric cooperatives the only electric utilities that return patronage capital to their customers?

A: Yes.

Q: Why is that?

A: The people we serve are more than customers; they are member-owners. This sets us apart from investor-owned utilities where the money received in excess of the cost of operation belongs to the stockholders, who are not necessarily the customers.

Q: What does the cooperative do with patronage capital?

A: It is used to build distribution facilities, thus reducing the need to borrow money for capital improvements. Utilities are known as capital-intensive industries. That is, they require large amounts of money to provide the facilities necessary to meet the needs of their customers, or, as in the case of electric cooperatives, their member-owners.

Q: If co-ops are nonprofit, why don't they pay back all patronage capital?

How Do Capital Credits Work?

Because electric co-ops operate at cost, any excess revenues, called margins, are returned to members in the form of capital credits.

- 1 Your co-op tracks how much electricity you buy and how much money you pay for it throughout the year.
- 2 At the end of the year, your co-op completes financial matters and determines whether there is excess revenues, called margins.
- 3 Your co-op allocates the margins to members as capital credits based upon their use of electricity during the year.
- 4 When the co-op's financial condition permits, your board of directors/trustees decides to retire, or pay, the capital credits.
- 5 Your co-op notifies you of how and when you'll receive your capital credits retirements.

Electric co-ops have retired \$9.5 billion to members since 1988.

Source: National Rural Utilities Cooperative Finance Corporation

Your Hair Dryer May Be Out To Get Your Microwave

Using a whole-house surge suppressor can help you survive power surges.

High-tech gadgets, appliances and computers all have one weakness in common: deadly power surges. Too much electricity coursing through connecting wires can fry circuitry inside sensitive electronics, reducing them to expensive trash.

Unfortunately, electric current coming from your wall outlet doesn't always remain at a steady, optimal 120 volts. Electricity can spike for a number of reasons, including lightning strikes on power lines, which can send millions of volts searing through your wiring. Motor-driven appliances that use large amounts of power—like washers and dryers—will cause surges, too, when they kick on and off. But power spikes aren't always dramatic or obvious, notes Joe McElroy, safety director for the Michigan Electric Cooperative Association.

"Smaller electrical products, like your hair dryer, have more subtle power cycles than large items like a central air-conditioning unit," McElroy explains. "When you use your hair dryer every morning, it could be gradually damaging the circuitry of, say, your microwave, as each small surge hits its circuit board. However, larger electrical items, such as central air, water well, electric heat and others are put on their own dedicated circuits."

To help, homeowners can protect their digital electronics with surge suppressors. As the term implies, these devices suppress a fluctuating power supply by diverting excess voltage to a ground wire. There are several types of whole-house surge suppressors available, although none of them are able to fully stand up to the enormous power spike caused by lightning.

Some protectors mount on the circuit breaker panel indoors or are built into a specific circuit breaker. Others mount at the base of your electric meter. Suppressors are available for a multitude of applications, from single-plug wall units to rack-mounted setups that cover an entertainment system.

Some models even include remote controls. You can also find pivoting protectors that adjust to accommodate a variety of adapters, letting you plug all your gadgets into one power strip.

Check your local hardware or electronics store for available models and ask your local electric co-op for purchase advice (also find information at dulley.com).

Finally, keep a few things in mind before you buy. "It's important to remember that many of your devices may be connected to other circuits, like satellite, cable, phone and internet lines," McElroy adds. "Surge protectors are available with options to protect these circuits, too. And, make sure the manufacturer guarantees to cover the cost of replacing any damaged equipment that was attached."

—Angela Perez



This whole-house surge suppressor mounts on the circuit breaker panel inside your home.

Staying On Top of Unsafe Products

Each year, thousands of product recalls—many of them electrical devices—occur in the United States. Since some recalls involve items that have already done great harm, it's important to stay on top of developments.

Recalls begin in two ways: A federal regulatory agency issues a mandatory recall, or the manufacturer voluntarily recalls the product after receiving information that it could be unsafe.

Stay on top of the dozens of recalls that are issued every week with these key sources:



In November 2010, the U.S. Consumer Product Safety Commission issued a voluntary recall of about 6,150 Honda and Mantis Mini Tillers with Honda GX25 mini four-stroke engines because of a fire hazard.

► **Recalls.gov** – Six government agencies joined forces to create this website. The site pulls its information from the Consumer Product Safety Commission (CPSC), the National Highway Traffic Safety Administration, the Food and Drug Administration, the U.S. Department of Agriculture, the Coast Guard, and the U.S. Environmental Protection Agency.

In addition to having the latest information, recalls.gov allows users to keyword search through its archives and boasts a mobile phone application that enables consumers to get information when and where they need it. For example, at a yard sale or day care center, a consumer can type in the name of a particular product to see if a recall has been issued.

Some of the agencies, including the CPSC, have RSS feeds, which provide users with new information automatically every day, and some also use Facebook, Twitter and other applications.

► **ConsumerReports.org** – This popular website has a safety blog where users can sign up for daily updates on recalls and other information, including illustrations of unsafe products.

—Christine Smith

What Is Line Loss?

Imagine picking up a gallon of milk at the grocery store and arriving home with only three quarts. Or paying for a dozen roses and receiving 11. Now, imagine you accept this as normal.

As outlandish as this might sound, when buying and selling energy, it's common to end up with less than when you started. Take a 95 percent efficient gas furnace, for example.

For each unit of gas energy input, you receive 95 percent of that unit back as heat energy. Electricity works the same way. The amount of electricity put on the grid is always less than the amount used by its consumers.

We call it line loss.

It basically works like this: As electricity is demanded by our members, it flows onto the Cherryland Electric Cooperative (CEC) system from the supply grid. The electricity, or power, flowing across the grid enters our system at one of our 16 entry points, called substations.

Our wholesale supplier bills us for the electricity that enters the substations called "purchased" power. Cherryland purchases an average of about 33 million kilowatt hours (kWh) of power each month.

The power then moves out from the substations to the thousands of homes, businesses and public entities served by CEC. When delivered to our members, we meter the energy and bill accordingly. On

average, we bill about 31 million kilowatt hours each month. We account for these billings as "sales."

Did you notice the difference between purchases and sales? Each month CEC purchases about 2 million more kWh than we sell. So what happened to the 2 million kilowatt hours?

That difference is called line loss, and it's significant. In 2011, line loss cost your cooperative about \$1.5 million.

Theft also accounts for a small amount of loss. Although it is against the law to divert power, some members still do. The penalties are steep and can include legal prosecution; anyone tempted to choose this path should think twice.

Another source of line loss occurs when bare wires arc to some nearby object, generally a tree branch. This happens more than you would think, given the thousands of trees covering our service territory. It also partially explains why we invest hundreds of thousands of dollars each year to keep our power lines clear.

Without doubt, the lion's share of line loss is the direct result of physics. In layman's terms, whenever electrons move over a wire they encounter resistance. To overcome the resistance, electrons expend some of their own energy in the form of heat.

That explains, for example, why an extension cord might warm up while in use, or similarly why an incandescent lightbulb is too hot to touch.

All utilities experience line loss. It's not unique to Cherryland. Line loss occurs on cross-country high-voltage transmission lines as well, although not as much because the higher the voltage, the lower the current.

While we cannot alter the laws of physics, we can all manage our usage. Demanding less power results in lower line loss. So the next time you want to dry clothes, wash dishes and make coffee, consider staggering the time when you do it rather than running everything at the same time. It will lower your energy demand, which lowers our overall system demand and keeps prices down for everyone.

Why Do We Send You *Country Lines*?

We send *Country Lines* to you because it is the most convenient and economical way to share information with Cherryland Electric members. It takes the place of many mailings we would otherwise make to get information to you about our services, director elections, member meetings, and the staff and management decisions you should know about as an owner of the co-op. The magazine also carries legal notices that would otherwise have to be placed in local media at a substantial cost.

And, sending *Country Lines* to you helps the co-op fulfill one of its basic principles—to educate and communicate openly with its members.

The board of directors authorizes the co-op to subscribe to *Country Lines* on your behalf at a cost of \$3.94 per year, paid as part of your electric bill. The current magazine cost is 39 cents per copy, less than the cost of a first-class stamp.

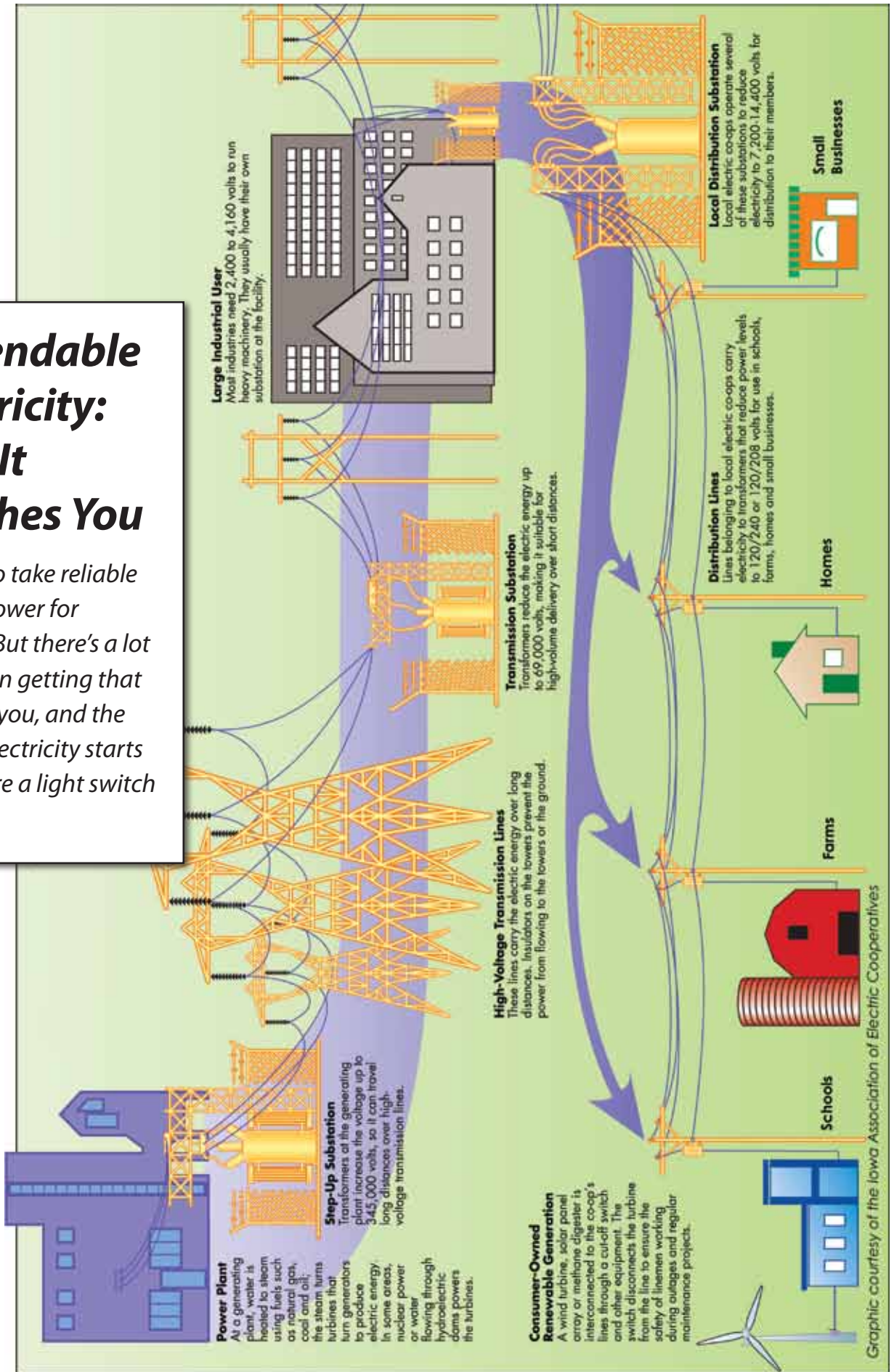
Country Lines is published for us, at cost, by the Michigan Electric Cooperative Association in Okemos. As always, we value your comments about your magazine.

Kevin Cragg is the member services manager at Cherryland Electric and oversees the Energy Optimization program



Dependable Electricity: How It Reaches You

It's easy to take reliable electric power for granted. But there's a lot involved in getting that power to you, and the path of electricity starts well before a light switch is flipped.



Graphic courtesy of the Iowa Association of Electric Cooperatives



Jillian

Understanding 'I Love You'

Musings of a new mother.

Like most parents, I tell my four-month-old daughter that I love her every day. Sometimes she smiles, sometimes she fusses, and sometimes she completely ignores me. While I don't wish her to grow up too fast, I do look forward to the time when she understands what I mean when I say, "I love you."

At this age, she feels "I love you" during late night snuggling sessions. When she startles herself awake, we cuddle up in the big bed where she feels warm and secure and quickly falls asleep. She also feels "I love you" as I contort myself to hold her hand in the car or bounce her on the exercise ball no matter how bad my back hurts.

Soon she will respond to "I love you," most likely by saying "too-too" like the rest of the children in our family. Even though I know she must feel it even now, I can't wait to hear her sweet little voice verbalize her feelings.

As she grows and learns to walk, "I love you" will be a consolation in addition to kissing boo-boos and applying Band-Aids. I'll tell her I'm proud of her after she learns her ABCs, counts to 20, and sings at her

first school program.

In her teenage years, "I love you" will be my reward for extra gas money or allowing her to go to the movies with her friends on a weeknight (a strict curfew violation). She'll use this phrase when asking for a prom dress, a smart phone, and trendy jeans.

We will have a big talk about "I love you" when she suffers from her first broken heart. I'm certain she will struggle to understand why I'm crying just as hard as she is...if she only knew the pain of a mother seeing her child heartbroken. I'll assure her that it will get better and someday she'll find someone wonderful, just like her dad.

I hope that "I love you" will be the end of our telephone conversations when she's away at college and homesick. I'll remind her how strong she is and that all of the time and effort is worth the reward. I will encourage her to "tough it out," when I would love nothing more than for her to jump in her car and drive straight home.

Her father and I will continue to demonstrate "I love you" as we help her plan a wedding and move furniture into her first home. We will offer support and unsolicited advice when she is expecting her first child. I'm hoping that we will be able to help paint the nursery walls in anticipation of our new grandbaby.

Every day I hope that Jillian understands that she is protected, cherished and loved. She will, however, never truly know what I mean until she holds her own child in her arms... There's nothing like it.

Pay Your Electric Bill Online

Want to save money and pay your Cherryland Electric Cooperative bill online?

It's easy to do. You can set up your accounts to get only an email bill—no more paper bills.

If you would like to do this, access your account on cherrylandelectric.com. It will prompt you immediately after you sign in to make a decision on whether or not you want the paper bill to continue; if you do, check the box. If not, simply press "Update."

Questions about the online payment can be answered by Cherryland's Member Service Department at 486-9200.



Kim Crockett is a member information representative for Cherryland Electric Cooperative





Name Our Book, Win \$100

Cherryland is wrapping up a book about its 75-year history. The cooperative will celebrate its 75th anniversary in 2013.

We are looking for a unique name to the book, so we're throwing a contest open to our members. Please send your ideas for a book title to us, and the winning entry will earn \$100.

Send your entries to Nick Edson, Cherryland communications coordinator, by email to nicke@cecelec.com or mail to: Nick Edson, Cherryland Electric Cooperative, P.O. Box 298, Grawn, MI 49637.

Cherryland Cares Seeks Grant Applications

Area nonprofit agencies who are seeking financial help can apply for a grant through Cherryland Cares.

Cherryland Cares is a five-member board, made up of Cherryland Electric Cooperative members, who distribute money from Operation Round Up to area nonprofits. The next quarterly meeting of Cherryland Cares is Monday, Dec. 17. The deadline for applications is Friday, Dec. 7.

Operation Round Up money comes from Cherryland members who elect to round up their bills to the nearest dollar every month. This amount averages \$6 per year.

To receive a Cherryland Cares grant application or to join Operation Round Up, contact Nick Edson at Cherryland. Email him at nicke@cecelec.com or his direct line is 486-9222.



Next Member Input Session Is December

The board of directors at Cherryland Electric Cooperative is offering another opportunity for members to provide direct input to the board on a quarterly basis. Members will be able to talk to the board next on Monday, Dec. 17, at 9 a.m. at the company office in Grawn.

Members are asked to come to the lobby and request to speak to the board. Members are asked to keep their comments to 5 minutes. Member attendance at the board meeting is allowed for the public input portion of the meeting only.

Cherryland members are afforded a chance to meet with the board on a quarterly basis during meetings in December, March, June and September.

Remember to Call In Any Outages

Cherryland members are reminded to call the cooperative's office if they experience an outage.

"Even though we have the AMR (automated meter reading) system, we still need people to call in any outage," says Jim Carpenter, a Cherryland operations manager. "The call lets us know right away that something is wrong."

Members can call the local Cherryland number at 486-9200 or toll-free number at 1-800-442-8616.

Information For All Customers of Cherryland Electric Cooperative

Your cooperative offers a program called the Cherryland Cares Fund, which is funded through the voluntary rounding up of your monthly utility bill to the next whole dollar amount. An all-volunteer board of directors appointed by the member-elected board of Cherryland Electric Cooperative is charged with distributing the funds throughout the cooperative's service area to support charitable efforts in and around the communities we serve. Money from the Cherryland Cares Fund has been distributed to educational programs, fire departments, medical emergency groups, recreational organizations serving both the young and old, senior organizations, local economic development initiatives, and numerous local charities.

Your participation in the Cherryland Cares Fund is voluntary. If at any time you wish to discontinue your participation, please let us know and we will remove your name. If you are participating, your monthly bill is rounded up to the next whole dollar amount.

For example, if your bill is \$58.42, it would be rounded up to \$59. The 58 cents is then contributed by Cherryland Electric Cooperative on your behalf to this Fund to be used as explained above. A customer's average annual contribution is approximately \$6. Your annual contribution to the Cherryland Cares Fund is tax deductible and is reported on your monthly statement at the end of the year.

For additional information regarding the Cherryland Cares Fund, contact the co-op office by mail (see page 4) or by calling 800-442-8616 (MI).



Like us on Facebook!

"Cherryland Electric Cooperative"



cherrylandelectric.com

Here's What About 50¢ Will Get You...



About 50¢ a Month Makes a Difference to Your Northern Michigan Neighbors in Need.

So far, 4,000 of you have signed up for Operation Round Up, rounding your electric bill up to the next dollar. That generosity provided much-needed funding to dozens of local organizations in the last year. Plus, just for signing up you'll be entered to win \$50!

♥ Share the Love and Win \$50

Sign up at: facebook.com/cherrylandelectriccoop or on our website at: cherrylandelectric.com/cherrylandcares.



**I'm so glad we
have food tonight.**

Your donation
made the difference.
Thank you!

Cherryland Electric Cooperative 