

WELLS RURAL ELECTRIC COMPANY

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Your Touchstone Energy® Cooperative

Dear WREC Owner,

Your WREC Board of Directors and employees have been heavily involved over the last two years in an unprecedented and highly proactive effort to minimize the effects of an expected wholesale power cost increase coming this fall. They have lobbied many hours on the national, regional and local levels to protect and defend your best interest and to keep the percentage increase to a single digit. In addition, the company has implemented numerous cost-cutting and cost-controlling decisions during the past two-year rate period that have kept the lid on your cooperative's operating costs.

In just a few short months, our wholesale power supplier, Bonneville Power Administration, will publish its final rates for the rate period that will begin October 1, 2013. The WREC Board will then exercise its fiduciary responsibility to determine the impact of BPA's new rates on the cost to distribute power for all WREC owners and their respective rate classes. As a not-for-profit private cooperative organization, the anticipated energy cost increase is being driven by escalating federally mandated environmental and regulatory issues as well as the generally increasing demand for power in the Northwest, particularly on the Columbia River Basin hydro-generation facilities. WREC owners have reliably and affordably received nearly 100% of their power from the series of hydroelectric dams on the Columbia River since 1975.

In addition to the slight anticipated increase in wholesale power cost, WREC will complete the process of designing rates with a monthly service charge that reflects the actual cost to provide service in each rate class. Please be sure to attend the public hearing at the Wendover City Community Building on August 27. WREC Staff will be available after business hours from 5:00 to 7:00pm (local time) to answer any questions you may have. You may also contact WREC's staff about any issue any day during regular business hours.

Additional information will be provided about BPA's power cost rate change and WREC's adjustment to the service charge in your mail box; your e-mail account; your local newspaper; and on-line at http://www.wrec.coop. We'll also be posting important discussions on our Facebook page and providing energy-saving tips and techniques from a variety of sources through our industry partners Efficiency Services Group (ESG) and Touchstone Energy.

Finally, please note: How much energy you use and how you use your electricity will continue to play a major role in determining the amount of your new WREC power bill each month beginning October 1st. We encourage any WREC owner to call, e-mail, or otherwise contact any WREC employee or Board member to discuss all of your questions or concerns about this or any other issue you may wish to address with your electric cooperative.

Sincerely,

Wells Rural Electric Company