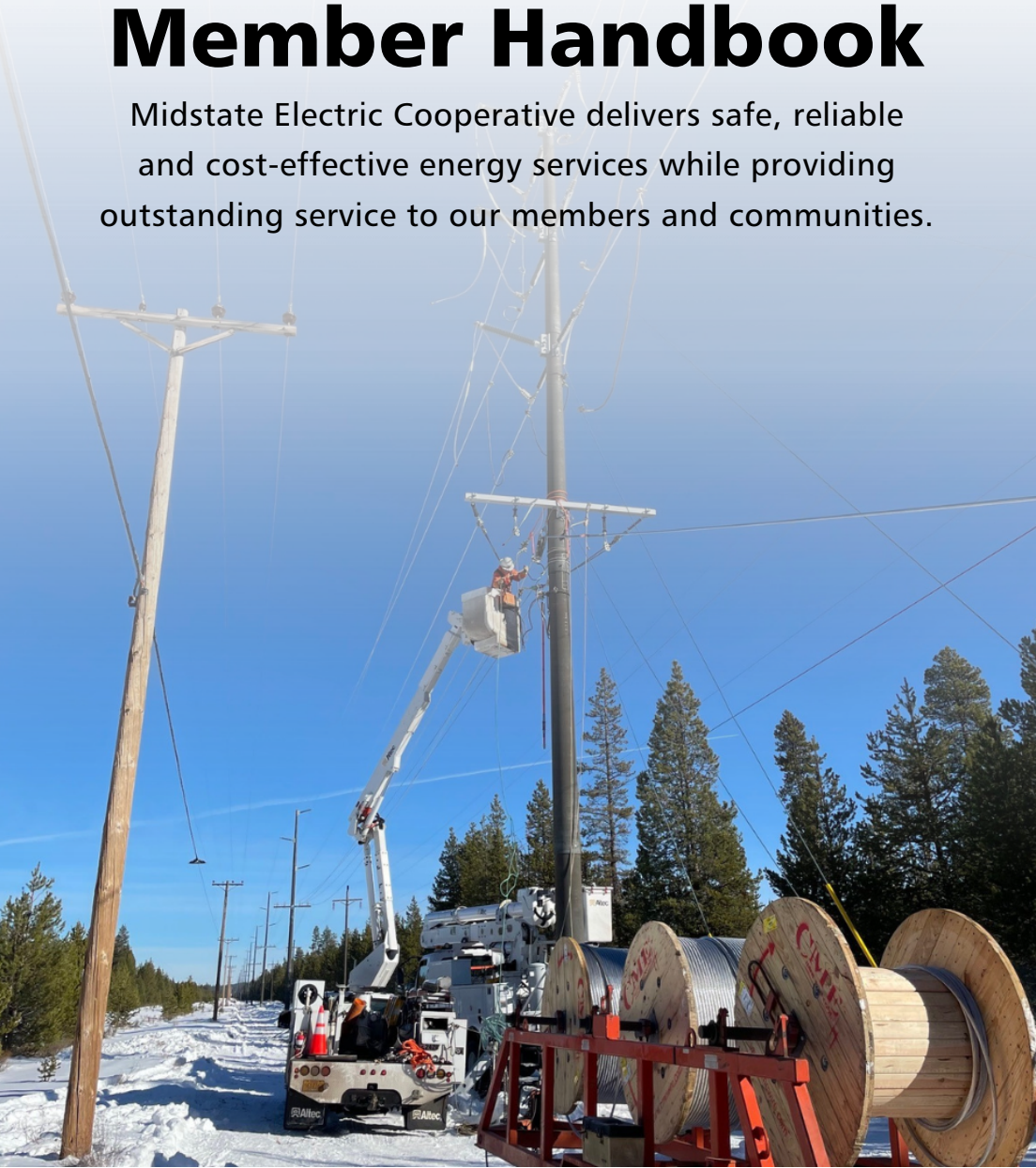




A Touchstone Energy® Cooperative 
The power of human connections®

Member Handbook

Midstate Electric Cooperative delivers safe, reliable and cost-effective energy services while providing outstanding service to our members and communities.





Welcome to Your Cooperative!

Welcome to Midstate Electric Cooperative. MEC is a not-for-profit rural electric cooperative owned by its member/consumers. Headquartered in La Pine, Oregon, the co-op serves over 20,000 meters in four Central Oregon counties. The co-op has provided power to residential, commercial, industrial and agricultural members for over 70 years.

We are pleased to be your electric service provider, and that you have become a member of MEC. As a member, you have unlocked a door to exceptional services, and we're not just talking about electricity. MEC's rich history of commitment and progress will serve you well in the exciting future that faces the electric industry.

While providing safe, affordable, and reliable electric service is our foundation, it is important to know that electricity is not the only thing MEC does well. We provide other services (like the ones outlined in this handbook) and will continue to offer more to add value to your MEC ownership.

While MEC is providing you electricity, energy efficiency/conservation rebates, account management/monitoring tools, and other programs and services, we also maintain an active, visible role in the community.

MEC's employees and board members take great pride in the relationship we have with our members and communities. Being a cooperative means working together. That is something MEC members, communities, employees and board members have been doing well since 1952 and will continue into the future.

We are pleased to provide this member information to you, and recommend keeping it in your files for future reference. Please visit www.midstateelectric.coop for more information about MEC.

Best regards,

MEC Board of Directors, Management, and Employees

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Location:
16755 Finley Butte Road
La Pine, OR 97739

Mailing Address:
PO Box 127
La Pine, OR 97739

541-536-2126 • 800-722-7219

Outages/EmergenciesOption 1

Make Payment/Account StatusOption 2

Member Service.....Option 3

Engineering.....Option 4

MarketingOption 5

OperationsOption 6

After Hours Outages/Emergencies: 541-536-2165 • 800-752-5935
www.midstateelectric.coop

Member Ownership

As a member of MEC, you are also an owner because MEC belongs to those it serves. As an owner, you are entitled to have a voice in the operation of MEC. You have the right to run for, and vote for, the Board of Directors. A copy of the co-op's bylaws can be found at www.midstateelectric.coop/new-member-welcome-information. A print copy can be requested by calling member service at 541-536-2126, option 3.

Elected Board of Directors

Co-op operations are carried out under policies set by a nine member board of directors. Each director is a member of the co-op, just as you are, and receives electric service from the co-op, just as you do. The board meets monthly.

Each of the nine directors is elected to a three-year term and may be re-elected. Three directors are elected each year at the Annual Meeting through a ballot process. Each member has *one vote*, even though he/she may have more than one meter connection on co-op lines.

Prior to the Annual Meeting, the members residing in a district may nominate a candidate for a director to represent that district by filing a petition at least sixty (60) days before the annual meeting, signed by a minimum of fifteen (15) members of the co-op residing in the district for which the director is to be elected.



Annual Meeting of Members

The annual meeting of the members of MEC is generally held in mid-May at the Midstate Headquarters. All members are invited to attend and hear reports on the operation of their co-op for the past calendar year. They have the opportunity to elect their directors and take an active part in the transaction of any other business that may come before the meeting.

The general manager and board of directors make annual meetings interesting, informative and entertaining. By attending, you will have a better knowledge of your co-op and exercise your right to take an active part in the operation. Not less than 10 days or more than 30 days prior to the event, you will receive an annual meeting packet containing an official notice of the annual meeting and a ballot.

The Cooperative Difference

As a Midstate Electric member, you have several unique benefits not available to other utility consumers. Four distinct advantages of being served by a cooperative are:

- You receive service at cost because we operate on a not-for-profit basis
- You have local control because members of the board of directors are from within the co-op's service area
- You have the right to participate through a voting membership because you are a member-owner of the business
- You earn capital credits because, in a co-op, net margins are shared among all the members.

COOPERATIVES OPERATE ON SEVEN DISTINCTIVE PRINCIPLES

- Voluntary and Open Membership
- Democratic Member Control
- Members' Economic Participation
- Autonomy and Independence
- Education, Training and information for Members
- Cooperation Among Cooperatives
- Concern for Community

Touchstone Energy®

MEC is a Touchstone Energy cooperative, which is a brand alliance of more than 742 electric membership co-ops in 46 states. These co-ops collectively deliver power and energy solutions to more than 30 million members every day. Four key values serve as the foundation of every Touchstone Energy co-op's service commitment to members. These values make all the difference in how communities across America benefit from local electric co-ops.

- **Integrity** – The co-op business model always puts consumers first.
- **Accountability** – A co-op is a democracy in action. Consumers own the co-op and they make all decisions regarding the future of the co-op.
- **Innovation** – Touchstone Energy co-ops offer new solutions and innovative technology to better meet member's needs.
- **Commitment to Community** – Across the nation, Touchstone Energy co-ops enhance their members' quality of life by volunteering for leadership roles and investing in local community projects.

You may see national advertising promoting the Touchstone Energy brand and the unique ways co-ops serve their members locally.



Member Programs and Services

For information about any of these programs, contact the Marketing/Communications Department at 541-536-2126, option 5.

Community Services

Being a vital part of our communities is important to MEC. We sponsor programs such as Operation Round Up®, Career Day, College and Technical School Scholarships, Lineman School Scholarships, Washington D.C. Youth Tour, Photo Calendar Contest and Safety Trailer Demonstrations. Community agencies and charities are supported both financially and with hours of volunteer effort.

Co-op Connections® Program

MEC members receive this FREE money-saving benefit that provides valuable pharmacy discounts, health care discounts, coupons, national discounts and local discounts. The pharmacy discount, alone, has saved our members thousands of dollars. Visit www.connections.coop to sign up.



Energy Conservation Program

Free energy audits are available for members to provide education on ways to save energy and money in homes and businesses. Rebates are available for approved energy conservation measures.

Operation Round Up®

You can support worth-while projects in MEC's service area by rounding up your monthly electric bill to the next whole dollar. Every penny donated is used to support charitable causes and nonprofit community services and programs. Contact Member Service to sign up.

Green Power

MEC purchases a type of green power from the Bonneville Power Administration called Environmentally Preferred Power (EPP). Members may choose to purchase EPP at a premium on their monthly electric bill.

Voices for Cooperative Power (VCP) - United for Stronger Communities

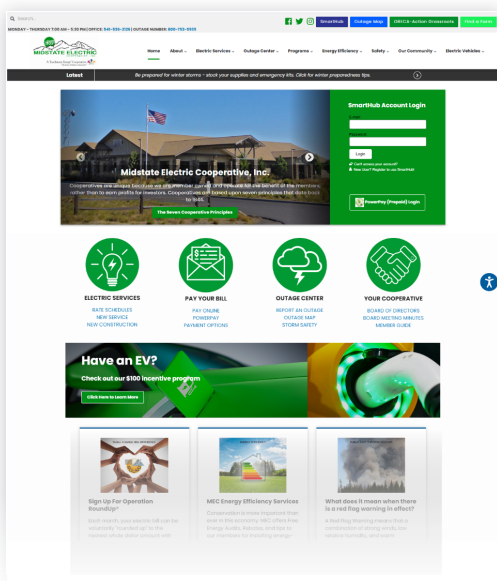
A grassroots effort formed to protect affordable, reliable electricity and local control for Oregon's rural electric co-ops. MEC members are encouraged to join the effort. At times, VCP members are asked to contact elected representatives to ask them to support or defeat legislation that would impact electric co-op consumers in Oregon. To sign up, visit <https://voicesforcooperativepower.com>.

Member Communications

www.midstateelectric.coop

There is a lot of valuable information on our website including:

- New Member Welcome Information
- Electric Service Information
- SmartHub (standard billing) Monitoring/Billing/Payment
- MyUsage (prepay) Monitoring/Billing/Payment
- Current News/Information
- Energy Efficiency Tips/Conservation Rebates
- Electric Vehicle Resources
- Board of Directors/District Maps
- Service Area
- Community Programs/Services
- Co-op Connections Program
- Outage Map/Safety Tips



Midstate Connection Newsletter

The Midstate Connection newsletter is published monthly and sent to members with the electric bill. One of the principles of a co-op is to educate and inform members. The Midstate Connection offers insights into energy efficiency and safety, and informs members about co-op meetings, policy changes and programs and services. If you are signed up for paperless billing, you may view Midstate Connections on our website.



Ruralite Magazine

As a MEC member, you will receive the Ruralite magazine in the mail each month. The publication contains articles on energy conservation and legislative matters. It also includes several general and human-interest stories, helpful hints and recipes. Five pages (usually pages 4, 5, 8, 25 and 32) are used to update members on information specific to MEC. Digital copies are available on our website.

Brochures & Booklets

Information regarding energy efficiency, conservation rebates, power and safety, and various co-op programs and services are available at MEC's office.

Billing Services

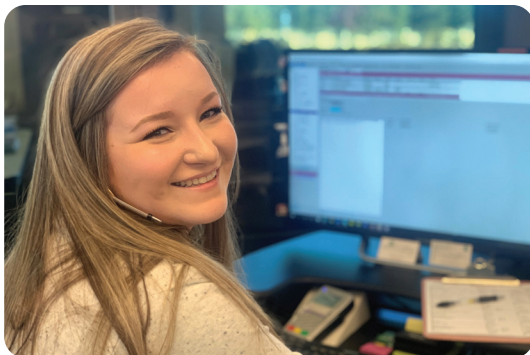
For information about any of these services, contact the the Member Service Department at 541-536-2126, option 3.

Cycle Billing

Billing Statements are issued on the first, second, third and fourth Tuesday of each month according to the service area of the account.

Payment Due Date

The payment due date will be the 20th day after the bill date as referenced on your bill.



Prompt Payment Discount

Accounts paid in full within 10 days of the bill date receive a 1.5% discount on the next month's bill.

Past Due Payments

Your account will be considered past due if your payment is not received before your next billing statement is processed. Accounts that are past due will be charged a late fee of 1.5% or \$5.00, whichever is greater.

Five past dues within the past twelve months and a disconnect notice for non-payment, or an actual disconnect, will require an up-to-date security deposit which will be added to the past due amount.

Security Deposit

Since electric service is used prior to meter reading and billing, MEC may require a deposit prior to connection as a guarantee of payment. The security deposit will be applied to your final billing and any net balance refunded, or if 12 consecutive billings have been paid on time, your deposit will, likewise be refunded. Interest will be paid on deposits equal to the rate paid on the United States National Banks' Passbook Savings Account at the end of the previous month. If a deposit is held for one year, accrued interest will be paid by a credit to the customers' account. If held less than one year, interest will be prorated.

Prepaid Billing Service

An alternative to traditional monthly billing, the Prepaid Billing program allows you to prepay for your electricity before you use it. With Prepaid Billing, there are no deposits, no late or disconnect fees and no monthly bill. Choose how often you pay and how much you pay.

Payment Options

Pay On-Line Using SmartHub

Pay with credit card or debit card. Account information can be accessed.

Electronic Funds Transfer or Credit Card Payment

Automatically pay your bill from your checking or savings account OR allow monthly electric bill payments to be automatically charged to a credit or debit card.

Electronic Billing

You can receive bill notifications by email and choose several options for payment.

Payments by Phone

Call 541-536-2126, option 2 to pay by phone with a credit or debit card. The system prompts for an account number and provides instructions for paying.

Drive-up Payment Depository

Located in the parking area at the headquarters facility, 16755 Finley Butte Rd, La Pine, OR.

24 Hour Payment KIOSK

Installed at the entrance of the headquarters facility. The system prompts for an account number to make payments or view bills and payment history. Payments can be made by cash, credit or debit card.

Drop Boxes

Located inside Washington Federal Bank in La Pine and Lakeview and also at Sagewood Grocery in Christmas Valley. Payments can be made with cash, check or money order at these locations.

In Person

At the headquarters facility during office hours.

By Mail

Using the self-addressed envelope enclosed with the bill.



VISA, Mastercard, Discover or American Express cards are accepted.



Competitive Rates

The cooperative's rates are set by the board of directors. The board uses a rate setting guideline called "cost of service." Rates are based directly on what it costs the co-op to buy and deliver energy to each class of consumer.

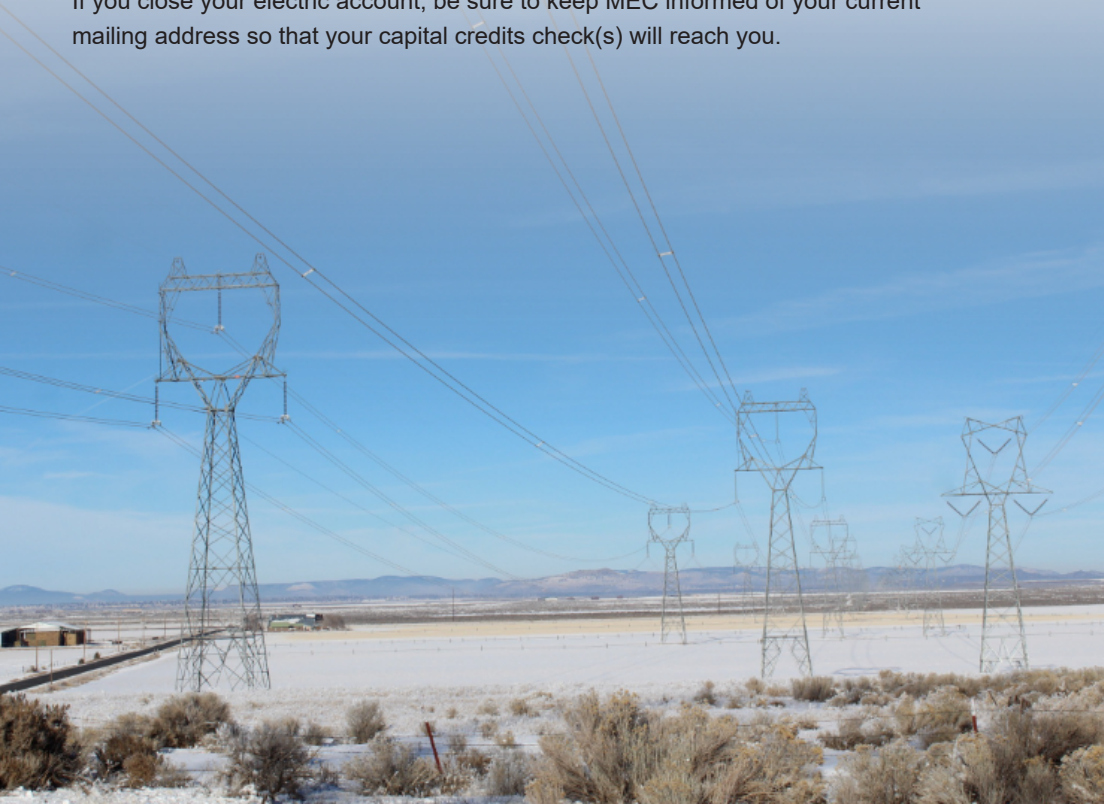
MEC's residential, commercial, industrial and irrigation rates are very competitive with other Oregon electric utilities. Surveys indicate the residential cost for 1,000 kilowatt hours (kWh) is lower than the average cost for all utilities in Oregon. Rate schedules are available at MEC's office.

Refund of Margins

As a not-for-profit electric co-op, a pro-rata share of each year's margins is credited to the accounts of members who purchased electricity during the year. The amount assigned to the accounts of members is referred to as "Capital Credits" and represents your ownership equity in the co-op.

Once a year, you will receive a notice informing you of the amount of Capital Credits assigned to you for the previous year. Capital credits are not returned immediately. The margins, or profits, are retained by the co-op for a number of years as operating capital. MEC pays the capital credits on a rotating basis. When capital credits are paid for a specific year in which you were a member, you will receive a check.

If you close your electric account, be sure to keep MEC informed of your current mailing address so that your capital credits check(s) will reach you.





Rights of Way and Rights of Access

In order to provide the best possible utility service to each member, as a condition of membership, MEC employees and agents are granted the right to have access to your premises at reasonable times for the purpose of:

- Servicing Meters
- Testing, repairing or replacing any equipment which is the property of MEC
- Connecting or disconnecting a service

MEC must be granted, at no cost, all rights-of-way and easements necessary to provide overhead or underground service. This includes rights-of-way and easements for the erection, maintenance, repair, replacement, removal or use of all wires, poles, machinery, fixtures or equipment needed to supply and deliver electric service to the member. Refusal to grant access can result in service termination.

Trimming/Removing Trees

Our goal is to provide safe and reliable power by trimming and removing trees on a regular cycle. Trees and limbs in contact with electric lines may cause power outages, be a potential fire hazard and/or endanger lives.

Co-op personnel and contractors trim and cut trees to prevent the above from occurring. Shrubs, hedges and other plants need to be clear of electric poles and pad mount transformers.

Call Before You Dig

Oregon law requires that you contact the Oregon Utility Notification Center at 800-332-2344 or www.callbeforeyoudig.org 48 hours before you dig. This service provides locations of underground power lines and other utilities at no direct cost to you.

Reporting a Power Outage

Prior to reporting a power outage, check to be sure the outage was not caused by a blown fuse or tripped circuit breaker. If you determine you are experiencing an outage, please call MEC's emergency/outage number, 541-536-2165 or 800-752-5935.

Provide the following:

- Your name, address and phone number
- The name listed on the electric bill
- Your meter number
- Whether or not you heard or saw anything that may have caused the outage (such as a tree falling on the line)

If you call and get a busy signal, others may also be without power. Be assured that employees are working as quickly as possible answering phones and dispatching crews.

Restoration Process

MEC's main goal is to keep your lights on. When an outage occurs, crews and staff work hard to restore power quickly and safely.

1. High-Voltage Transmission Lines:

Transmission towers and cables that supply power to transmission substations (and thousands of members) rarely fail. But when damaged, these facilities must be repaired before other parts of the system can operate.

2. Distribution Substation:

A substation can serve hundreds or thousands of consumers. When a major outage occurs, line crews inspect substations to determine if problems stem from transmission lines feeding into the substation, the substation itself or if problems exist further down the line.

3. Main Distribution Lines:

If the problem cannot be isolated at a distribution substation, distribution lines are checked. These lines carry power to large groups of consumers in communities or housing developments.

4. Tap Lines:

If local outages persist, supply lines (also known as tap lines) are inspected. These lines deliver power to transformers, either mounted on poles or placed on pads for underground service, outside businesses, schools and homes.

5. Individual Homes:

If your home remains without power, the service line between a transformer and your residence may need to be repaired. Always call to report an outage to help line crews isolate local issue.

Midstate Electric Cooperative, Inc.

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