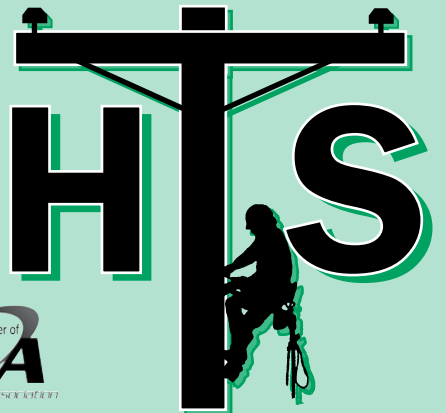


March 2013

HIGHLIGHTS

From Big Horn Rural Electric Company

Your Touchstone Energy® Cooperative



Dear Big Horn Rural Electric Company Member-Owners:

The 74th annual meeting of your electric cooperative will be held at 11:00am March 9, 2013, at the Greybull High School Gym. The election of Directors from District 2 (Greybull - Shell area) and District 3 (Ten Sleep - Hyattville area) will be held. Capital Credit checks will be distributed!

Various reports will be given concerning your company. Mike McInnes, Senior Vice President at Tri-State, Big Horn's power supplier, will give an update on Tri-

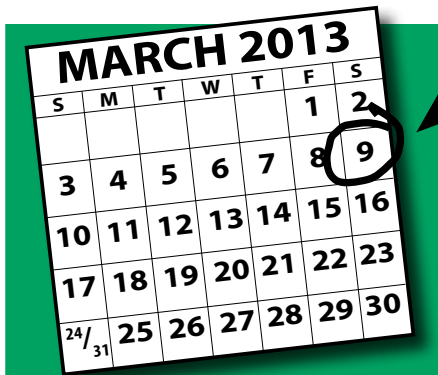
State issues that could ultimately affect Big Horn rates.

Local control has kept your cooperative financially sound and successful for the past 76 years! You have the right and responsibility to vote for your Directors, ask questions and voice your opinions on issues of interest to you!

On behalf of your Board of Directors and employees, I urge you to participate in your Annual Meeting. If you are not able to attend, please complete your proxy.

Regards,

Thomas P. Delaney
Board President



MARK YOUR CALENDARS!!!!

\$650,000 in Capital Credits to be Retired

*My electric cooperative is giving me a check.
That's the Cooperative Difference!*

Only your local electric cooperative makes every customer an owner of the business. Unlike other electric utilities, your co-op exists to make sure your needs are always met, not to make a profit. As a member-owner, you share in the profits in the form of capital credit refunds.

Big Horn REA works hard every day to keep your rates as low as possible. But it's sure nice to know that when there are profits, they go back to you. After reviewing operating revenues, your Board of Directors approved a capital credit refund of approximately \$650,000.

Plan to attend your Annual

Meeting on March 9, 2013. If you were a member during the years of 1978 – 1981, you will be able to pick up your capital credit check at the meeting! If you are unable to attend the meeting, remaining checks will be mailed in the weeks following the meeting.

It is important to make Big Horn aware of your current mailing address to avoid undeliverable and/or unclaimed capital credit checks.

You are owners of Big Horn REA. You share in our success. The ability to return our margins to members in the form of capital credit checks reflects Big Horn's strength and financial stability.

Inside...

Director Candidates	2
FAQs About Capital Credits	2
Notice of Annual Meeting.....	3
How Do I Get There?.....	3

Director Candidates

Tom Delaney District #2



I am a candidate to serve another term on Big Horn's Board of Directors, representing District 2, the Greybull-Shell area. My education includes a Bachelors and Master Degree from the University of Wyoming. My work experience includes teaching school, coaching football at the high school and University levels, owning a ranch and owning and operating an irrigation equipment business for 31 years.

In order to stay informed of the issues facing electric co-ops, I have become a Credentialed Co-op Director and completed the Board Leadership program including over 45 credit hours of Director Education.

Big Horn is a financially sound company with excellent, dedicated employees. I strongly believe in local control and understand fully that you, the members, pay the bills. I will continue to work to keep rates affordable along with providing services you require and continuation of reliable electric energy! I would appreciate your vote.

John Joyce District #3



I live in the Manderson area where I farm and ranch with my wife Nancy. We have two sons. Our oldest, Sam, lives and works in south Denver and Jeff attends the University of Wyoming and works here in the summer. Nancy and I are both UW graduates and have lived here on the farm since we were married in 1980. In addition to our farm operation, I manage a water utility supplying drinking water to the southern Big Horn Basin.

I have been fortunate to serve on the Big Horn Rural Electric board for the past 6 years. During my time on the board I have learned a great deal from the staff, my fellow board members and the training classes I have attended. It has been my pleasure to represent the members in the Ten Sleep/ Hyattville area. I feel that I would be an asset to Big Horn REA and would appreciate your vote for another term on the board. Thank you.

FAQs about Capital Credits

A number of members have expressed interest in learning more about Capital Credits. Here are the answers to some of the most frequently asked questions.

Q: What are capital credits?

A: Capital Credits are one of the many benefits of cooperative membership. Because Big Horn Rural Electric is a not-for-profit cooperative, it does not technically earn profits. Instead, any revenues over and above the cost of doing business are considered margins. These margins represent an interest-free loan of operating capital by the membership to the cooperative. From these margins the cooperative builds equity with the intention of repaying the member's investment, which is done through the retirement of capital credits.

Q: Why does the cooperative need to accumulate equity?

A: Accumulated equity decreases the need for Big Horn REA to raise electric rates or borrow money for infrastructure improvements. It also makes it easier for the co-op to absorb costs associated with recovery from devastating events like widespread and severe storms.

Q: How are capital credits accumulated?

A: Capital credits are allocated to every member who purchases electricity during a year

in which the cooperative earned margins. For that year, capital credits are allocated proportionally according to the amount of energy purchased. No special action is required on the member's part in order for capital credits to accumulate.

Q: What happens to the capital credits when a member moves off the co-op's lines?

A: Regardless of whether you are an active or inactive member, the capital credits you've earned belong to you. However, capital credits do not become payable upon disconnection of the service, they remain on the books in the member's name until the credits are retired or the member dies. The existing Capital Credit balance will be maintained in a Capital Credit account in your name until it is retired in full. When and if the Big Horn REA Board of Directors elects to retire any Capital Credits in the future, a check will be mailed to the last forwarding address on record. NOTE: It is the former Member's responsibility to maintain a correct mailing address with Big Horn REA.

Q: Does someone have to be a member for

an entire year to earn capital credits?

A: No. Capital credits are calculated based upon a member's monthly bills. If a member is billed for electricity for even one month, they will accumulate some capital credits, provided Big Horn REA earns margins in that year.

Q: What is the difference between allocation and retirement of capital credits?

A: In a capital credit allocation, the margins for a particular fiscal year are spread proportionally among the members. The amount of funds allocated to each member's account is based on the amount of electricity the member purchased during that year. These funds are kept on Big Horn REA's books until they can be retired. Capital credit retirement is the process of returning the accumulated credits back to the members.

Q: Is a general retirement issued every year?

A: Not necessarily. General retirements are issued at the discretion of Big Horn REA's board of directors. Each year, based on the

(continued on page 4)

NOTICE OF ANNUAL MEETING

The 74th Annual Meeting of Big Horn Rural Electric Company will be held at the Greybull High School Gymnasium in Greybull, Wyoming on Saturday, March 9, 2013 at 11 a.m. for the purpose of electing a director from Directorate District #2 and Directorate District #3 and to receive and vote on reports covering the previous fiscal year and for the transaction of such other business as may properly come before the meeting.

/s/ John Joyce, Secretary



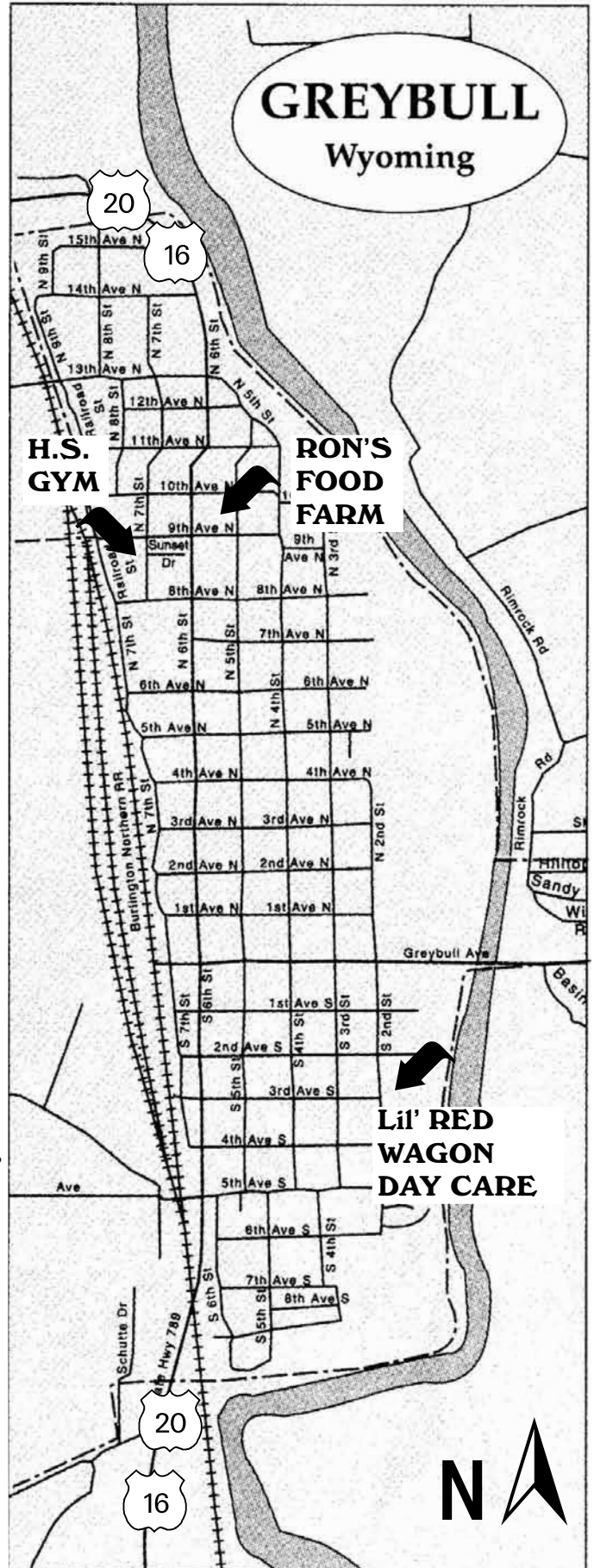
How Do I Get There?



To get to the Annual Meeting, take Highway 16-20 through Greybull to Ron's Food Farm. Turn west on 9th Avenue North. Follow the signs to the Greybull High School Gymnasium.



Professional day care of children during the meeting will be available at the Lil' Red Wagon Day Care. To get to Lil' Red Wagon Day Care, turn east at the stoplight. At the last street before the Big Horn River bridge, turn right. Lil' Red Wagon Day Care is approximately three blocks down on the right. It is located at 300 3rd Ave S. They can be reached at 765-2227.



AGENDA

- 9:45 a.m. Registration Begins, View Displays
- 11:00 a.m. Business Session Begins
- 12:00 p.m. Lunch is Served
- 1:00 p.m. Reconvene Meeting

Lunch

Roast beef au jus, mashed potatoes and gravy, hot rolls, Italian pasta salad, green beans, cookies

Election for Director in
 District #2 - Greybull, Shell area
 District #3 - Ten Sleep, Hyattville area

FAQs about Capital Credits *(continued from page 3)*

cooperative's present financial condition and other considerations, the board of directors determines whether to issue a retirement, and if so, in what amount. Since 1997, the board has retired capital credits every other year in March on an approximate 30-year cycle (i.e. capital credits earned in 1978 were eligible for retirement in 2009; credits from 1979 were eligible for retirement in 2010, etc.).

Q: Are payouts to estates handled differently from general retirements?

A: Yes. Big Horn REA allows that the next of kin can apply for Capital Credits that were assigned to the deceased member while that person was on our service. They have the option of either taking a lump sum distribution at a discounted value; or to leave the money in for distribution over the normal retirement period.

If the second option is taken, the capital credit account would then go to the heir(s) assigned, and it would be received as the money is retired. All applications for the lump sum distribution require a photocopy of the death certificate and an Affidavit, which must be signed before a notary as well as filed with the county clerk and a certified copy presented to Big Horn REA before any estate funds can be released. If the estate was probated, we will need a copy of an Order of Distribution from the court along with the Affidavit. Also, please remember we cannot process any type of retirement of Capital Credits until the deceased's account shows an Inactive status.

Q: Why are capital credit payouts discounted?

A: The board of directors has approved the policy of discounting early capital credit payouts so that all are made on a fair and equal basis. For example, \$10 received in cash today is worth more than \$10 received 20 years from now. So, to put early pay outs on an equal basis with those who will have to wait for their payments, we discount them.

Q: In the event of a member's death, does the type of membership affect how the capital credits are paid?

A: Yes. For individual memberships, capital credits are handled as discussed above. In the event the capital credits belong to a joint membership (i.e. husband and wife) and one of the account-holders dies, the accumulated capital credits will transfer in their entirety to the surviving person's account, and their membership will be converted from joint to individual status.

Q: What does Big Horn REA do with unclaimed capital credits?

A: Big Horn REA seeks out the former member-owners who are due capital credits, even if they are no longer on our system. Big Horn REA will post the names of the member-owners who have unclaimed capital credits on our website. If the member-owner does not claim them and the capital credits remain unclaimed for 2 years or more, then they are transferred to a fund for charitable, educational and general membership purposes.

Q: Is my capital credit allocation taxable?

A: For individuals, capital credits are generally not taxable. We suggest you seek the advice of a tax professional for any specific questions.

Q: Can I use the capital credits I have allocated to pay my electric bill?

A: No. Allocated capital credits may not be used to pay current bills. Your electric bill is due monthly, whereas you may not be entitled to be paid your capital credits for many years. Capital credits are kept in a separate accounting system apart from your billing account. When the Board decides to retire/disburse capital credits, members will receive a check made payable to the member(s) listed on the account.



Energy Efficiency

Tip of the Month

Appliances account for about 13 percent of your home's energy use. If they have energy-saving settings, use them! If they're nearing voting age, consider replacing them with a new, energy-efficient model. And remember to try smart power strips for smaller appliances and electronics that continue to draw power even when turned off. For more tips, visit EnergySavers.gov.

Source: U.S. Department of Energy

HIGHLIGHTS

is an official publication of
**BIG HORN RURAL
ELECTRIC COMPANY**



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Carrie Hunt	Jeff Stocklin
Sheila Kampbell	Kendal Wambeke
Floyd Mitchell	Colton Whisonant

For Outages or Trouble
Call the office number: **ANYTIME**
(307) 568-2419 or 1-800-564-2419
After 5 p.m., weekends and holidays
all calls will be answered by our professional answering service, who will contact the appropriate person(s).