

Straight talk about costs.

- Fuel (natural gas, oil, coal) costs are going up.
- Railroad shipping (coal) is going up dramatically.
- The nation's transmission grid is outdated and cannot meet demand.



We are making a difference.

- Members can review home/business energy use to find ways to use electricity more efficiently.
- Members can talk to friends and family about the importance of using energy wisely.
 - Members can get involved in their cooperatives by attending annual meetings, and contacting their local legislators regarding the captive rail issue.

In a co-op, we are all in this together.

- Co-ops are committed to delivering electricity at the lowest possible cost.
- Co-ops work hard to minimize the impact of necessary price increases.
- Co-ops operate at cost.

Tax Incentives

Visit www.energytaxincentives.org on the Internet for valuable information for consumers and businesses to make use of the federal tax incentives for energy efficient products and technologies passed by Congress as part of the Energy Policy Act of 2005.



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"Our vision is to provide access to safe, dependable and affordable electric services."



Tom Miller
General Manager

Hawkeye's 70th year of delivering electricity!

Where are we going to be when we get to where we're going?

Hawkeye recently held its 69th Annual Meeting of the Members. For those of you who were not able to attend I would like to give a brief summary of the event.

It was 70 years ago that members had a vision to start an electric cooperative and electricity was no longer just for city folks. It didn't take long for the lights to come on throughout the rural areas in Howard, Winneshiek and Chickasaw counties. And still today, your board's guiding principle is to *provide access to safe, dependable and affordable electric services.*

The question I posed to the membership was "Where are we going to be when we get to where we are going?"

Affordability:

We have been investing in the future. Our total utility plant, currently at \$32.5 million, grows on average of 7% annually. That is over \$1.5 million annually for new poles, wire, breakers, transformers, meters and the like. But our sales have been flat! Residential sales are down by 8.2% since 1996. The only saving grace is the growth in small commercial sales, up 92.3% since 1996. Our expenses are growing 11% annually, reduced to 5% over the past four years. The wholesale power bill has increased by 6.53% over the past four years. And we all know about the rising costs of materials and gasoline.

Dependability

The positive coming out of the increases in daily expenses is improved reliability. Although our reliability will never be perfect, our system has been performing *safely*. In 2005 members had access to electricity 99.957% of the time! This is directly related to tree trimming, pole testing, automated technologies and the cooperation of Mother Nature. How are we paying for this investment?

It is the balance of a three legged stool: Equity, Rates and Debt

Equity Past revenue, member dividend retirement

Rates Current revenue toward expenses and investments

Debt Future revenue



Most of you have experienced the "rail surcharge" on your electric bill. We have postponed a permanent increase in hopes of rail or legislative relief. As it stands today, we would have to implement a 20% rate increase, roughly 13% for railroad costs and 7% operating costs. Your board is currently grappling with the rate increase alternatives.

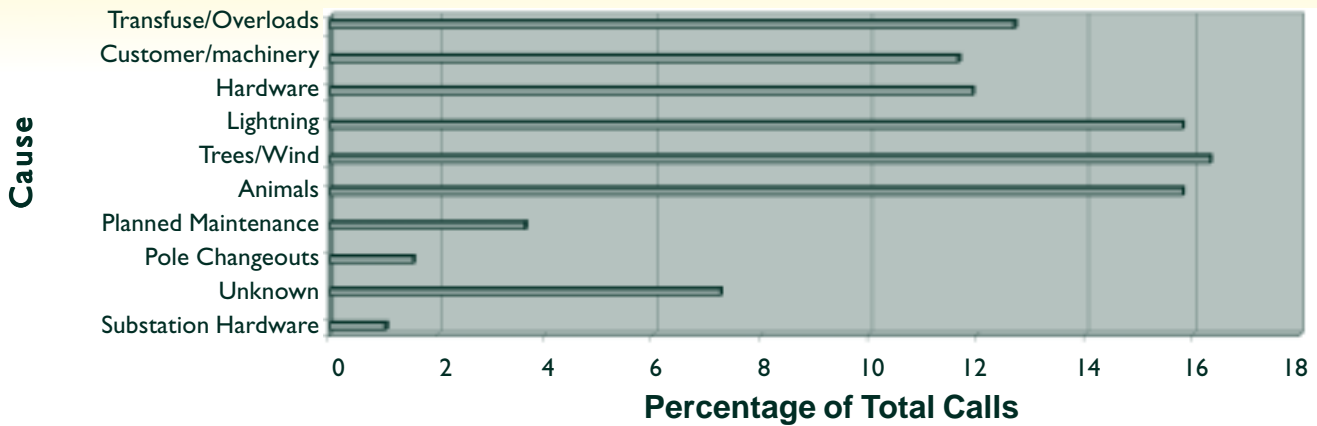
As we continue to think about "Where we are going to be when we get to where we are going" we need to prepare ourselves for growth. Our recent 10-year forecast calls for the need of 3 new substations at a cost of \$400,000-\$750,000 each. Also, you can't build a substation without building new feeder lines.

We have outgrown the 1941 corporate headquarters. A preliminary architectural study estimates over \$1 million to remodel and bring this office to current building codes. Our staff needs to be highly integrated in order maximize efficiencies. This is difficult when staff is divided in two separate buildings.

We are a growing system and growing pains are going to be reflected by higher rates. Our strong financial foundation will help us through this expansion cycle. We are making a difference as proven by our reduced outage times, system expansion and automation. In a co-op, we are in this together as members, directors and employees. Together, we have the power to make a difference.

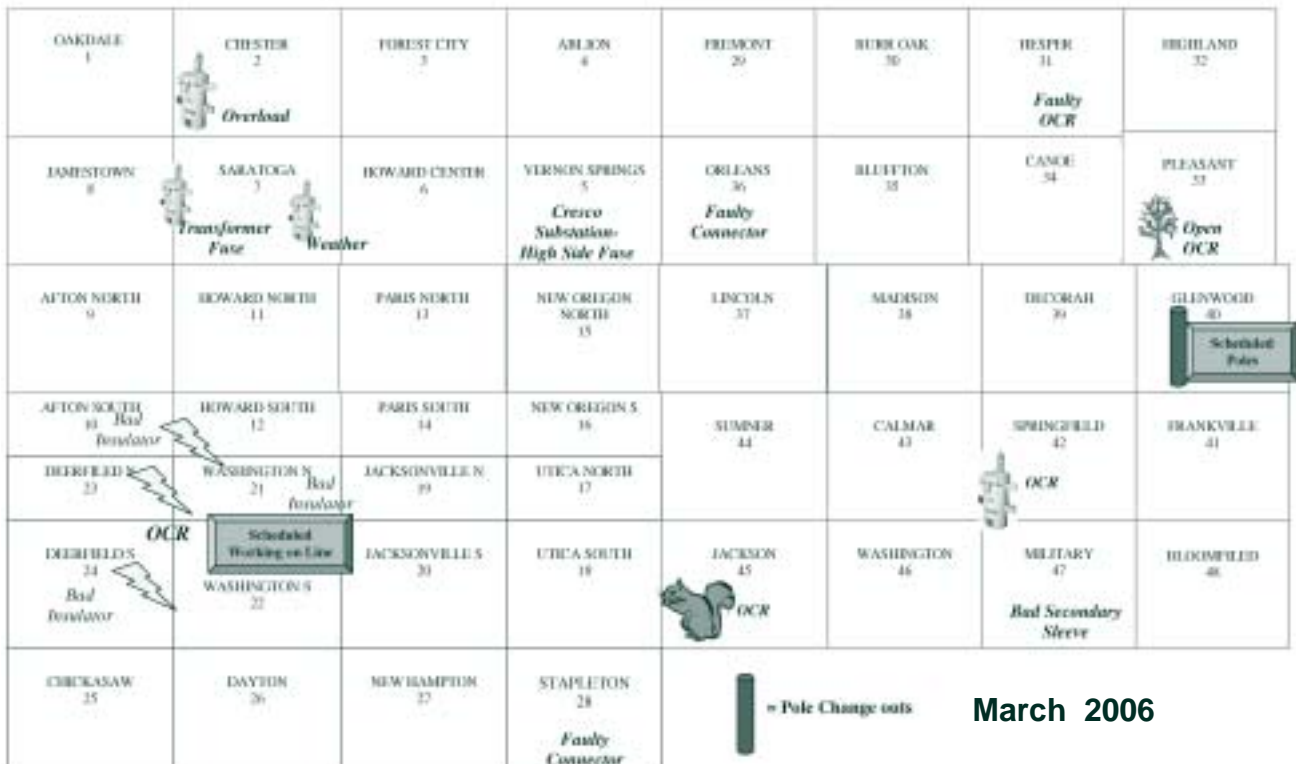


2005 Outage Summary



2005	Members out	Hours Out	SAIDI	SAIFI	CAIDI	ASAI
Goal	0	0.00	2.00	1.50	2.00	99.977%
w/ Storms	10,438	23,891.13	3.75	1.64	2.29	99.957%
w/o Storms	6,180	14,035.84	2.20	0.97	2.27	99.975%

Map of Outages



Have you experienced an outage lately?

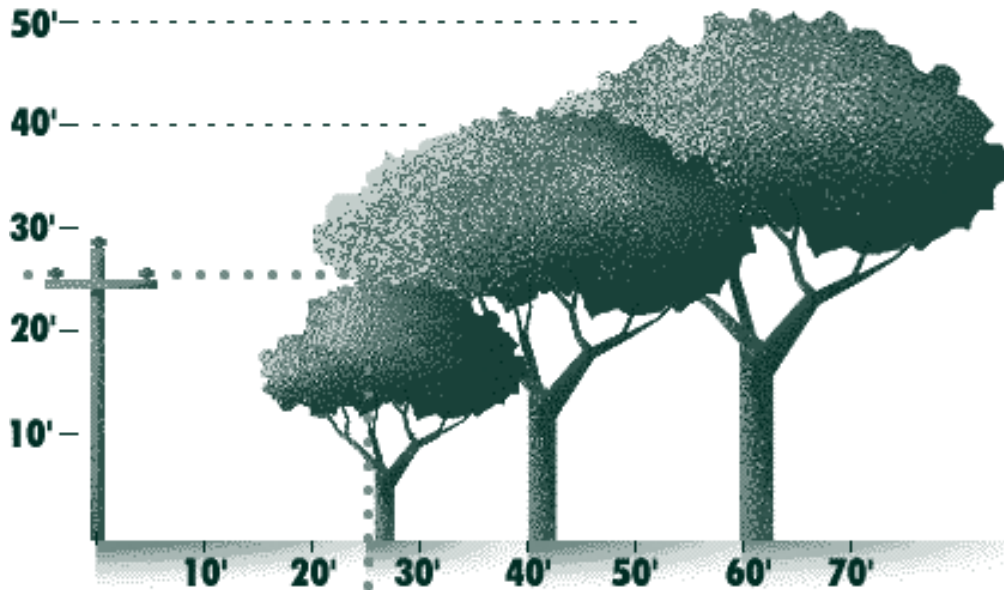
Plant the Right Tree in the Right Place

**Call Before You Dig
It's The Law!
In Iowa call:
1-800-292-8989**

If you plant trees on the southwest and west sides of your home, they can block the sun and dramatically reduce the heat in your house. The Department of Energy estimates that just three trees positioned correctly around a house can cut the

energy used for cooling by one-fourth. And in the winter, those same trees can cut your heating costs by 10-20 percent. But be aware that a tree on the south side of a house can actually increase heating costs in the winter because it casts shade.

Remember that trees and power lines don't mix. If you plant any type of trees near power lines, make sure they're small and will **STAY** small. Also don't forget about underground power lines when you're planting. Call Iowa One-Call before you dig.



STOP

No tree zone!
No trees or oleanders within 25' of power lines

CAUTION

Small tree zone
Plant trees less than 25' in height/spread at least 25' from overhead power lines

CAUTION

Medium tree zone
Plant trees 25'-40' in height/spread at least 40' from overhead power lines

GO

Large tree zone
Plant trees larger than 40' in height/spread at least 60' from overhead power lines

Shrubs

(Height: 4' – 10')
Arrowwood, Azalea, Burning Bush, Bush Honeysuckle, Caragana, Chokecherry, Cotoneaster, Cranberry Bush Currant, Dogwood, Hydrangea, Juneberry, Lilac, Ninebark, Potentilla, Sumac

Small Trees

(Height: 10' – 15')
Amur Maple, Flowering Crabapple, Flowering Dogwood Hawthorn, Eastern Red Cedar, Russian Olive, Canada Cherry, Ironwood, Mountain Ash, Nanking Cherry

Medium Trees

(25' – 40')
Ash, Marshall Seedless, Birch, Paper & River, Butternut, Honey Locust: Sunburst, Shademaster, Skyline, Littleleaf Linden, Norway Maple, Pear, Bradford

Large Trees

(40' – 70')
Basswood, Bur Oak, Pin Oak, Elm, Sugar Maple, Hackberry, Ginkgo, Black Walnut, Catalpa
Pines: Austrian, Red, Scotch, White, Spruce

Ditch Burning

BE CAREFUL!

Pole replacements could cost YOU up to \$600!

To prevent a pole from burning, remove dead vegetation around the pole or soak the area around the pole with water.

Annual Meeting Highlights

Director Election Results



Dean Fisher
Chickasaw



Roger Nibaur
Howard



Charles Frana
Winneshiek

There were three director elections at this year's annual meeting. Dean Fisher from Chickasaw district, Roger Nibaur from Howard district and Charles Frana from Winneshiek district were re-elected to Hawkeye's Board of Directors. Hawkeye would like to give a special thanks to Darel Reicks, Art Bina, Ronald Dieke and James Wenthold for running on the ballot and offering to lend their time and talents to Hawkeye REC.



Hawkeye employee Dolores Donlan handed out compact fluorescent light bulbs to every member who attended the annual meeting.



Hawkeye member Raphael Ferrie of Cresco was happy to win a \$50.00 electric bill gift certificate.



Hawkeye's Board of Directors and employees want to thank you for attending the annual meeting and taking part in your electric cooperative. This year's meeting included regular business reports, video slideshow of highlights from 2005, director elections and prize drawings totaling over \$1,000. This is a great opportunity for members to take part and have a voice in their cooperative.

Thanks

Thanks to the Teller and Credential Committees

Hawkeye would like to thank the members of the Teller and Credential committees for their help with tallying the ballots for the director elections. Their dedication to their electric cooperative is truly appreciated.



L to R: Keith Sersland, Peggy Sersland, Joe Thraenert, Dan Hotvedt, Trudy Nath, Tammy Stevenson, Marge Fox and Doug Nath. Not pictured: Chuck Stevenson.

Annual Meeting Prize Winners!

- 1 \$50.00 Elec Bill Cert. Bernice Karnik, Waucoma
- 2 \$50.00 Elec Bill Cert. Michael Pecinovsky, Calmar
- 3 \$50.00 Elec Bill Cert. Duane Hruska, Cresco
- 4 \$50.00 Elec Bill Cert. Alvin Myers, New Hampton
- 5 \$50.00 Elec Bill Cert. Ronald Deike, Lime Springs
- 6 \$50.00 Elec Bill Cert. Raphael Ferrie, Cresco
- 7 \$50.00 Elec Bill Cert. Leonard Myers, Waucoma
- 8 \$50.00 Elec Bill Cert. .. Ferdinand Steinlage, New Hampton
- 9 \$25.00 Elec Bill Cert. Sharon Landa, Waucoma
- 10 \$25.00 Elec Bill Cert. Calvin Spalla, Canton MN
- 11 \$25.00 Elec Bill Cert. Robert Chihak, Elma
- 12 \$25.00 Elec Bill Cert. Leonard Soukup, Cresco
- 13 \$25.00 Elec Bill Cert. Neil Kappes, Elma
- 14 \$25.00 Elec Bill Cert. Billy Einwalter, Fort Atkinson
- 15 \$25.00 Elec Bill Cert. Richard Ollendieck, Cresco
- 16 \$25.00 Elec Bill Cert. Robert Klimesh, Fort Atkinson
- 17 \$25.00 Elec Bill Cert. James Truka, Lime Springs
- 18 \$25.00 Elec Bill Cert. Richard Bill, New Hampton
- 19 REC Crock Art Bina, Cresco
- 20 REC Crock Dale Fenske, Calmar
- 21 REC Crock Protivin Welding & Machine, Calmar
- 22 REC Crock William Seele, Cresco
- 23 REC Grill Set Gary Sunnes, LeRoy MN
- 24 REC Grill Set Charles Stevenson, Elma
- 25 REC Grill Set Leonard Kessler, Lime Springs
- 26 REC Grill Set Everett Tenge, Alta Vista
- 27 REC Grill Set Francis Massman, Decorah
- 28 REC Grill Set Obert Sacquitne, Decorah
- 29 REC Grill Set Kevin Lundt, Decorah
- 30 REC Grill Set Joe Gansen, Elma
- 31 REC Cooler Imogene Schemmel, Lime Springs
- 32 REC Cooler Alica Ross, Elma
- 33 REC Cooler Patricia Hageman, Decorah
- 34 REC Cooler Elvin Vohr, Ridgeway
- 35 REC Cooler Jim Marik, New Hampton
- 36 REC Cooler Paul Chipera, Fort Atkinson
- 37 REC Cooler Gary Knutson, Decorah
- 38 REC Cooler Charles Retterath, Chester

Hawkeye REC Meets with Lawmakers at the State Capitol

More than 200 cooperative supporters, including representatives from Hawkeye REC traveled to Des Moines on Tuesday, March 7, to discuss issues important to electric cooperatives with lawmakers. The co-op representatives met for a briefing in the afternoon and received updates on state and federal legislative issues. The group then traveled to the state Capitol where they met with their local elected officials.



L to R: Dean Fisher, Charles Frana, Representative Chuck Gipp, Senator Mark Ziemann, Representative Brian Quirk, Pat Boyle, John Hockspeier, Brad Dull, Jim Bakken, Roger Nibaur and Norman Dickman represented Hawkeye REC at the State Capitol on March 7th. Randy Uhl, Winneshiek County Economic Development Director also attended the meeting as a Grassroots Ambassador for Hawkeye REC.

A key message delivered to legislators focused on the cooperatives' involvement with renewable energy, including information on interconnections with member-consumers, contributions to green pricing programs and integrating renewables into their overall generation mix.

“This annual event is an excellent opportunity to personally visit with our elected officials and provide them with a co-op perspective on issues that are important to our business and ultimately our member-consumers,” says Dean Fisher, Board Chairman.

Services

- ◆ Beam Central Vacuum Systems
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- ◆ First Call Emergency Response System
- ◆ Generators
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- ◆ Security Lights
- ◆ Security Systems
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- ◆ Water Conditioners/ Softeners
- ◆ Electric Usage Audits
- ◆ New Home Consultations



Please contact us for more information.

1-800-658-2243 or 547-3801

www.hawkeyerec.com

Welcome

Hawkeye REC welcomes New Members

Dalynn Melver	Cresco
Cody R Wagner	Mabel MN
Lisa Rippey & Josh Phillips	Decorah
Susan C Jerrett	Decorah
Russell Brincks	Decorah
Cindy Lorius & James Brevig	Lime Springs
Julie Kregel	Decorah
David Irons	Decorah
Joseph M Haskovec	Cresco
Carmen Fulhardt	Decorah
Tony M Jones	Decorah
Daniel Bushman	Ossian
Superior Lumber	New Hampton
Mark Koenigs	McIntire
Tammy Helmers	Protivin
Dean Kilpatrick	Rochester MN
Wade & Charlene Beavers	Rochester MN
Brian & Kristine Roffman	Decorah

Recipes...

Out-of-the Ordinary Cakes



Send or e-mail your favorite recipe.

If we print your recipe in our newsletter you'll receive \$5 off your next electric bill.

E-mail to: mmoellers@hawkeyerec.com



May – Picnic favorites

June – Dad's favorites

Popcorn - M&M's Cake

1 lb. marshmallows

1/2 c. butter

1/2 c. vegetable oil

Melt in microwave until looks like a syrup.

Pop a full pan of popcorn (2-1/2 - 3 bags of microwaveable popcorn) in a large dish pan.

Pour syrup over popcorn & add 1 lb. bag of M & M's. Press into an Angel Food cake pan that has been sprayed with Pam & let set for at least 1 hour, then invert pan upside down & molded cake should fall right out!!!

Theresa Hudecek
Protivin



Hummingbird Cake

3 c. sifted flour

2 c. sugar

1 1/2 c. pineapple (crushed)

1 t. salt, 1 t. soda, 1 t. vanilla

1 c. chopped pecans

1 1/2 c. oil

3 eggs beaten

1 1/2 c. mashed bananas

Mix dry ingredients, mix oil and eggs and stir into dry ingredients, add vanilla, pineapple, bananas and pecans. Mix well, bake in three layer cake pans or a large 9x13 pan for 30 min. or until done in a 350° oven. Cool and frost with cream cheese frosting.

Cream Cheese Frosting

1 pkg. (8oz.) cream cheese

1 lb. powdered sugar

1/2 stick margarine

Small amount of milk

Blend together until smooth and spread between layers or on 9x13 cake.

Bernice Freidhof
Elma

Crazy Chocolate Cake

3 c. all-purpose flour

2 c. white sugar

5/8 c. unsweetened cocoa powder

1 t. salt

2 t. baking soda

1 t. vanilla extract

2 c. cold water

2 t. distilled white vinegar

2/3 c. vegetable oil

Mix all ingredients right in a 9 x 13 inch pan. Bake at 350° F for 35 minutes. Remove from oven and cool. Frost with your favorite frosting.

Earthquake Cake

1 c. chopped pecans

1 c. shredded coconut

1 Choc. or German Choc. Cake mix

1/2 c. melted butter

8 oz. cream cheese, softened

3 1/2 c. powdered sugar

Sprinkle pecans & coconut on bottom of a greased 9x13 pan. Mix cake as directed on box. Pour over nuts & coconut.

Combine butter, cream cheese & powdered sugar, drop by spoonfuls over top of cake. Bake 45 min. at 350° or until done. Doesn't need frosting. Can serve with Cool Whip instead.

Geraldine Otto
Lime Springs



DATES TO REMEMBER

BILLING CYCLE DATES

April 25 Member reads meter and records on payment voucher. Please mail your bill today to make sure it arrives to Hawkeye by the 1st of May.

April 28 Automated payments from checking accounts and credit cards are processed.

May 1 Bills become delinquent.

May 10 Hawkeye REC prints bills based on April meter reading.

May 11 Bills are mailed to members from Dairyland in LaCrosse.

OTHER EVENTS

April 28 Hawkeye REC Board Meeting

You have the power to make a difference.

Fuels used to generate electricity are getting more expensive. That's driving prices up. Your electric cooperative is working hard to make a difference.



And you can do your part, too.

Turn your thermostat down at night and when you're away to make your home more energy-efficient. About half of your electric bill is spent heating and cooling your home.



The Power Is Yours

Box 90 - Cresco, Iowa 52136
1-800-658-2243 or 547-3801
www.hawkeyerec.com

OFFICE HOURS

Monday thru Friday • 7:30 a.m. - 4:30 p.m.
(Closed Sat., Sun., & Holidays)

OUTAGES

1-800-927-5265

IOWA STATE ONE CALL
1-800-292-8989

BOARD OF DIRECTORS

Dean Fisher, President - Lawler
Dean Nierling, Vice President - Burr Oak
Dennis Ptacek, Secretary/Treasurer - Elma
Norman Dickman - Decorah
John Hockspeier - Alta Vista
Janelle Mahr - Lime Springs
Roger Nibaur - Elma
Charles Frana - Calmar
Dennis Young - Decorah

PERSONNEL

Tom Miller, CEO & General Manager
Roger Halverson, Operations Manager
Jim Murphy, Information Tech. Manager
Cindy Christensen, Communications Manager
Peggy Berg, Chief Financial Officer
Pat Boyle, Business Dev./Mbr. Serv. Manager

EDITOR

Cindy Christensen

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