



POWERLINES

A Matter of Principles

OCTOBER IS NATIONAL CO-OP MONTH

You might be surprised by the number of co-ops around you. Co-ops have been formed to sell produce and electricity, offer financial and banking services, provide housing and health care and much more.

So where did the bright idea for co-ops come from? It's a matter of principles (seven, to be exact). The modern movement traces its roots to a store started by weavers in the town of Rochdale (pronounced Rotch-dale) in northern England in 1844. The group was guided by a set of principles drawn up by one of its members, Charles Howarth. When introduced into the U.S. by the National Grange in 1874, these "Rochdale Principles" fueled a cooperative explosion.

Although stated in many ways, the Rochdale Principles require that a cooperative must be open for anyone to join. Every member retains one voice, one vote. Electric co-ops hold member business meetings annually, allowing members to elect fellow consumers to guide the co-op and have a say in how their utility is run.

There also have to be real member benefits. For example, members of electric co-ops often get money back (called capital credits or patronage refunds) when the co-op's in good financial shape. More than \$9.5 billion has been returned to members by electric co-ops since 1988—nothing to sneeze at.

Education remains another big focus. Electric co-ops provide safety information in schools, share ideas on how to make your home more energy efficient to keep electric bills affordable and make sure elected officials and opinion leaders know about the co-op business model. Because there is strength in numbers, co-ops tend to stick together when tackling regional and national issues.

Perhaps most important of all, co-ops are independent and community-focused, not tied to the purse strings of far-flung investors. Co-ops help drive local economic development, fund scholarships, support local charities and work to make life better in the areas they serve—the heart of the cooperative difference.

Learn About Co-ops

Electric Cooperatives Build a Better World

Member-owned electric co-ops transformed the



America's Electric Cooperatives

landscape of rural America, delivering safe, reliable, and affordable electricity for 75 years. www.nreca.org

DID YOU KNOW?

- Electric co-op lines cover 75 percent of the U.S. landmass.
- Serve 42 million people in 47 states.
- Electric co-ops have retired \$9.5 billion to members (capital credits) since 1990. [1373322]

CONCERN FOR COMMUNITY:

Every June, more than 1,500 high school juniors take part in an educational trip to Washington, D.C. during the Rural Electric Youth Tour.

Cooperative Enterprises Build a Better World

A message from America's Electric Cooperatives

General Manager's Message: BPA's Cost of Wholesale Power Increases



As we have previously mentioned in *PowerLines*, KEC purchases most of the power our members use from the Bonneville Power Administration (BPA). The power we purchase from BPA primarily comes from the Federal hydro facilities that operate in the Columbia River Basin. These hydro projects were constructed several

decades ago with low interest federal funding with two primary purposes in mind. First, they were constructed to better regulate the flow of water resulting from the spring snow melt, safeguarding the Pacific Northwest from the damaging effects of flooding. Secondly, they were constructed to supply the electricity consumed in the Pacific Northwest. On both of these fronts, these Federal projects have been a resounding success. Our costs of purchased power are among the lowest 10% in the nation. As an electric cooperative, we have the coveted right to purchase power from these federal resources and we pass that benefit along to our members.

As these hydro facilities have aged and the demand for electricity has grown, they have become capacity constrained. In short, more electricity is being used in the Pacific Northwest than can be produced by these facilities. To meet this growing demand, two things must be done. First, we must find ways to reduce the amount of power we consume in the region. Secondly, we must construct additional generation facilities necessary to meet growing demand. The unfortunate reality is that these additional resources will be more expensive to operate than the hydro facilities we currently purchase power from. Furthermore, BPA's cost of operating the inexpensive fleet of hydro facilities currently in operation continues to rise.

What does this mean for KEC and our members? The cost of power KEC purchases on your behalf from BPA increased on October 1. These changes in power supply costs are recovered through a Wholesale Power Cost Adjustment (WPCA) that is listed as a separate line item on your monthly electric bill. Overall, KEC's cost of purchased power has increased by about 14%. Since the

cost of purchased power represents approximately 44% of our retail rates, the effect this has had on our membership is considerably less. While not insignificant in our current economic climate, our average member's electric bill has increased by 5% or less. [1813045]

How are we managing these costs for you and how are we ensuring that your rates are as affordable as possible? Here are a few ways we are *Looking out For You*.

First, we recognize that energy conservation is the best way for our members to reduce their power bill and to improve the environment. For these reasons, we continue to promote energy conservation and educating our membership on ways they can conserve.

Secondly, we are constructing the Fighting Creek Landfill Gas to Energy Project. This is the first generation facility that KEC will own and operate. It will produce power from the methane gas created from the decomposition of trash within the Fighting Creek landfill. The cost of operating this facility is less than the cost of purchasing power from the market and will benefit our membership for years to come. We have also joined a consortium of other electric cooperatives that will collectively secure future generation resources as a group. This approach will allow us to benefit from better economies of scale and diversify the risks in developing generation projects that are constructed elsewhere.

Lastly, but certainly not least, KEC continues to operate as efficiently as possible. We continue to reduce our costs wherever possible without impacting the reliable and member focused service you depend upon. I am convinced our employees are the best our industry has to offer. The service they provide to you each day makes it possible for KEC to offer very dependable power at rates that are among the very lowest in our nation. We intend on safeguarding that for you.



Doug Elliott
KEC General Manager

Understanding Your Property vs. KEC Property

Summer brings home improvement and remodeling. Knowing the safety precautions and legal responsibilities of your electric service can help your project go smoothly.

Electric meters are the property of KEC. Removing the meter with current flowing through it can lead to an electrical explosion. The person working with the meter could be injured or killed. If you're planning on doing electrical work, contact KEC and we will send certified personnel to your site. Under no circumstances should meters be removed or relocated—temporarily or permanently—by anyone other than authorized KEC employees.

You may not be aware of what equipment is the homeowner's responsibility and what is KEC's responsibility. For overhead service, KEC is responsible for the cable that runs from the utility pole to your home. This wire is called a "service drop." The service drop connects to your house at the "masthead," a vertical pipe-like structure attached to the top of the box that houses your electric meter. The masthead and the box that holds the meter are the homeowner's property and responsibility. For underground service, KEC is responsible for the transformer, underground wire from transformer to the meter and the meter. If you have any questions about your electric service responsibilities, please call KEC at 208.765.1200.

KEC Heat Pump Rebate Changes Effective October 1

	Previous Amount	Current Amount
Level 1: Smart Choice HSPF 9.0*/SEER 14	\$300	\$300
Level 2: PTCS Commissioning + Level 1	\$965	\$800
Level 3: PTCS Duct Tightening + Level 2	\$1690	\$1300

*As of Oct. 1, the HSPF rating increased from 8.5 to 9.0

Other KEC Rebates

- Energy Efficient Appliances:
 - Water Heaters - up to \$150
 - Clothes washers - up to \$70
 - Refrigerators - \$15
 - Freezers - \$15
- Windows - \$3 per square ft.
- Insulation - up to \$1.12 per square ft.
- Ductless Heat Pumps - \$1,500
- Geothermal Heat Pumps - \$3,300
- Energy Star® Homes - up to \$2,000

PAYMENT CENTER LOCATIONS

KEC now offers payments to be made at participating MoneyGram and CheckFreePay merchants. Participating merchants include: Ace Cash Express, Advance America, Albertsons, A-N-D Mini Mart, Moneytree and Wal-Mart. For a complete list of locations, please visit www.kec.com or call our office at 208.765.1200.

WIN A \$50 ENERGY CREDIT

Four KEC account numbers are hidden in this newsletter. If one of these numbers is yours, contact us at 208.765.1200 and receive a \$50 credit on your bill!

BOARD OF DIRECTORS MEETING

The next KEC Board of Directors meeting is scheduled for 9 a.m. Tuesday, Nov. 29. Confirm with Terry Brown at 208.292.3211 if you'd like to attend. The meeting date is subject to change.

FIND US ON FACEBOOK

Become a fan by clicking "like" at www.facebook.com/KootenaiElectric. We will provide updates on new programs and services, member discount offers, energy efficiency tips and rebates, power outage information and more. [1322183]



Rebate amounts effective October 1, 2011 and are subject to change. All Appliances must meet energy factor guidelines. Contact us at www.kec.com or call 208.292.3213 for more information.

Congratulations to Our Energy Credit Winners!



From left: Melissa Malcolm, KEC Member Services Rep; Cindi Richardson, KEC member; Chris Aiken, KEC Energy Services Coordinator. [1811576]



From left: Melissa Malcolm, KEC Member Services Rep; Fred and Karen Tittelfitz, KEC members; Glenniece Hughes, KEC Member Services Rep.



From left: Melissa Malcolm, KEC Member Services Rep; Gene and MaryAnn Siler, KEC members; Chris Aiken, KEC Energy Services Coordinator.

Congratulations to our three lucky winners of the \$200 KEC Energy Credits given away at the 2011 North Idaho Fair. Over 350 KEC members entered the drawing. Thank you to everyone who stopped by the KEC booth and chatted with us!

Slaying the Energy Vampires

Did you know that you're sharing your home with "energy vampires"—electronic and electrical devices that continue to suck electricity even when turned off? On average, these items are responsible for an estimated 10 percent of the electricity you use every month.

Here's a tip that can help you drive a stake through the heart of these vampires, saving energy and money.

One way to identify energy vampires is to look for devices with remote controls—TVs, DVRs and audio equipment, for example. Then target gaming consoles, computers, monitors and printers as well as chargers for cell phones, iPods, small DVD players and laptops. Chargers draw energy even when they're not charging anything.

An easy way to seal the coffin on energy vampires is to plug components of your computer or home entertainment system into a power strip. With a single flip of a switch, you can fully cut power to them.

In addition, don't forget to unplug any appliances—such as coffee makers and toaster ovens—with digital clocks when you aren't using them. As TogetherWeSave.com has shown, pulling plugs and employing power strips can save you \$222 in electric bills per year.

For other tips on how to save energy—and money—visit www.TogetherWeSave.com, or call Chris Aiken at 208.292.3213.

