



POWERLINES

KEC & OPERATION ROUND UP® DONATE TO PROJECT SHARE

KEC and Operation Round Up® donated \$5,000 each to Project Share in December 2011. Project Share helps those in need pay their electric bills, and 153 KEC members were aided in 2011.

Photo (from left):

Len Crosby, Trust Board Member;
Mark Haberman, Circles/Community Engagement
Coordinator, Community Action Partnership and
Catherine Tinder, Trust Board President. [1737993]



Annual Meeting & Election

Mark your calendars for the 2012 KEC Annual Meeting scheduled for Tuesday, April 24, at Lake City Community Church. Registration begins at 5 p.m. with refreshments and educational booths showcasing what your Cooperative is doing to add value for you. The business meeting starts at 6 p.m. with lots of fun drawings and prizes (including an energy efficient TV). The meeting should be finished around 8 p.m. Don't forget to pick up your \$20 member meal voucher (good at select area restaurants) at the meeting!

Voting ballots will arrive in your mail box mid-March and you can vote either by mail-in ballot or during the Annual Meeting. Mail-in ballots must be postmarked by April 10 to be counted. When you vote by mail you have a chance to win one of two \$250 energy credits. Watch for your March billing statement and *PowerLines* newsletter for more information. Don't miss this important membership right to vote for your KEC Board of Directors and bylaw changes.

VISIT US AT THE HOME AND GARDEN SHOW!

Enter to win a KEC Energy Credit!
Visit our booth at the 2012 North Idaho Building Contractors Association's Home and Garden Show March 9-11 at the Kootenai County Fairgrounds and enter to win one of two \$50 KEC energy credits! KEC staff will be on hand during the show to provide conservation tips and talk to you about Marathon Water Heaters, Convectair Heaters and the various rebates and services we offer to help you save money.



FIND US ON FACEBOOK

Become a fan by clicking "like" at www.facebook.com/KootenaiElectric. Hidden account numbers are now being posted monthly. Find yours and win a \$50 energy credit!

General Manager's Message:

Fighting for Fighting Creek



Living in North Idaho has many virtues. One that is often taken for granted is the abundance of inexpensive hydro power. Through the careful harnessing of this natural resource, the Pacific Northwest has long benefited from the lowest cost and cleanest power in the nation. Unfortunately, this power is not unlimited. In fact, more power is now used in the Pacific Northwest than these facilities can produce.

These hydro facilities were paid for with federal funding and the Bonneville Power Administration was created to ensure the energy they produced was used to serve the public good. To safeguard this, BPA has adopted a new rate that guarantees member-owned utilities, like Kootenai Electric, the right to buy their fair share of power from these inexpensive resources. Any additional power required above this fair share must come from other, more expensive, resources. And, those resources must be specified in a contract BPA requires for several years in advance. These resources are currently specified through 2019. [1452273]

With this future need in mind, KEC began developing its first generation resource in late 2009. The resource, known as the Fighting Creek Landfill Gas to Energy project, will produce enough electricity to power 1,800 homes from the methane gas that is produced by the decomposition of trash at the Kootenai County Solid Waste Facility located near Bell Grove. This project is being developed through an informal partnership with the County whereby KEC will pay for the gas that is used by the generators. The revenue generated from this will help lower the County's tax base, will put the methane gas (which is currently emitted into the air after being burned) to a more environmentally friendly use and will provide KEC's members with a low cost and stable source of power for the next 20 years. The facility, which cost just under \$7 million to build, was financed by the issuance of low interest Clean Renewable Energy Bonds that KEC was able to qualify for. By the time you read this article, the construction of the facility will be all but complete and ready to power those homes.

While this is something we are very excited about, there are some who are not. The contract we have with BPA makes it impractical for us to use the output from the Fighting Creek resource to meet our own needs for the first several years of its operation. So, instead of using it ourselves for the initial years of operations, we plan on selling it to another utility. The revenue we receive from selling the power will be used to offset the cost of KEC's operations.

This right to sell power to another utility is granted to us through a law the federal government enacted in 1978 called Public Utility Regulatory Policies Act, or more commonly known as PURPA. This law requires those utilities that own and control the nation's transmission system to purchase power from qualified renewable energy projects developed by others at rates that are deemed to be fair and nondiscriminatory. These rates are known as Avoided Cost Rates. They are set and regulated by the Public Utilities Commission (PUC) and represent the cost that the purchasing utility would pay for power if it had to supply the power purchased from its own fleet of generation resources. In other words, when set appropriately, the purchasing utility should be indifferent to buying the power or supplying it from its own generators.

KEC and Avista have negotiated a PURPA contract that is agreeable save the ownership of what is known as Renewable Energy Credits (RECs). RECs are created from the production of renewable power and have a marketable value to their owner. Since Avoided Cost Rates are based upon lower-cost carbon-emitting resources, RECs should remain the property of KEC. While this is the position that most public utility commissions have taken, Avista disagrees. And, curing this disagreement would require a protracted legal fight before the Idaho PUC. If the power was instead delivered and sold to a utility in Montana or Oregon, this issue is avoided. So KEC asked a simple question. What utility operating in Montana or Oregon could this power be most readily delivered to and used by? The answer to that question was Idaho Power and the load they serve within Oregon. We have forwarded an executed contract to them and anticipate their response soon.

You may have read in the media that Avista and Idaho Power have been opposed to purchasing this power from KEC under a PURPA contract. We want to ensure our members understand the reasons why this issue is of importance to you. Avista and Idaho Power claim that the Avoided Cost Rates they are expected to pay are too high. We respect their interest in ensuring their customers do not subsidize the rates of our members. At the same time, KEC adamantly disagrees that our members should give power to Avista or Idaho Power at rates below what the power is worth. The PUCs that regulate them, and the Avoided Cost Rates that they set, ensure that these rates are fair. If those rates are too high, Avista and Idaho Power have a forum before the PUC to address that issue going forward. It is for this reason that KEC is fighting for your rights.

A handwritten signature in black ink that reads "Doug". The signature is stylized and cursive.

Doug Elliott
KEC General Manager

KEC BOARD AUTHORIZES CAPITAL CREDIT RETIREMENT FOR MEMBERS IN 1981-1983

In December 2011, the KEC Board of Directors authorized the retirement of \$706,772 in capital credits originally allocated during 1981, 1982 and part of 1983. Members will receive refunds based upon capital credits earned during those years. These checks will be mailed to entitled members in March.

When you signed up to receive electric service from KEC, you became a member—and an owner—of an electric cooperative. Being a member-owner of an electric cooperative is very different from being a customer of an investor-owned utility. Electric cooperatives operate on a not-for-profit basis. As such, proceeds that exceed the Cooperative's cost of doing business belong to you, our member-owners, and are called margins. These proceeds are called "capital credits" and represent your share of the Cooperative's equity. And that share is based upon how much your electric usage contributed to margins. Investor-owned utilities, however, are owned by shareholders (or investors) who earn dividends on their investment. These dividends are paid from the profits that the utility receives from its customers.

How are capital credits paid, or returned, to our member-owners? Periodically, your Board of Directors retires capital credits that are no longer needed to maintain the financial health of the Cooperative. When this occurs, money is returned to our member-owners based upon the contributions they made to the Cooperative's margins. [1803089]

This is one of the many benefits of being a member-owner of an electric cooperative. For more information please visit the KEC office or call 208.765.1200.

Board Candidate Nomination Process

Each year, KEC holds an election for its Board of Director positions. Those interested in serving on the KEC Board of Directors may be nominated one of two ways: by the KEC Nominating Committee or by petition. For more information about this process please view Article III, Section 3 of the KEC Bylaws. The KEC Bylaws can be found on our web site at www.kec.com or call 208.292.3270 for more information.

Did you know?

KEC's eight member service reps handled **47,981** member phone calls in 2011.

They also took **11,606** payments at the front counter.

GENERATOR SAFETY REMINDERS

For the safety of KEC employees and the public we track where backup generators are installed on our system and request all members who have installed generators call KEC at 208.765.1200.

Generators can cause serious safety problems if improperly installed and could cause injury to KEC workers and the general public. All backup generator installations must have a transfer switch installed in accordance with the requirements of the National Electric Code. Transfer switch installations must be inspected by the State Electrical Inspector and KEC members must provide KEC with a copy of the State Electrical Permit for the transfer switch installation.

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! "Like" us on Facebook for more opportunities to win!

BOARD OF DIRECTORS MEETING

Members are welcome to attend KEC's monthly Board of Directors meetings. Meeting dates vary each month. Call Terry Brown at 208.292.3211 to learn more.

BE WARY OF ELECTRIC SPACE HEATERS THAT CLAIM TO SAVE MONEY

Let me introduce myself. I'm the new Energy Services Administrator at KEC. I'm a long-time Coeur d'Alene resident and have been at KEC since September 2011. In my role, as Energy Services Administrator, I oversee KEC's energy conservation efforts. Over the next couple of months, you will be hearing more from me as we unveil new energy conservation programs and initiatives designed to help you better manage your electric consumption.

Lately, I've been receiving a number of calls from members who are concerned with their higher electric bills. During the winter months the largest electric user in your home is typically the heating system, representing 30-40% of your total bill. Using your heating system more effectively can help lower your electric bill.

Some members have asked me if using space heaters is a more efficient way to heat their homes. It can be, however, don't be fooled by some advertisements you see from manufacturers which say they can "slash" your electric bills or only cost "cents per day" to use.

The key to lowering your electric bill is to use less electricity overall to heat your home. A great way to do this is by using a space heater to heat a smaller area of your home where you spend most of your time and reduce your main heating system's temperature. By lowering your main heating system temperature setting the larger heating system will run less, the smaller space heater will keep you comfortable in the area of your home where you are spending most of your time.

Keep in mind that electric equipment is usually rated in watts. At KEC, you are billed for each kilowatt hour of electricity

consumed. One thousand watts is equal to one kilowatt, so if you have an item such as a heater which is rated at 1,500 watts, this rating tells you that if the item is used for one hour, then it would consume 1.5 kilowatts of electricity or about 10¢ worth of electricity. Now 10¢ an hour doesn't seem like much unless you use the item, for say 12 hours a day. At 12 hours a day, the item is going to cost you just over \$35 per month! If the item runs 24 hours, which many space heaters will do when they are trying to heat a large area, then it will cost a member over \$70 per month!

Whether it's a standard electric space heater that you see at a home improvement store or an "infrared" model advertised in a newspaper flyer, two heaters with the same wattage rating will cost the exact same to operate if you run them for the same amount of time. Heaters that claim to be more energy efficient can only make that claim if they deliver the heat in a way that causes you to run the heater less.

At KEC we sell the Convectair brand electric heaters. We believe these heaters are a great replacement option for older baseboard or in wall heaters. They are safe, distribute the heat quite well to improve the comfort level in a room and are extremely quiet. I invite you to check out all the electrical products KEC stocks and displays to see if we have something to help in your electrical conservation efforts. Please contact me with any questions at 208.292.3213 or at dcrawford@kec.com.



Don Crawford
Energy Services
Administrator

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Call Us:

208.765.1200

Email Us:

kec@kec.com

Address:

2451 W. Dakota Ave.
Hayden, ID 83835



Save on Prescriptions Too!

Join other KEC members who have saved more than \$53,000 on prescriptions since 2007!

The cost of just about everything is going up—prescriptions included. As part of KEC's Co-op Connections® Card program you can save on most prescriptions at participating pharmacies locally and nationally. These discounts are provided to you at no cost and one card may be used by the entire family. [1621325]

Here's how it works: No sign up is required. Just show your card at one of the many area pharmacies (find a list at www.kec.com). You will receive the best price available to you through this program at the pharmacy. On occasion, pharmacies will price a particular medication lower than the discount rate provided by the card. If that occurs, you will receive the lower price.

Give us a call at 208.292.3203 if you need a card. This card is free and another benefit of being a member of KEC. We can also mail you a list of participating pharmacies.

*Note: This plan is not insurance; it is a pharmacy discount offer. The card provides immediate discounts at the pharmacy. Upon presenting your card to the pharmacist, you will pay the lower of a discounted price or the pharmacy's regular retail price. There are no forms to fill out and no limit to the number of times you can use the card. These discounts are available only at participating retail pharmacies. Your card cannot be used in conjunction with insurance.

