

Happy Holidays from KEC

At Kootenai Electric Cooperative (KEC), we're driven by our mission to provide our members exceptional service and dependable electric power at competitive rates. At the heart of everything we do is you—the members we proudly serve.

To show our appreciation for your membership in our cooperative, we have a holiday surprise. Below are 83 account numbers (for the number of years we've been in operation). If you find your number, call us at 208.765.1200 and we'll credit your bill \$50.

1828975, 1843326, 1288262, 1818235, 1845165, 1830075, 1776725, 1806564, 1569475, 1820762, 1835170, 1821805, 1818791, 1289196, 1812727, 1302521, 1852191, 1852551, 1622713, 1396783, 1838723, 1837909, 1826463, 1312918, 1822048, 1798827, 1321240, 1834379, 1843383, 1607114, 1821499, 1439221, 1823852, 1832221, 1823689, 1669061, 1852567, 1818240, 1831621, 1841394, 1825920, 1746881, 1813426, 1832827, 1713344, 1835948, 1850717, 1708929, 1236502, 1299561, 1479045, 1464191, 1831131, 1818242, 1819526, 1253689, 1347824, 1541002, 1845795, 1832897, 1839315, 1454360, 1264584, 1742863, 1846395, 1843406, 1702405, 1472942, 1591724, 1834721, 1820504, 1610353, 1634511, 1288751, 1848110, 1830119, 1841084, 1829204, 1847359, 1838986, 1836996, 1819204, 1317822

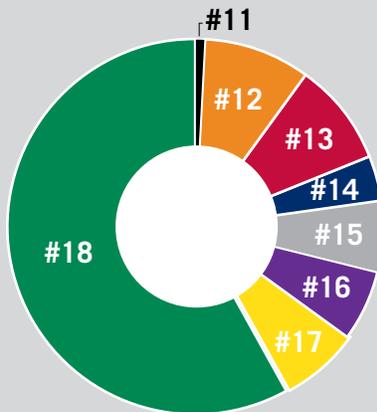
This holiday season, we wish you and your loved ones peace, joy and prosperity. On behalf of the KEC team, we know the future will be bright, because of you.



NEWS BRIEFS

MORE ABOUT OUR ACCOUNT NUMBERS

The account numbers placed in the newsletter each month are randomly generated by our customer information computer system and are intended to add an element of fun to our newsletters. Winning members must call to claim their number. Occasionally, we receive calls from members who believe the numbers starting with #18 might be over represented. In fact, more than 60% of our members



have an account number that starts with #18. See the graphic to the left for a breakdown of the account numbers in our system. In addition, we have more than 30,000 account numbers in the system, so a member has a .046% chance of winning each month.

2021 ANNUAL MEETING & ELECTION

The 2022 annual meeting is scheduled for May 17. The 2022 director election will take place by mail and online. Members will receive election materials by mail and email. Please update your email address with us to ensure you receive the election email. You can do this in SmartHub or by calling 208.765.1200. Look for more details about the meeting in future newsletters.

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Employee Spotlight: Daniel Spitzer

Daniel Spitzer is a warehouseman and has worked for KEC for more than eight years.

What made you interested in working as a warehouseman? How did you train for work in this field?

I had been praying for financial stability for my family of seven, and the position at KEC opened. I applied for it and was offered the job. Before KEC, I worked in construction framing houses and as a warehouseman at a grocery supplier.

What does a day look like for you as a warehouseman at KEC?

I start my day helping the crews collect all the materials they need for their projects. At KEC, we have two full-time warehousemen and together we are responsible for the staging of materials for future jobs, inventory controls and salvaging/recycling materials. In addition, we receive deliveries as small as nuts and bolts to as large as 15,000-pound transformers and everything in between.

KEC's headquarters on Dakota Avenue in Hayden is actually two separate parcels. The main parcel, which is on the north side of Dakota, is 10 acres. The second parcel, on the south side of Dakota, consists of five acres and a building. We store materials on both properties, which does not allow for the most cohesive flow of materials. We also have shipping containers full of materials.

We call the outdoor storage areas the "yard" and most of it is not paved. This makes for dusty summers and wet, muddy winters. The warehousemen are also responsible for keeping the warehouse clean and as dust free as possible. We do much of the facility maintenance and snow removal, which includes plowing the parking lots and de-icing the sidewalks.

Tell us about how the new facility will change things in the warehouse.

The new facility will give us three times the space for materials storage, as well as covered storage outside, which we do not have currently. Materials such as



underground cable, PVC conduit and transformers will be stored under cover to protect them from ultraviolet rays and other elements, which can damage them in the long run. The crews will save time by not digging materials out of the snow in the winter as they load materials into their trucks each day and when responding to power outages.

What is the biggest challenge in your job?

Space is the most challenging part of my job right now. Our area is growing rapidly, and that growth is requiring KEC to move lines for new roads, add infrastructure for new homes and increase capacity on existing lines. We are going to great lengths to ensure our distribution system is designed to meet our members' needs both now and in the future. We have seven KEC crews and five contract crews to keep up with the demand. All these crews require a massive amount of materials that must come in and go out of our facility. Add five large storms like we had last year, and you can see how we have a need for more space.

I'm excited for the new facility and the improved flow of the materials, crews and deliveries. We are working with experts on the design and organization of the warehouse so I think our new facility will greatly improve our efficiency.

What is the best part of your job?

KEC has a family atmosphere. It's great to have a home away from home.



New Headquarters Update: Materials Storage

For the next several months we plan to provide updates on the new headquarters facility. The KEC team is currently working with our consultants on the planning, architectural and engineering design of the new headquarters. This month we'd like to feature the materials storage areas, which includes the warehouse and outdoor materials storage (see the rendering above).

As mentioned in Daniel's employee spotlight on the previous page, space is a challenge at KEC's current facility. We store materials in the warehouse, at our property across the street, in shipping containers and outside. The new facility will have a larger warehouse with taller ceilings to allow for more shelving that will be rated for more weight. The warehouse building will be attached to the main office building and is being constructed with future additions in mind.

The climate control in the warehouse will be improved as well. Currently, the bay doors are open in the morning and afternoon as the crews are loading and unloading their materials. The employees working in the warehouse wear coats, hats and gloves to stay warm in the winter. The new facility is being designed so the warehouse is separate from the enclosed vehicle parking bays and the pull through truck bays, which will help keep the elements out of the building.

Currently, we store much of our materials in the yard around the warehouse and this area is not covered or paved. At the new facility the yard will be paved and most of the materials stored in the yard will be covered. When we receive new shipments, they will be staged,

starting in storage outside and then moved into the warehouse.

We will also have a covered loading dock for deliveries which will improve safety and efficiency. The covered dock will reduce the chance of employees and the forklift slipping on snow or ice.

KEC's current headquarters has a large concrete loading area where KEC crews park the trucks to be loaded with materials for the day. The current set up does not allow for loading on the side of trucks. The new facility will have pull through truck bays where trucks can pull in and a forklift can drive through and load materials on the sides, which will improve efficiency. This approach is also less expensive to build than the large concrete loading area we have in our current facility.

Lastly, KEC's current power pole storage yard is located across Dakota Ave. from our warehouse. In the new facility, the pole yard will be close to the warehouse and the drive through truck bays. Our goal is to extend the life of our equipment and materials and improve efficiency in the warehouse and covered storage area, which equates to quicker outage response times and reduces the cost of repair to benefit our members.



MESSAGE FROM THE GENERAL MANAGER: DOUG ELLIOTT

Power Cost Adjustment Effective January 2022 Billings



2021 has been an exceptional year on many fronts. In terms of our financial health, the cooperative benefited from very strong sales and growth which produced healthy margins and growth in equity. However, as I'm sure you have experienced in your own households and businesses, inflationary pressure on the cost of goods and services has also been very high this past year. This has certainly been true for the cooperative. The costs of the materials we need to operate and maintain the system have increased considerably, presuming those materials can even be procured. Supply chain constraints have made many materials exceptionally scarce. The table below offers a summary of some of the challenges we currently face.

Unfortunately, the cost of power the cooperative purchases is also increasing. In late August, we learned that the cost of purchased power would increase by nearly 9% in October of this year. While the cooperative has been able to absorb the inflationary pressures of other goods and services we purchase, the rising cost of power is not one we can. It represents over 40% of our total cost structure.

What caused this dramatic increase in the cost of power? First, a significant discount the cooperative received for power purchased from the Bonneville Power Administration (BPA) expired. This alone increased power supply costs by over \$1 million.

Further, the output of the federal dams BPA uses to produce power decreased by about 5%. In turn, cooperatives like KEC must find other generation resources to replace that power. Our contract with BPA requires we purchase our share of the output of the federal dams. The balance of our power requirements may be obtained from other resources.

Bottom line is this: While the rising cost of power imposes a financial hardship on the cooperative and its members, these inflationary pressures are unfortunately beyond our control. Covering those costs requires we increase our Power Cost Adjustment (or energy charges) resulting in an overall increase in revenues of 4.8%. This will be effective with January 2022 billings. As a result, the average residential member's monthly bill will increase by approximately \$5.50.

Visit www.kec.com/rates-policies to review rate schedules. You can also use our rate calculator to see how your bill will be affected by these changes.

We regret this necessity and continue to work hard to keep our operations efficient and our costs as low as possible without compromising reliability, safety and the service our members seek.

Cost & Availability of Select Materials	2019		2021	
	Cost	Delivery Time	Cost	Delivery Time
25 kVA Transformer	\$ 1,470 each	14 - 18 weeks	\$ 3,110 each	52+ weeks
2" PVC Conduit	\$ 1.04 per ft	4 - 6 weeks	\$ 3.30 per ft	12 - 18 weeks
Underground Cable	\$ 2.09 per ft	4 - 8 weeks	\$ 4.02 per ft	8 - 15 weeks

BYLAWS AVAILABLE ONLINE

KEC is governed by a set of rules called bylaws. The bylaws outline how we conduct business. Some of the bylaws also outline our relationship with you, our members. Changes and revisions, if any, are presented to the membership and approved at the annual meeting. For a copy of KEC's bylaws and articles of

incorporation visit www.kec.com or call our office at 208.765.1200.

KEC BOARD MEETINGS

Members are welcome to attend monthly board meetings. Meeting dates vary—call Constance Felten at 208.292.3211 for details.