

KEC's Electric System Loading and Reliability

At KEC, we work hard to provide dependable electric power to our members. We know it's at the forefront of our members' minds and that's why it's a core pillar of our mission.

In late December, severe winter weather temperatures dipped to -9°F in the Coeur d'Alene area. On December 22, 2022, at around 8 a.m., KEC reached a new system peak load of 148,860 kilowatts (kW) which represents the highest amount of energy that our members have drawn from the grid at one time. The previous KEC system peak was 127,161 kW set in February 2022. Overall, KEC's system performed very well during this period of extreme weather, with only four load-related outages affecting less than 100 members. Solutions implemented during the restoration of these load-related outages should prevent reoccurrence. KEC did have an intermittent disturbance on a power line during the

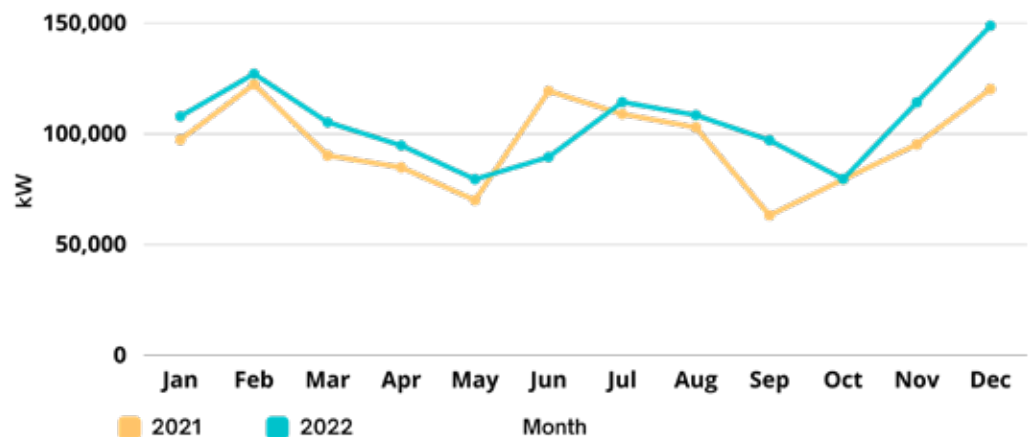
extreme cold weather affecting approximately 980 members in the Hayden Lake area. Our crews were able to pinpoint the problem to a faulty line-interrupting recloser that has been replaced.

So how does KEC measure and improve reliability? KEC follows industry standards to trend reliability metrics and review our performance on at least a quarterly basis. This includes performing detailed modeling and analysis on the power system which helps

guide our four-year construction work plan. The work plan identifies the system reliability and capacity improvement projects required to meet the forecasted load. KEC also assists our transmission power providers (the Bonneville Power Administration and Avista Utilities) with annual system load forecasting and performs a ten-year forecast to provide foresight to any major improvements needed on the planning horizon.

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System Peak Loads (By Month) 2021 & 2022



Did you know?

Using your space heater for extended periods can increase your electric bill significantly. Here's how its calculated if you run a 1,500 watt space heater for eight hours per day for 30 days:

$$(1,500 \text{ watts} \times 240 \text{ hours}) \div 1,000 = 360 \text{ kWh}$$

$$360 \text{ kWh} \times \begin{matrix} \$0.06808 \text{ (Energy Use)} \\ \$0.01801 \text{ (Power Cost Adjustment)} \end{matrix} = \$30.99$$

If you were to run this space heater 24/7 for a month, that cost would be \$92.98!



Energy Use Matters!



Even gas heating systems use electricity to power the fan and distribute the warm air.

System Loading and Reliability Continued.

Additionally, KEC is in the process of building a new substation to be located on Ramsey Road (north of Boekel Road) in Rathdrum that will greatly improve reliability in the area. This new substation will become the primary source of power to the area between Lancaster and Chilco Roads from the east side of Rathdrum to and around Hayden Lake. Strategic tie lines will be constructed from the new substation to allow us to re-route power from other nearby substations to serve members in contingency scenarios. Substation construction is anticipated to be substantially complete mid-2024. KEC also has several other major capital improvement projects planned for

2023 and 2024 that will directly impact and improve reliability in other parts of our service territory.

Finally, as you probably know, trees are the largest cause of power outages in our area making vegetation management essential to maintain reliability. KEC regularly trims the trees and mows the underbrush that grows around overhead high-voltage power lines. In 2022, 90 miles of line were cleared of vegetation in the Hayden, Rathdrum, Spirit Lake and Rockford Bay areas. In 2023, crews will continue vegetation clearing work in the Rathdrum and Spirit Lake areas and will begin work in the Hayden and Post Falls areas.

THE 2023 ANNUAL MEETING & ELECTION

The 2023 annual meeting is scheduled for the morning of Saturday, May 20, at the Kootenai County Fairgrounds. KEC board of director districts 3 and 4 are up for election this year. The election process is governed by the KEC bylaws. To review a copy please visit www.kec.com or call 208.765.1200.

Watch your mailbox and email in early April for your election packet and annual meeting details. The packet will include board candidate bios and your ballot.

WIN A \$50 ENERGY CREDIT

Below are 10 KEC account numbers. If you find yours contact us at 208.765.1200 to receive a \$50 bill credit.

**1821383, 1857267, 1723388, 1540585, 1846949,
1821570, 1815704, 1298795, 1791562, 1854240**

KEC BOARD MEETINGS

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

Employee Spotlight: Leslie Miller

Leslie Miller is a controller and has worked for KEC for 16 years.

What is a controller?

Controllers are primarily responsible for overseeing a company's accounting processes, supervising accounting staff and maintaining the accuracy of financial statements.

How did you train for work in this field?

My interest in accounting began while working in the automotive industry after graduating high school. I worked full-time for several years at a car dealership processing titles and documents necessary for the legal transfer ownership when a car was sold. The owner of the dealership gave me the opportunity to help with basic bookkeeping and reconciling. It was something I enjoyed doing so they had me take an introductory accounting course at the North Idaho College Workforce Training Center. After several years of working at the car dealership I decided to become a full-time student at the University of Idaho to focus my studies on accounting where I obtained a bachelor's degree in business administration.

What made you interested in working for KEC?

Just after I graduated college, I worked as a temporary employee in KEC's accounting department. During that time, I learned more about KEC. Prior to this, I never really gave much thought to what makes it possible for me to turn my lights on at home every day. I found it fascinating to see a little bit about what goes on behind the scenes to make that happen. It was also very apparent that the culture at KEC was different, in a great way! I noticed there were many long-tenured, friendly and happy employees. Three months after my temporary work assignment at KEC, a full-time accounting position was advertised, so I applied and interviewed for the job. I was hired as an entry level accountant and have been fortunate to have had the opportunity to learn and grow into my current position as controller.

What does a day look like for you as a controller?

There is a lot of variety in my job. You can often find me analyzing and reviewing financial statements



and transactions, assisting staff with payroll, plant accounting and general accounting processes. I also have duties that reoccur monthly, quarterly and annually. For example, I prepare financial statements monthly, complete tax filings quarterly and assist our chief financial officer in developing KEC's annual budget.

What is the biggest challenge in your job?

Accounting is the process of recording and reporting a company's financial transactions. These transactions must be recorded accurately and in accordance with a set of accounting rules called generally accepted accounting principles. Accurate financial statements are required by our lenders, are important to our members, and allow management to plan, forecast and make informed operating decisions. As you might imagine, KEC has a lot of transactions that must be recorded correctly. Examples are the electric bills that we issue to members, invoices we pay for expenses or keeping track of the many parts and pieces of distribution equipment that KEC builds to deliver electricity, such as poles and wire. Ensuring every transaction is recorded accurately can be a challenge to oversee because of the high volume of transactions. I spend a lot of time reviewing transactions and making sure our automated accounting processes are working properly.

What is the best part of your job?

Working with a great group of coworkers and for a wonderful company that is truly focused on our mission to provide our members exceptional service and dependable electric power at competitive rates.

KEC Board Authorizes Capital Credit Retirement

In December 2022, after reviewing the financial health of the cooperative, the board of directors authorized the general retirement of \$900,000 in capital credits related to electric purchases in a portion of 1994 and a portion of 1995. These capital credits will be returned (paid back) to members based on their electric use during that period. Checks will be mailed to eligible members in March 2023.

Here's how capital credits work:

1 Money comes in from members when they pay their electric bills. Electric bills can be thought of as each member's fair share of the funds needed for KEC to operate.

2 Money goes out to pay co-op expenses. Members' dollars are pooled together and used as operating capital so that KEC can provide reliable service and pay co-op expenses.

3 Cash left over after paying co-op expenses is used to fund infrastructure projects and is allocated to the members as capital credits.

4 Any funds leftover are returned to members at a later date. Capital credits are allocated to members based on their energy purchases. When the financial condition of KEC allows, capital credits are then retired or refunded to each member in the form of a check or a bill credit.

5 Rather than waiting, eligible members may choose to participate in KEC's Early Discounted Capital Credit program. By participating in this program, active members receive the discounted amount of their capital credits as a bill credit on their November billing statements. Inactive members receive a check in the mail in November. Watch for details about this program in the summer of 2023.

More about capital credits:

As an electric cooperative, KEC returns excess revenue to members over time. All revenue exceeding the cost to provide electric service is allocated back to you in the form of capital credits. The amount of capital credits you are allocated each year is based on how much electricity you used during the previous year. Once allocated, your capital credits are held by KEC as a resource to replace aging infrastructure, increase capacity, maintain reliability and to operate your cooperative.

For more information on this topic please visit www.kec.com or call 208.765.1200.