

Quarterly Operation Round Up® Community Grants Awarded

Operation Round Up® is supported by KEC members who voluntarily “round up” their monthly electric bills to the nearest dollar to help our neighbors in need. The extra pennies go into the Kootenai Electric Trust fund which distributes grants to worthy causes in our community. Through this program, more than \$1.3 million has been invested in our community. In November 2022, the Trust Board awarded grants to the following organizations:

- \$7,500 to the Community Action Partnership (CAP) for energy assistance (see details at right).
- \$2,000 to Broken Iron Training to provide fitness training to low-income and at-risk youth.
- \$1,500 to the First Judicial District CASA Program, to help update and replace outdated and unusable software and computers.
- \$1,500 to the Idaho Veterans Assistance League for the North Idaho Veterans Home to sponsor a room for four years.
- \$1,400 to Albeni Falls Pipes & Drums of North Idaho for recruitment and training of new members.

For applications and deadlines visit www.kec.com.

Members may “opt-out” or “opt-in” to Operation Round Up® in one of the following ways:

- On your billing statement.
- By logging in to SmartHub.
- By contacting KEC by phone, letter or email.

SCHOLARSHIP APPLICATION DEADLINE

The Kootenai Electric Trust is accepting applications for \$2,000 academic and professional technical program scholarships. KEC members or their children who are either seniors in high school or currently enrolled in an accredited college, trade or training institution for fall 2023 or spring 2024 may apply. Online applications are due February 1, 2023. For details, eligibility and applications visit www.kec.com.



KEC AND PARTNERS DONATE \$25,000

In late 2022, KEC, its lender CoBank and the Kootenai Electric Trust/Operation Round Up® program donated a combined \$25,000 to the CAP/Project Share program. These funds are available to KEC members who qualify for help paying their energy bills.

Photo above (from left): Randy Foiles, Kootenai Electric Trust Board Member; Cheri Zao, Kootenai Electric Trust Board Member; Darrell Rickard, CAP Food Bank Program Manager; Kimberly Spencer, CAP Community Services Manager; Kaylee Dinkel, KEC Marketing & Communications Specialist and Desi Sheetz, KEC Member Services Representative.

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.
1839008, 1839433, 1546932, 1858047, 1276760
1818476, 1842052, 1297083, 1833517, 1522032

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: John DeBoer

John DeBoer is the Manager of Information Technology (IT) and has worked for KEC for 15 years.

What made you interested in working as an IT professional?

I've been interested in working with computers since an early age. My family got a computer when I was eight years old, and I spent a lot of time playing with it and breaking it, which forced me to figure out how to fix it before mom and dad found out. Although I studied an unrelated subject in college, I always retained that interest and knowledge in computers. I had the opportunity to jump start my career in IT at a school district in New Mexico where I worked on a small team that supported technology across multiple schools. That role cultivated my hobby into a career that eventually led me to KEC.



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What does a day look like for you as the IT Manager?

Everything runs on IT these days, including your local electric cooperative. One of the most significant aspects of my role is ensuring KEC's cybersecurity systems are operational. KEC utilizes firewalls, antivirus, email filtering, patching and more to ensure KEC's systems are as secure as possible. Cyber threats are what keep me up at night, so I monitor new vulnerabilities and cyber headlines regularly.

I also supervise a team of IT professionals that takes care of KEC and employee technical needs, including an internal help desk service. With more than 100 employees we have numerous computers, printers, laptops, iPads, servers, networks and more to maintain. An understanding of how the cooperative's departments work together to accomplish our goals allows IT to tailor better solutions and provide the best service to our internal "customers" or employees.

What is KEC doing to prevent cybersecurity threats or incidents?

Maintaining and enhancing the security of KEC's networks and electric grid is a top priority for the cooperative. We invest in the best technology possible to protect our system and employ the IT staff needed to run it. We also invest in cybersecurity training for employees across the organization—they are key to keeping our network secure. This training includes educating our employees to be aware of social engineering and the dangers of clicking links in emails and opening files from unknown sources. Cybersecurity threats will continue to evolve and require ongoing vigilance and innovation.

What is the biggest challenge in your job?

Keeping all of KEC's employees engaged in cybersecurity—we can never rest easy.

What is the best part of your job?

Solving a problem for an employee and seeing them freed up and more productive in other areas. I enjoy seeing my coworkers' jobs get easier because of things I've done.

MESSAGE FROM THE GENERAL MANAGER



Power Cost Adjustment Effective with January 2023 Billings

At KEC, we know our members put a lot of trust in us to be responsible with their money. We keep this in mind every day in our work as we live our mission of providing members exceptional service and dependable electric power at competitive rates. The same is true when we determine rates for the electric service our members depend on. As a not-for-profit cooperative we do everything we can to keep our costs low and we never charge more than is needed to maintain and operate our electric system responsibly. Revenues remaining after paying incurred expenses are returned to members in the form of capital credits.

That being said, the last few years have been a challenge for all of us. The pandemic, disruptions in the supply chain, rising costs due to soaring inflation and labor shortages have increased the cost of living and

doing business. We know this is true for those we serve, and it is certainly true for KEC.

For example, the cost of electrical equipment the cooperative purchases to provide our members power has more than doubled over the past two years. These materials have also been in scarce supply. In fact, most manufacturers no longer guarantee shipping dates or final pricing. As a result, electric utilities face uncertain pricing for materials that must be ordered months, and in some cases years, in advance of their delivery. To fund their operations, utilities rely on long term debt to help spread the cost of purchasing these materials out over their useful life. While this helps smooth our rates over time, the Federal Reserve's recent efforts to control inflation have resulted in rising interest rates. This has increased our cost of borrowing

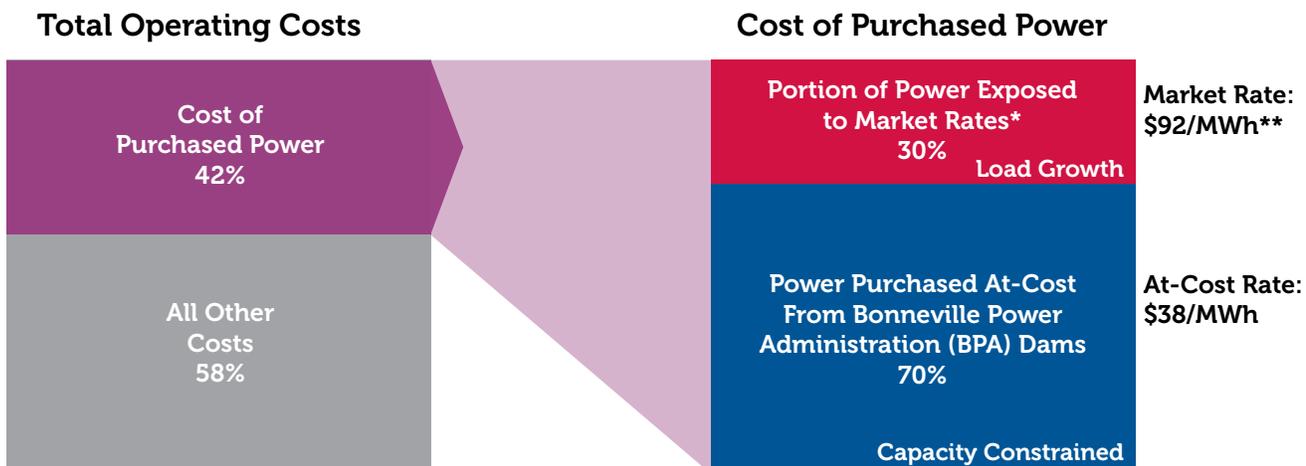
and, in turn, the cost of doing business.

However, as we have recently shared, the most notable increase in our cost of doing business is due to the purchase and production of the power our members require. The cost of power represents our single largest cost of doing business. In fact, 42 percent of all revenues produced by our rates is used to purchase power. About 70 percent of that power comes from the federal dams. While that power is clean, renewable and inexpensive, it is also in high demand and short supply. The other 30 percent of the power we purchase must be generated from other resources.

Historically, we have been able to purchase that additional power from

Continued on the next page.

The Cost of Purchasing Power Used By Our Members



*The capacity of the federal dams/BPA is capped. All power supply needed to serve growth in load must be purchased at market rates.

**KEC locked rates at \$63/MWh for 2024.

CONTINUED: POWER COST ADJUSTMENT

the market at prices comparable to federal power. This is no longer the case. Myriad pressures affecting the power supply markets have increased market prices by three-fold.

These inflationary and power cost pressures are largely and unfortunately beyond our direct

control. Covering those costs requires we increase the Power Cost Adjustment (PCA) portion of our rates—resulting in an overall increase of 6.9 percent effective with January 2023 billings. As a result, the average residential member's monthly bill will increase by approximately \$7.85.

We regret this necessity. As a KEC member, you can trust that when we adjust rates, we will only do so with a good reason—to cover the key components essential to keeping power flowing to our members across North Idaho. Remember that your cooperative will always keep safety, reliability and affordability at the forefront of all we do.

Cost & Increases of Select Materials	2019 Cost	2022 Cost	Increase in Price Over 3 Years (%)
2" PVC Conduit	\$ 0.55 per ft	\$ 3.16 per ft	475%
3" PVC Conduit	\$ 1.04 per ft	\$ 6.05 per ft	482%
1/0 260mil URD Cable	\$ 2.09 per ft	\$ 4.89 per ft	134%
4/0 260mil URD Cable	\$ 2.75 per ft	\$ 6.41 each	133%
25 kVA Transformer	\$ 1,470 each	\$ 3,331.31 each	127%
Power Supply from Non-Federal Resources	\$ 33.15 MWh	\$ 92.34 MWh	179%

Power Outage Reminders

Winter weather has arrived and that means the potential for weather-related power outages. Power outages are usually infrequent and brief, but there are times, due to the weather and acts of nature, when your electricity may be interrupted. KEC crews are on call 24 hours a day and ready to be dispatched throughout our service territory. Remember, stay away from power lines on the ground. Always assume downed lines are energized even if the lines are sagging or broken.

If your power goes out, report your outage one of the following ways:

- Use the SmartHub app or call 1.877.744.1055.
- Text OUT to 1.855.938.3508. Prior to using this service you must meet the following requirements: Be a registered SmartHub user using a cell phone number associated with the SmartHub account that has selected to receive text messages. Message and data rates may apply.

KEC's outage management system will let you know if we are already aware of the outage and provide updates, such as estimated restoration time, if available. Follow us on Facebook at www.facebook.com/KootenaiElectric for updates or visit our outage map at www.kec.com.

If you have any questions, contact us at kec@kec.com or 208.765.1200.