

Annual Meeting & Election Updates

Kootenai Electric Cooperative's (KEC) 86th Annual Meeting of the Membership took place at KEC's new headquarters in Rathdrum on May 30, 2024. More than 150 member households attended the event. Attendees enjoyed dinner, tours of the facility and the opportunity to win one of many prizes. Thank you to all the members who attended the meeting.

Annual Meeting Minutes

KEC is accepting comments on the 2024 Annual Meeting minutes through August 30, 2024. The draft minutes are posted at www.kec.com and are also available at the KEC office. Comments may be submitted by email: kec@kec.com or mail: Kootenai Electric Cooperative, Attn: General Manager, 9014 W. Lancaster Rd. Rathdrum, ID 83858.

Board of Director Election Update

KEC had three board seats up for election. District 2 and District At-Large were contested elections with two candidates each. District 5 was uncontested with only one candidate. Per KEC's Bylaws if there is only one candidate in a district seeking election, then the candidate is elected by acclamation at the Annual Meeting. Congratulations to Jim Robbins, Bill Swick and Crystal Musselman who were re-elected by the membership. After the Annual Meeting, the KEC board of directors held their annual election for board officers, and the results were: Bill Swick, chair; Tim Meyer, vice chair; Roger Tinkey, secretary; and Dave Bobbitt, audit committee chair.

Election Prize Winners

Members who cast their votes online and have a SmartHub account were entered into a drawing for a \$300 KEC bill credit. Congratulations to winner Romean Bassiri, Post Falls. Those voting by mail or online without a SmartHub account were entered into a drawing for one of three \$100 KEC bill credits. Congratulations to winners: Tammy Engen, Post Falls; Larry Calhoun, Coeur d'Alene; and Edward Breen, Athol.



Jim Robbins, District 2



Bill Swick, District 5



**Crystal Musselman,
District At-Large**



Regional Power Supply



Doug Elliott

In my last article, I explained the differences between dispatchable and non-dispatchable generation sources. From that article, you likely recall that while both serve important roles in producing the electrical power you and I use over the course of our day, dispatchable resources like natural gas and hydropower play an especially crucial role. Dispatchers can call on a dispatchable resource (hence its name) to increase or decrease production depending on how much or how little production is needed on the grid to match demand. In other words, dispatchable resources are used not only to compensate for the variation in the load you and I place on the grid, but also for the variations in the amount of power being produced by renewable resources like wind and solar throughout the day. In fact, without dispatchable resources, our consumption of electricity would be limited to when renewable resources were producing. Fortunately, that is not the case...at least not today.

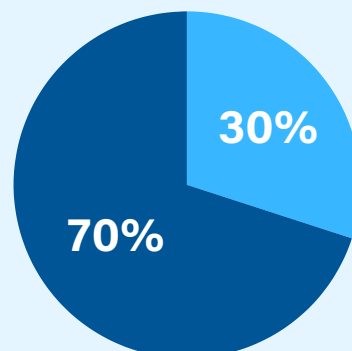
Last month, I also mentioned the benefits we in the Pacific Northwest (PNW) enjoy from access to hydropower. In the past, that access was abundant. Recognizing that no new large-scale hydroelectric projects have been constructed in the PNW for many decades, this is no longer the case. About 20 years ago, the Bonneville Power Administration (BPA), which oversees the production of electric power from the federal projects in the Columbia River Basin, forecast this. BPA foresaw that load growth in the PNW would soon surpass the production capacity of the hydro resources it managed. This created a problem.

The power supply contracts between BPA and its customers (like KEC) required BPA to supply their "full requirements." So, to the extent that their customers' cumulative load exceeded the output of the federal dams, BPA was required to procure additional power to make up the difference. The problem was that additional power was expected to cost considerably more than the cost of power from the hydro resources. In other words, BPA's cost of power was forecast to increase because of utilities that were growing. At the same time, those additional costs would be paid by all of BPA's customers regardless of whether they were growing. It is no surprise that the non-growing utilities objected to this outcome and demanded a change.

To address this concern, BPA developed a new contract (now nearly 20 years old) that allocated a pro-rata share of the output from the federal dams to each of its existing customers. Each utility's load up to that allocated share would be served at the embedded low cost of the federal hydro system. Load in excess of that share would need to be served by other, non-federal, resources at the prevailing market cost.

For some context, BPA has about 150 customers of which KEC is one. KEC's share of the federal hydro resources is about 0.7% of their system's total firm output, or about 51 average megawatts (aMW). Today, KEC's total load is around 73 aMW. In other words, approximately 70% of the power KEC sells to its members, like you, comes from the low-cost, dispatchable, renewable, federal

KEC's Total Power Purchases



Purchases of BPA Hydro Power (70%)

- Finite share of federal hydro production
- Forecasted cost of about \$40 per MWh

Purchases of Non-Federal Power (30%)

- All load growth served by these resources
- Forecasted cost of about \$90 per MWh

hydroelectric power produced in the Columbia River Basin. The other 30% of our power must be purchased from other resources. This "new" contract with BPA, which became effective in 2011, expires in 2027.

Interestingly, between 2011 and around 2023, power from non-federal resources was abundant. For this reason, the cost of purchasing it was on par with the cost of hydropower sold by BPA. In many cases, it was actually less! Unfortunately, this is no longer the case. For reasons explained in prior articles, the cost of non-federal power is now about two to two and a half times the cost of power from BPA.

BPA is negotiating a new long-term contract with its customers that, for all practical purposes, looks identical to the current one. Despite its many warts, the new contract will allow KEC continued access to 51 aMW of low-cost hydropower. Absent that, all power (as opposed to only our growth) would need to be served from other resources.

What does this mean for BPA's customers, like KEC, who have growing load and what is KEC doing about it? Bluntly put, utilities with growing loads will experience increased costs and rate pressure over the next decade until additional power generation resources are built to serve it. By the end of the decade, the cost of procuring 40% of our total power requirements is anticipated to double, though the actual impact this will have on rates is less than you might expect. Growth actually helps mitigate some of those increases. Nonetheless, we will face rate pressures because of this.

While BPA has been our primary power provider for the last 86 years, it will become increasingly irrelevant in the decades to come. For this reason, KEC is actively engaged in evaluating, developing and considering investment in the resources that will be needed to serve our load growth now and well into the future. In doing so, we can best control the costs and reliability of power required by our customers.

To accomplish this, KEC is joining a power supply cooperative comprised of 17 other regional cooperatives with similar needs. Collectively, we can more effectively develop a portfolio of power generation resources necessary to serve our cumulative requirements.

I recognize that the subject of this article may seem scary or perhaps dire. Let me reassure you: while we face a future that looks very different than the past, we are poised and prepared to meet the challenges it throws our way. We have no choice but to forge a new path forward. We have the good fortune of being able to foresee it and to plan for it.

"Until you dare to take on new challenges, you wouldn't discover your full potential!"
—Bernard Kelvin Clive

Thank You for 'Rounding Up' for Our Community!

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 KEC's service territory. Through this program, nearly \$1.5 million has been invested in our community. In May 2024, the Trust Board awarded Operation Round Up® grants to the following organizations:

- \$2,500 to St. Vincent de Paul/Trinity Group Homes for resident classes, community events and activities (including the cost of food and bedding for their chicken coops and garden).
- \$2,500 to the Kootenai County Sheriff's Office/Northern Lakes Fire Dive Rescue Team for equipment and training for rescue divers in Kootenai County.

To apply for a grant, please visit www.kec.com for the online application. Applications are due July 19, 2024. Members who choose not to contribute to Operation Round Up®, or who would like to begin contributing, may simply "opt-out" or "opt-in" on their bill/in SmartHub or contact KEC by phone, letter or email.

STAY IN THE KNOW: Keep Your Contact Information Updated with Us

At KEC, we constantly strive to improve our operational efficiency so we can provide the most reliable electric service possible for our members. We rely on data for nearly every aspect of our operations which is why we need your help. By ensuring we have your most accurate and complete contact information, we can continue to provide the high level of service that you expect and deserve.

Up-to-date contact information can potentially speed up the power restoration process. For example, the phone number you provide is linked to your service address in our outage management system. This means when you call to report an outage, our system recognizes your phone number and matches it with your service location. Accurate information helps our outage management system predict the location and possible cause of an outage, making it easier for our crews to correct the problem.

While we always do our best to maintain service, we occasionally plan outages to update, repair or replace equipment. In these instances, we can provide advance notification to affected members through automated phone messages, text messages or email, if we have your updated contact information and communication preferences. Please take a moment to confirm or update your contact information by logging into SmartHub and visiting "settings" then "manage notifications." If you are not enrolled in SmartHub or have questions you may also contact us at 208.765.1200 or kec@kec.com.



ENERGY EFFICIENCY TIP OF THE MONTH

Electricity used to operate major appliances accounts for a significant portion of your home energy use. Here's an easy way to lighten the load on your clothes dryer. Before you dry a load of damp clothing, toss in a clean, dry towel. The towel will absorb excess water, shortening the drying time. If your dryer does not include an autosense feature, reduce the timer to about half of what you normally would. Remove the towel about 15 minutes after the cycle begins. Shorter drying times will extend the life of your dryer and save energy.

Source: homesandgardens.com

NEWS BRIEFS

PLEASE DON'T PLACE SIGNS ON POWER POLES

Signs placed on our poles are a safety hazard for our crews and are illegal. To help keep our linemen safe, KEC does not allow the placement of signage on our poles or other electrical equipment. This includes real estate signs, garage sale signs, political/election signs and sales or promotional materials. Our crews routinely remove and dispose of signs posted on KEC's property. Please help us keep our crews safe by not using our poles for signage.

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.

1835262, 1845662, 1849427, 1824284, 1327364, 1852975, 1567700, 1840159, 1387260, 1504301

KEC BOARD MEETINGS

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