TRUST BOARD OFFERS SCHOLARSHIPS

Up to ten $1,000 scholarships will be awarded by the Kootenai Electric Trust to KEC members or their children who are either seniors in high school or currently enrolled in college or an accredited training institution for fall 2017 or spring 2018. Applications are due March 3, 2017 and winners will be selected by members of the Kootenai Electric Trust Board. The Trust Board disburses Operation Round Up® funds contributed by KEC members. Applications are available at www.kec.com, the KEC office or by calling 208.292.3270. [1458439]

BOARD AUTHORIZES CAPITAL CREDIT RETIREMENT

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 margins are also called “capital credits” and represent your share of the Cooperative’s equity. That share is based on how much your electric use contributed to margins. [1818968]

How are capital credits paid, or returned, to our member-owners? Periodically, the KEC 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 on the contributions they made to the Cooperative’s margins. In December 2016, after reviewing the financial health of the Cooperative, the Board of Directors authorized the retirement of $586,266 in capital credits originally allocated in 1988. These capital credits will be returned (paid back) to members based on their electric use or patronage with the Cooperative during that year. Checks will be mailed to entitled members in March.

Capital credits are one of the many benefits of co-op membership. For more information, visit www.kec.com or call 208.765.1200.

Energy Efficiency Tip of the Month

A crackling fire in the hearth warms the house, but don’t let it heat up your electric bill! Caulk around the fireplace hearth and keep the damper closed when a fire is not burning.

Source: U.S. Dept. of Energy
The electric utility industry is undergoing significant transformation. Across the country, more and more utilities and consumers are embracing distributed generation. Distributed generation is the generation of electric power from a small energy source, generally renewables such as wind or solar. Moving into the future, distributed generation and “net zero” building standards will become the norm. Net zero buildings use as much energy as they produce through a combination of advancements in energy conservation technologies, consumer-owned generation and battery storage. While net zero buildings are highly efficient, they still rely on the utility grid. During times of the day when energy use is light, surplus power is produced and delivered to the utility grid. During times of the day when energy use is heavy, the utility grid delivers the extra power required.

Distributed generation and net zero building represent a major change in the way consumers utilize the electric grid and their relationship with utilities responsible for maintaining it. Utility grids were originally designed to move power produced by large power plants to consumers. As we move into the future, the utility grid will need to change. It will need to allow consumers to move power between neighbors and neighborhoods and back again. KEC embraces these changes and believes they are good for the industry and our members. We also believe it is crucial that our rates are fair to all members regardless of when or if they choose to adopt these technologies. With that motive in mind, we made changes to our rates last year to help us accomplish this.

One of these changes includes an increase to our Service Availability Charge which is currently $22.75. We occasionally receive questions from members about this charge. It’s important to me that members understand the Service Availability Charge and why we have it. Consider this: it costs KEC the same to serve a home that uses a few thousand kilowatt hours (kWh) monthly as it does to serve a home that uses 25 kWh or is net zero. Both homes require that the meters and rights-of-way be maintained, power lines, poles and transformers be serviced, outages be restored and more. The fixed cost of providing service to each of these homes is $39 per month (see details on the next page about what goes into this cost). Over the next five years, KEC’s Service Availability Charge will gradually increase to that amount. As this occurs, the cost of energy will be gradually decreased to reflect the actual cost of power.

By increasing the Service Availability Charge, all members will pay their share of the cost of the electrical system. Establishing a Service Availability Charge equal to KEC’s fixed cost of providing service allows energy to be priced at its actual cost. In this way, those who adopt net zero technology cover their share of the cost of KEC’s infrastructure without paying for energy they self-produce. This also enables KEC to provide these members with assistance in implementing net zero technology while also ensuring those who choose to postpone or forgo adopting net zero technology do not overpay for the energy they consume.

KEC operates on a non-profit basis and offers members some of the lowest rates in the nation. Each day we focus on controlling our costs so we can provide our members with the lowest cost power possible. This is part of our commitment to providing exceptional service to our members and contributing to the community we serve.

Doug Elliott
KEC General Manager
The fixed cost of providing service to each of these homes is $39 per month. These fixed costs are incurred as the Cooperative purchases all of the items below (and more) on behalf of each member.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>COST</th>
<th># ON KEC’S SYSTEM</th>
<th>SYSTEM COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>POLES</td>
<td>$1,800</td>
<td>24,000</td>
<td>$43,200,000</td>
</tr>
<tr>
<td>MILES OF UNDERGROUND WIRE</td>
<td>$29,621</td>
<td>1,000</td>
<td>$29,621,000</td>
</tr>
<tr>
<td>MILES OF OVERHEAD WIRE</td>
<td>$10,560</td>
<td>1,000</td>
<td>$10,560,000</td>
</tr>
<tr>
<td>PADMOUNT TRANSFORMERS</td>
<td>$2,463</td>
<td>7,521</td>
<td>$18,524,223</td>
</tr>
<tr>
<td>OVERHEAD TRANSFORMERS</td>
<td>$2,105</td>
<td>5,500</td>
<td>$11,577,500</td>
</tr>
<tr>
<td>SUBSTATIONS</td>
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<td>8</td>
<td>$28,000,000</td>
</tr>
<tr>
<td>METERS</td>
<td>$350</td>
<td>25,000</td>
<td>$8,750,000</td>
</tr>
<tr>
<td>OIL CIRCUIT RECLOSERS</td>
<td>$5,613</td>
<td>250</td>
<td>$1,403,250</td>
</tr>
<tr>
<td>LARGE BUCKET TRUCKS</td>
<td>$300,000</td>
<td>4</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>POWER REGULATORS</td>
<td>$19,500</td>
<td>43</td>
<td>$838,500</td>
</tr>
</tbody>
</table>
ABOUT YOUR SERVICE VOLTAGE

Did you know the voltage levels that KEC provides to you are governed by a national standard? When members call and report a power quality problem one of the first things we look at is whether the voltage meets the standards set by the American National Standards Institute or ANSI. ANSI C84.1 is the standard for regulating electric service voltage levels.

Sometimes members have the misconception that their voltage should always be 120 volts or 240 volts. In reality, there is a range for acceptable voltage. The reason for this is electric loads on a grid change by time of day and with the season. These changes create variances in voltage. At KEC, we routinely analyze our electrical system and evaluate its ability to provide power to our members within these ranges as specified by the standard. When that analysis forecasts a problem maintaining this voltage in the future, necessary upgrades are made well in advance. The graphic below gives the ranges for typical household voltage at the meter base and at the outlet. [1362738]

If you have questions about other service voltage ranges or your power quality, contact us at kec@kec.com or 208.765.1200.

NEWS BRIEFS

2017 ANNUAL MEETING & ELECTION DETAILS
Mark your calendars for the 2017 KEC Annual Meeting scheduled for Wednesday, May 17, at Lake City Church. Registration begins at 5 p.m. and the meeting starts at 6 p.m. Attend the Annual Meeting to be entered to win one of many prizes. Don’t forget to pick up your member meal voucher (good at select area restaurants) at the meeting. Watch your mailbox for more details about the Annual Meeting and election later this spring.

KEC BOARD MEETINGS
Members are welcome to attend monthly board meetings. Meeting dates vary—please call Constance Felten at 208.292.3211 for details. [1542392]

POWER OUTAGE UPDATES
Would you like to receive KEC alerts for power outages affecting service at your residence or business? KEC offers this service at no cost. You can receive your outage updates by either text message or email. Please be aware power outage alerts are sent out 24/7 and some cell phone providers charge for text messages. To sign up, log in to your KEC account at www.kec.com.

WIN A $50 ENERGY CREDIT
Six KEC account numbers are hidden in this newsletter. If you find your number contact us at 208.765.1200 and receive a $50 credit on your bill. [1829266]