



## Paying Your Bill Online is as Easy as 1-2-3

In just a few steps, you can pay your bill online 24 hours a day, 7 days a week, using a credit/debit card or checking/savings account. You may have heard about SmartHub, our innovative tool for account management, but have you heard about our new one-time payment feature? Learn more about both options below.

**SmartHub** is available through our website and an app through your device's app store. With SmartHub you can pay your bill, report power outages, view your electric use, get the latest KEC news and more. Get started by visiting [www.kec.com](http://www.kec.com) where you can register as a new user. From there, as soon as you log in, you will be able to view your billing history and make a payment. View your current bill along with bills from the previous month or year if you want to compare costs. You may also view your electric use—hourly, daily and monthly.

**The one-time payment option** allows you to quickly pay your bill online using your account number and last name or business name without having to establish a username and password. There is no account information provided in this system, just a quick and easy way to pay your bill. To get started visit [www.kec.com](http://www.kec.com) and click **Make a One-Time Payment** near the top of the page.

## Power Quality and Service Modification Reminders

Power quality is the quality of the flow of electrical energy to electrical devices. Poor power quality causes electrical device malfunctioning, flickering lights, inconsistent operation or premature equipment failures. It can be caused by many things including loose wiring, poor grounding, failing breakers, undersized wiring or the addition of equipment or appliances such as on-demand water heaters or heat pumps to a location without the appropriate transformer upgrades. Power quality issues can happen on both KEC-owned equipment and member-owned equipment.

**More information is available at [www.kec.com](http://www.kec.com) about the safety and legal responsibilities of your electric service.**

### Service Modifications

When your KEC service was installed, your equipment was sized to meet your power needs at that time. We understand member needs change over time and our equipment may need to be upgraded to ensure optimal power quality. Please notify KEC if you plan to make a significant upgrade, such as purchasing a new heat pump, adding an electric vehicle charger or computer server, or plan to install a water pump. This also includes updating your home's electrical service or converting a gas appliance to an electric appliance. By notifying us we can ensure your new electric equipment and our electric service are compatible so your power quality is the best it can be. It will also help you plan for any unexpected costs to upgrade your electric service. **If you are experiencing power quality issues or plan to make any of the changes listed above please visit [www.kec.com](http://www.kec.com), click Contact Us and fill out the form to send an email to our team.**



## KEC Rates Remain Stable Amid Rising Costs

By the time you read this article, 2019 will be history and 2020, as well as a new decade, will be well underway. It seems only fitting that I use this opportunity to share the accomplishments the cooperative achieved in 2019 and to highlight what we have planned for the coming year. Let me begin with the year just completed.

While our financials have not yet closed, we anticipate ending the year with revenues of \$46.2 million and net margins of approximately \$5.6 million. Due to this strong performance, the board of directors authorized the return of nearly \$3.8 million through capital credit retirements to members who received service from the cooperative through 1991 or who have enrolled in our Early Discounted Capital Credit Program. As a result of these financial achievements, our year end equity, which is a measure of the portion of the cooperative's assets that are owned by our membership, will be almost 40%. This is well within our strategic performance goal for managing equity within a range of 36-42%. In short, KEC had a very strong financial year!

KEC also had a very productive year. Through the end of the year, we converted 47 miles of aging and difficult to access overhead lines to underground through a FEMA grant extended to the cooperative following the storms of 2015. We anticipate completing the remaining 4.3 miles next year. This work reflects a \$20 million investment in our electrical infrastructure of which our grant covers 75%. This work has already helped improve reliability. Since this time last year, systemwide reliability has improved by nearly 50%.

KEC extended service to more than 1,000 new members in 2019. This rate of growth is consistent with that of the last three years and twice our historical average. We also completed the design for a new substation that will improve reliability in the Hayden Lake area. That substation and the transmission line

serving it will be constructed in 2020 at a cost of about \$7 million.

Notably, KEC recently developed and implemented a new comprehensive system maintenance plan. This plan will help ensure our cooperative's infrastructure continues to be well maintained and reliability of service continues to be enhanced. Crucially, it helps avoid the challenges Pacific Gas and Electric Company has faced with rolling blackouts in California. While KEC already invests heavily in system maintenance, implementing this new plan will not be inexpensive. Annually, we anticipate the plan will increase our operations and maintenance expenditures by \$1.2 million (or 40%). But, preventing fires resulting from prevailing drought conditions and increased tree mortality is a paramount concern that all utilities must focus on.

Power supply costs also continue to increase. Through a long-term power supply contract, KEC purchases nearly all of our members' power requirements from the Bonneville Power Administration (BPA). While that power, which is produced by the federal hydro dams on the Columbia River, is among the cleanest and least expensive in the nation, the cost of producing it is modestly rising. These increases are also, in part, driven by BPA's obligation to maintain its own system in a responsible manner. The increase in the cost of purchasing power from BPA is on par with the pace of inflation. Even though this seems low, it's important to consider that power supply costs represent about \$45 out of every \$100 KEC members pay through their rates. BPA is aware of the burden this increase places on rate payers and is working with its customers, including KEC, to ensure its rates remain reasonable through the term of our contract.

What does all this mean for KEC rates? Our costs are rising. In addition to those mentioned above, the cost of labor and materials also continues to increase. Despite **General Manager Message continued on the next page.**

## General Manager Message Continued...

all this, however, the board of directors has approved a budget for 2020 that allows KEC to accomplish the goals described above without requiring a rate increase in 2020. Barring the unforeseen, KEC feels it can absorb these costs through the year. That is good news and performance we are proud of.

What does this mean for the annual adjustment in the Service Availability Charge which occurs each October? First, it's important to understand why this adjustment is made. Like most utilities, the cost of providing service is driven more by the fixed costs of building and maintaining infrastructure than the variable costs of producing the energy members use. Simply put, the costs of operating the cooperative are mostly fixed yet the rates charged for electric service within the industry have historically been variable in nature. For this reason, as well as some others, the industry has been changing its approach to rate design and KEC has been changing with it.

It's also important to note that when these changes are made, they are done in a revenue neutral manner. With each increase in the Service Availability Charge, the energy charge is reduced so that the revenue received through rates is neutral. Over this coming year, KEC will be assessing its rate design to ensure the anticipated increases in the Service Availability Charge remain necessary and equitable. In April's newsletter, I plan to more fully describe the purpose of the Service Availability Charge and how KEC's compares with other utilities in the Northwest. Those interested in learning more about it are encouraged to stay tuned.

In closing, KEC has had strong performance amid considerable industry change. We consider it a privilege to serve you and continue to be guided by our mission of providing exceptional service and dependable electric power at competitive rates. Our ability to accomplish this is due in no small part to KEC's employees who work tirelessly, and safely, to deliver on that commitment and to your board of directors which governs our operations.

**Doug Elliott, KEC General Manager/CEO**

## Board Authorizes Capital Credit Retirement

In December 2019, after reviewing the financial health of the cooperative, the board of directors authorized the general retirement of \$900,000 in capital credits originally allocated in 1991 and a portion of 1992. 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.

### About Capital Credits

When you signed up to receive electric service from KEC, you became a member of an electric cooperative. Being a member 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 KEC's cost of doing business belong to you, our members, and are called margins. These margins are also called "capital

credits" and represent your share of KEC's equity. That share is based on how much your electric use contributed to margins.

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 members based on the contributions they made to the cooperative's margins. **For more information or to watch our video on this topic visit [www.kec.com](http://www.kec.com) or call 208.765.1200.**



**\$900**  
THOUSAND  
IN 2019

## NEWS BRIEFS

### THE 2020 ANNUAL MEETING & ELECTION

The 2020 annual meeting is scheduled for the evening of Monday, May 4, at Lake City Church in Coeur d'Alene. KEC board of director districts 3 and 4 are up for election this year with one candidate in each district seeking election. Per KEC's bylaws, if there is only one candidate per district seeking election, then the candidates are elected by acclamation at the annual meeting. The election process is governed by the KEC bylaws. To review a copy visit [www.kec.com](http://www.kec.com) or call 208.765.1200. Look for more details about the annual meeting in future newsletters.

### KEC BOARD MEETINGS

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

## POWER OUTAGE REMINDERS

While we work hard to avoid outages, sometimes they are unavoidable. To help, KEC offers text or email notifications for members when power outages affect their service. These notifications are offered at no cost. Please be aware power outage notifications 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](http://www.kec.com) or download the SmartHub app.

### 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. 1370152, 1830294, 1248464, 1686640, 1610242, 1668642, 1649290, 1311780, 1840554 1844143

A Touchstone Energy® Cooperative 

## 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 utilization 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 the ranges 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 to the right gives the ranges for typical household voltage at the meter base and at the outlet.

If you have questions about voltage ranges, contact us at [kec@kec.com](mailto:kec@kec.com) or 208.765.1200.



### At the Meter Base

Service Voltage	Normal Range
120V	114-126V
240V	228-252V



### At the Outlet

Utilization Voltage	Normal Range
120V	110-126V
240V	220-252V