



## A MESSAGE FROM THE GENERAL MANAGER



**Doug Elliott**

It goes without saying that this year has been a challenging one. This has been true for our members, our employees and our cooperative as a whole. Navigating worldwide pandemics, business closures, an

economic downturn, severe storms, wildfires and social unrest have been very trying and troubling indeed. If you're like me, you're ready to ring in a new year and start afresh.

Despite these challenges, I'm reminded that adversity often makes us a better version of ourselves. That has been true for the cooperative. For instance, in the wake of business closures, we rapidly adopted new technology that permitted many employees to work remotely. This has resulted in increased business resilience and efficiency. We learned to train virtually, reducing travel costs. We reluctantly changed our office hours but in doing so learned that the extended hours on Monday through Thursday served many of our members better. So, while this has been a difficult year to endure, the adversity it imposed on the cooperative has forced us to become better, stronger and more resilient.

### **Rate Design and the Service Availability Charge**

Recognizing that good news has been scarce this year, I wanted to take this opportunity to share some with you. Over the past few years, KEC has been gradually increasing the Service Availability Charge (SAC) of our residential and general service rates each October to more closely match the fixed cost of providing service. As this has been done, the energy charge (or cost per kWh) has been decreased to preserve revenue neutrality. Currently, the SAC for residential and general service is \$32.50 and \$36.20 per month respectively, while the

fixed cost of providing service is about \$41 per month. Despite this difference, I'm pleased to report the board of directors unanimously determined that the fixed cost recovery of these rates is currently sufficient and that further adjustments planned over the next couple years would not be necessary. The SAC will remain unchanged through at least 2021.

I'm also pleased to report that KEC's finances have remained healthy throughout the year despite increasing power supply costs and operating and maintenance expenses. The impact these costs have on next year's finances will be assessed as part of our budgeting process that is currently ongoing. What we do know is that the cost of power purchased from Bonneville Power Administration (BPA) will increase by nearly 6% next year due to increasing costs BPA has incurred and the expiration of a discount the cooperative has benefited from over the past several years. Operating and maintenance expenses are also increasing as the result of accelerated tree mortality along the cooperative's rights of way. These expenses are offset somewhat by the healthy growth the cooperative has been experiencing. As new members join the cooperative and purchase power, the revenues they contribute help cover these costs. Should a power cost adjustment be needed to cover these incremental expenses next year, it will be communicated to members early next year.

### **KEC Facilities Master Plan**

As just mentioned, the cooperative is also growing rapidly. For the past several years, we have grown by about 1,000 new services annually. This year is no exception and our forecast for next year appears even more robust.

**Continued on the next page.**

## General Manager's Message Continued

We have also doubled down on system maintenance. Last year, the cooperative implemented a new line maintenance program and expanded tree clearing. This focus, as well as the growth in new services, necessitated the hiring of two additional line crews which resulted in about 10 new full-time jobs within our community. We currently employ just under 100. See the graphic on the following page to learn more about KEC's growth over the last 50 years.

Our growing ranks and the fleet of vehicles used to serve our members are, however, straining our headquarters facilities. We simply have no more room to park line trucks or store materials. Office space is also scarce. While work from home opportunities have eased this burden somewhat, many employees live in areas without adequate internet service, don't have homes that are conducive to work from, or must work from the office due to the in-person service they provide the membership.

Our current headquarters was built in the late '70s and has been incrementally expanded as needs arose. That potential has been exhausted. Recognizing this, the cooperative engaged a consultant to prepare a facilities master plan. The purpose of this study was to fully assess our needs both now and well into the future, to evaluate our current headquarters' ability to accommodate those needs, and to explore alternatives such as satellite offices, expanded work from home assignments, and much more. The two most promising and cost-effective alternatives identified by the plan were:

- 1. Construction of a new engineering and operations center at a new location while maintaining our administrative presence at our current location.** In this scenario, we could lease out the space currently occupied by our engineering and operations departments to another tenant. The new facility could be constructed in such a way as to accommodate the alternative below should that be needed in the future.
- 2. Construction of a new headquarters facility at a new location.** In this scenario, our current headquarters could be sold or leased to another tenant.

Given the identified alternatives, KEC has engaged a commercial real estate agent to help locate suitable property. We have also listed our headquarters facility for sale. If we receive a reasonable offer, we will sell it and pursue option 2. If we do not, the first option would likely be most cost-effective and pursued.

The construction of new facilities is not a decision that is made lightly, however, it is a necessary step. Providing exceptional service to our members demands nothing less. The good news is that our current headquarters has served our needs for over 40 years. We expect our new facility to have a similar lifespan. We are on the front end of this journey and will share more information with you as plans progress.

### **Construction and Upgrades**

While the work described above has kept us busy this year, there are many other things the cooperative is working on to better serve you. We recently began installing a new supervisory control and data acquisition system that allows us to better monitor and control our electrical system remotely. This is a two-year project we anticipate finishing in 2021. We are also in the process of applying for three additional FEMA grants that, if awarded, would allow us to convert approximately 60 miles of overhead lines to underground. The areas affected are in the Spirit Lake East subdivision, around the north and east side of Hayden Lake, and Farragut State Park and surrounding area. These line conversions would cost just over \$22 million, much of which would be covered by the grants.

We appreciate you, our members, and consider it an honor to be your electric service provider. Providing you exceptional service and dependable power at competitive rates is a responsibility that guides every business decision we make. We hope we live up to your high expectations of service and welcome any feedback regarding how we can better meet your needs. You may contact us at [kec@kec.com](mailto:kec@kec.com) or 208.765.1200.

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

## NEWS BRIEFS

### NOMINATING COMMITTEE SEEKS CANDIDATES

The KEC Nominating Committee is looking for members interested in serving on our board of directors. Candidates must meet the qualifications outlined in the cooperative's bylaws, be able to invest a minimum of 60 days per year on board-related activities and be able to periodically attend conferences and director training. Directors should also have strong business acumen and a broad understanding of regional and national energy issues. There will be three positions up for election in 2021 (see a map of director districts at [www.kec.com](http://www.kec.com)):

- **District 2:** That part of the system South of the Rathdrum Highway (Highway 53), North of the Spokane River to the West of Lake Coeur d'Alene and North of I-90 to the East of Lake Coeur d'Alene.
- **District 5:** That part of the system East of Lake Coeur d'Alene and South of I-90.
- **District At-Large:** Encompassing the entire service area of Kootenai Electric Cooperative, Inc.

If you would like to be considered, please review our bylaws and complete the application at [www.kec.com](http://www.kec.com). The deadline for applications and petition nominations is November 30, 2020.

### EARLY DISCOUNTED CAPITAL CREDITS

If you participated in the Early Discounted Capital Credit Program this year you should see a credit on your November billing statement. Thank you for your participation. Capital credits are one of the many benefits of your KEC membership. If you didn't participate this year, there will be another chance next year when KEC mails eligible members a capital credit statement in the summer of 2021. For more information contact us at 208.765.1200 or [capitalcredits@kec.com](mailto:capitalcredits@kec.com).

### HOLIDAY OFFICE HOURS

The KEC office will be closed December 24-25 for the Christmas holiday and December 31-January 1 in observance of the New Year.

### KEC BOARD MEETINGS

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

### 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.

**1776461, 1741031, 1848058, 1821454, 1326009, 1574961, 1822795, 1707922, 1305831, 1811690**

## 50 Years of Growth



In 1970, there were 4,227 meters on KEC's system.

Today, there are nearly 30,000 meters on the system.



In 1972, KEC had 18 employees.

Today, KEC has nearly 100 employees.



1973 was the first year KEC revenues exceeded \$1 million.

In 2020, we expect nearly \$50 million in revenues.



In 1973, we experienced our largest growth (at that time) of 472 new members.

In 2020, we expect to add over 1,000 members.

# Four Ways to Save Energy in the Kitchen

Ah, the kitchen. It's undeniably one of the most-loved rooms in our homes. It's where we gather with family and friends for our favorite meals and memories. But like most of us, you probably aren't thinking about saving energy when you're planning that perfect dish. Here are four ways you can save energy in the kitchen with minimal effort.

**When possible, cook with smaller appliances.** Using smaller kitchen appliances, like slow cookers, toaster ovens and convection ovens is more energy efficient than using your large stove or oven. According to the Department of Energy, a toaster or convection oven uses one-third to one-half as much energy as a full-sized oven.



**Use smaller kitchen appliances, like slow cookers, toaster ovens and convection ovens when possible. These smaller appliances use less energy than a full-size oven.**

**Unplug appliances that draw phantom energy load.**

Halloween may be over, but it's possible you have energy vampires in your kitchen—these are the appliances that draw energy even when they're not in use, like coffee makers, microwaves and toaster ovens. The Department of Energy has estimated that one home's energy vampires left plugged in year-round can add up to \$100-\$200 in wasted energy costs. Unplug them when they're not in use, or better yet, use a power strip for convenient control.

**Help large appliances work less.** There are small ways you can help your larger kitchen appliances run more efficiently. For example, keep range-top burners clean from spills and fallen foods so they'll reflect heat better. When it's time to put leftovers in the refrigerator, make sure the food is covered and allow it to cool down first. That way, the fridge doesn't have to work harder to cool warm food.

**Use your dishwasher efficiently.** To maximize efficiency, only run full loads. You can also save energy by letting your dishes air dry. If your dishwasher doesn't have an automatic air-dry switch, simply turn it off after the final rinse and prop the door open so the dishes will dry faster.



**When it's time to do the dishes, remember to run full loads. You can also save energy by allowing your dishes to air dry.**

**Bonus tip:** The best way to save energy is to not use it. Try a tasty, no-bake dessert recipe. Your sweet tooth (and energy bill!) will thank you.

By slightly adjusting a few of your habits in the kitchen, you'll be well on your way to energy savings. Visit our web site at [www.kec.com](http://www.kec.com) to learn about additional ways you can save energy and money at home.

A Touchstone Energy® Cooperative 