Power Lines

INSIDE ...

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NEXT BOARD MEETING

September 25

Touchstone Energy®

Challenges to Keeping Lights On

And still maintaining low-cost, reliable electricity

BY BRAD GASKILL, GENERAL MANAGER

Brad Gaskill, general manager

Since the inception of the rural electric cooperative program, it has been our mission to provide reliable electric service at the lowest possible costs. Today, we are facing many new challenges that are making that mission increasingly more difficult to meet.

You can't pick up a newspaper or magazine today without seeing an article on global warming or renewable energy or, most likely, both. State and federal legislatures alike have either passed or are considering renewable portfolio standard legislation that requires utilities to generate a certain percentage of their power from renewable sources — wind, solar, bio-mass, etc. — by a certain date. Legislators are also considering laws aimed at reducing man-made greenhouse gases, believed by many to be the major culprit responsible for global warming. Carbon emissions from coal-fired electric utility power plants are considered major contributors.

I believe that we all want to be good environmental stewards, and we should do everything we can within economic reason and technological capabilities for the good of the planet and all future generations of mankind. My concern is lawmakers are passing laws supposedly for the good of the environment and saving mankind, but nobody is talking about the technological feasibility or the cost and economic impact of these decisions.

The 2007 Colorado General Assembly passed a Renewable Portfolio Standards bill. The bill requires the state's larger utilities to produce 20 percent of their power from renewable sources by 2020. The state's rural electric cooperatives, like Poudre Valley Rural Electric Association, are required to get 10 percent of their power from renewable sources by 2020. The first question that comes to mind: Is it even technologically possible to go from less than 1 percent renewable sources to a mandated minimum of 10 percent between now and 2020? In Colorado the answer has to be yes, because we are mandated to do so. The next question: What is the cost and economic impact? I don't know if anybody knows exactly.

The fact is it is more expensive to generate energy from renewable resources than from traditional methods of electric energy generation. Renewable energy is often intermittent, not always available, especially when it is needed the most. Because of that it can't be used as base load power. If we are required to use more expensive intermittent power in our overall generation portfolio mix, the simple result will be higher costs and higher electric bills.

Although Colorado and several other states have already passed an RPS, Congress is now considering a national mandate that would require utilities to produce 20 percent of their power from renewable sources. Are our legislators making policy decisions without consideration of technological possibilities and costs? Would such a mandated standard be possible to implement? I personally doubt it. What would the costs and economic impact be to the electric ratepayer? I believe it would be significant.

Can we and should we do better as an industry to bring more renewable energy resources into our mix and reduce greenhouse gas emissions? *[continued on page 8]*

Challenges to Keeping Lights On and Costs Down

[continued from page 7] Absolutely. We are and will continue to do so. I am concerned about what the technological feasibility and mandated time frame of meeting legislative requirements are going to mean in terms of additional costs, resulting in increased rates to our cooperative members, especially those who can least afford them. (Win *Leon Dawson)

Electric rates have been and will continue to be on the rise in the near future simply because of the need for new generation and transmission resources. It is estimated that the demand for electric generation will increase 40 percent by 2030. Added to these known costs for new generation and transmission will be costs to comply with mandates to curb global warming. This is going to make our job of providing reliable electric power at a low cost extremely difficult and challenging in the future. But you can help.

You can help by becoming more efficient in use of your energy. Make a conscious effort to keep the thermostat turned up a few extra degrees in the summer and down in the winter; use electric washers and dryers in off-peak periods, early morning or late evening; and winterize your home. You can also help by becoming involved in the political process that has an impact on the business operations of your electric cooperative.

The rural electric cooperative program was born through a legislative grassroots movement some 70 years ago. The investor-owned utilities refused to extend their electric facilities to rural America since it wouldn't be profitable. Today, more than ever, I believe it is imperative to reenergize our legislative grassroots program. Through a grassroots effort we can educate our legislators so they have a better understanding of our industry and the impact that certain proposed legislation will have on our ability to keep our rates affordable for the rural consumer, the member at the end of the line and on a fixed income.

The rural electric cooperatives have a state and national bipartisan political action committee. By paying membership dues in these PACs we support the election of legislators at the state and federal levels who support the issues of rural electric cooperatives and their communities. All of the PVREA board members and management staff as well as many of the employees are members of these PACs. Colorado Advocates for Rural Electrification (CARE) is our statewide PAC, and the Action Committee for Rural Electrification (ACRE) is our national PAC. For the past couple of years, residential member-owners of rural electric associations, have been eligible to participate in ACRE through the ACRE Co-op Owners for Political Action program.

For the past two years PVREA has solicited membership in the ACRE Co-op Owners for Political Action program at the annual meeting. However, these efforts have only recruited one member. Your board of directors is interested in increasing the membership numbers in this member-owners' PAC. The larger the membership numbers in this member-owners' PAC, the stronger its voice is and the better its message will be heard when it takes these issues to legislators in Denver or Washington, D.C.

I encourage you as member-owners of PVREA to join the board, management staff and employees who are already members of ACRE to become a member of the ACRE Co-op Owners for Political Action program. Just as the pioneers of the rural electric program 70 years ago made a difference by paying a small fee to become member-owners of a rural electric association that electrified rural America, you also can make a difference by paying a small fee (dues) and becoming a member of ACRE. You will have a voice in helping to elect state and federal legislators who will support electric cooperative issues.

September 1, 2007, starts the new fiscal year for ACRE membership. If you are interested in joining or receiving more information about ACRE, please contact our administrative department by calling 970-226-1234 or toll free 800-432-1012 or by email at pvrea@pvrea.com.

Electric Utility Consumers Receive Annual Refunds

Board President Rick Johnson announced "Credit checks totaling over $1.9 million are being mailed to existing and former member-owners of Poudre Valley Rural Electric Association. To the average PVREA residential customer, this amounts to a check of $45-$55 which represents their share of the Association's margins (profits)."

As a member-owned organization, PVREA annually makes a refund of prior year margins to its members. Association General Manager Brad Gaskill reports that PVREA has refunded approximately $17 million over the past 10 years. Gaskill explains that the Association's profits are returned to its members instead of stockholders.

Many PVREA refunds typically cover one month's electric bill. "It's like receiving one month of electricity free," one member said.

After the Association closes out its books at the end of the year, its margins (profits) are allocated to each member in proportion to their patronage. The margins are retained by the association for a number of years and represent the association's equity. The association then makes use of these margins in lieu of borrowing capital for construction needs. Each year the PVREA Board of Directors reviews the Association's financial health and determines how large a refund to make. "This year we are refunding margins earned in 1996," Manager Gaskill said.

Because of the delay between the time these margins are allocated and when they are paid back, it is sometimes difficult to locate those members who no longer receive their electricity from Poudre Valley REA. If customers do not leave a forwarding address, the check is returned. PVREA tries to locate these former patrons through an annual listing of their names in local newspapers. Despite this effort, some checks remain unclaimed. Any unclaimed money is then used to keep rates low, or for community, educational, and charitable purposes.

PVREA provides electrical service to over 35,000 accounts in Boulder, Larimer and Weld counties. It provides electric power to all types of consumer classes: rural, urban, residential, farm, commercial and industrial. Total operating revenues exceeded $64 million in 2006.

Attention Kersey Residents

Poudre Valley REA is currently replacing all existing Kersey electric meters with new remote Turtle meters, which can be read digitally through your electric power lines. The change out, which started in July of this year, will take up to six months to comple.

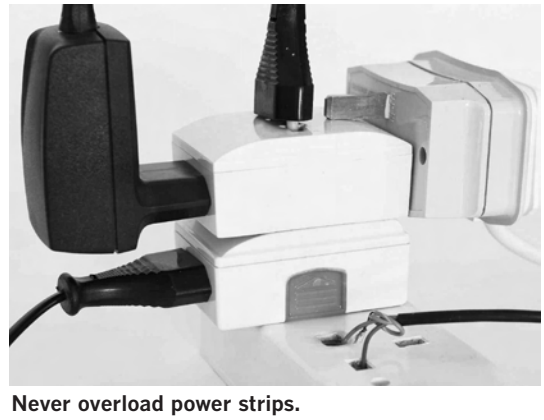
This technology is not new to PVREA. Most of the mountain routes have been using Turtle meters for some time now. In response to the tremendous growth in the area, PVREA has decided to start implementing remote meters in the eastern side of its service territory, starting with the Kersey area.

Each new digital Turtle meter has a tiny red light-emitting diode underneath it that will let you know your new meter is working. This light can most easily be seen at night. Turtle meters also offer the benefit of providing extremely accurate digital readings.

The cost of the new Turtle meter will not be reflected on your electric bill, so rest assured that as a PVREA consumer you will not be charged.

Make Home Safety a Habit

Most of us take electricity for granted. It is easy to use throughout the house, but it is also easy to misuse. Here are some ideas to help keep your family safe from electrical hazards.



Never overload power strips.

Although a properly installed home wiring system will usually last the lifetime of your home, maintenance is still a good idea. Wiring wears out, just like other materials.

There are several signs that your wiring system needs upgrading or replacement. The most common signs are dimming lights, fuses that burn out frequently or breakers that trip often. These signs usually indicate that your circuits are overloaded. Fuses and breakers are designed to shut down when too many appliances are plugged in.

Overloaded circuits are often found in older homes where wiring hasn't been upgraded over the years. Older wiring wasn't designed to handle all the new appliances available. Each time you plan to add a new electrical load, such as a water heater, dryer, range, freezer, heating device or even a computer, you should make sure your electrical system can handle it.

Quite often an extension cord is the most convenient way to get electricity where you need it. But you should be aware of the safest ways to put this convenience to work for you.

- Never overload extension cords or wall outlets.
- Never force plugs into outlets.
- Avoid coiling extension cords during use to prevent overheating.
- For the same reason, don't place cords under carpets or furniture.
- Make sure cords aren't frayed or cracked. Replace them at the first sign of wear or damage.
- Check for loose-fitting plugs that can be shock or fire hazards.

If you follow these safety practices with your extension cords, you'll definitely be playing it safe.

Charlie Alva, PVREA's warehouse supervisor, stops long enough for the picture, but then she is off again.

EMPLOYEE SPOTLIGHT

Charlie Alva is a woman on the go. Charlie is the warehouse supervisor at PVREA. Her job is to make sure that all the material for new and old jobs are available so that when she gets a work order from operations, Charlie and her crew can put the right materials together for the lineman. In the morning, Charlie and the warehouse crew load the linemen up with the material that is needed for the day. Once the line crews have left for the day, the warehouse crew goes about getting work material ready for the next day.

But the job doesn't end there. Many vendors and parts suppliers show up throughout the day, and warehouse inventories are conducted on a regular basis at Poudre Valley REA. These inventories are needed because of the heavy volume of material that enters and leaves the property.

Warehouse personnel can easily spend the entire day outside on a forklift. The weather is a contributing factor on many jobs, but the warehouse crew is always up for the job regardless of cold or hot days. Charlie definitely stays busy.

ARE YOU A WINNER?

If you see your account name in the Poudre Valley insert, you have until the last day of the month that the magazine is dated to claim your reward by calling PVREA at 970-226-1234. More than ever, it pays to keep informed about your electric utility.

Use Energy-Efficient Appliances

The Energy Star® label is a government program that establishes energy-efficiency guidelines set by the Environmental Protection Agency and the U.S. Department of Energy for household appliances.

In most households, the refrigerator is the single biggest energy-consuming kitchen appliance. Replacing a refrigerator purchased in 1990 with a new Energy Star®-qualified model saves enough energy to light the average household for nearly four months.

Energy Star®-qualified refrigerators require about half as much energy as models manufactured before 1993. Energy Star®-qualified refrigerators provide energy savings without sacrificing the features you want.

- Qualified refrigerator models use high-efficiency compressors, improved insulation and more precise temperature and defrost mechanisms.
- Qualified refrigerator models use at least 15 percent less energy than required by current federal standards and 40 percent less energy than the conventional models sold in 2001.
- Many qualified refrigerator models include automatic ice-makers and through-the-door ice dispensers. Qualified models are also available with top, bottom and side-by-side freezers.
- Qualified freezer models use at least 10 percent less energy than required by current federal standards.

You can reduce the amount of energy your refrigerator or freezer uses, whether it is a standard or an Energy Star®-qualified model.

- Position your refrigerator away from a heat source such as an oven, a dishwasher or direct sunlight from a window.
- To allow air to circulate around the condenser coils, leave a space between the wall or cabinets and the refrigerator or freezer, and keep the coils clean.
- Make sure the door seals are airtight.
- Keep your refrigerator between 35 and 38 degrees Fahrenheit and your freezer at 0 degrees Fahrenheit.
- Minimize the amount of time the refrigerator door is open.
- Recycle older or second refrigerators.

Source: www.energystar.gov

Story credit: Karli Nelson, Tri-State Generation and Transmission and *Network* magazine

GREEN POWER

During a recent board meeting, the board members decided to make purchasing 100-kWh blocks of Green Power unlimited. This means that instead of being limited to buying only three 100-kWh blocks of renewable energy, you can now buy an unlimited amount of blocks of renewable energy from Poudre Valley REA. The decision was made at the July 31 board meeting. *Colorado Country Life* magazine was already being printed for the August issue, so the information could not be included

WHY A HEAT PUMP?

Heat pumps are the most energy-efficient cooling and heating systems available in the market. A heat pump is not only a heating system for your home, but also an air-conditioning unit. Heat pumps work by extracting cold or heat from either the air or the ground to provide either heating or cooling to your home. There are several types of heat pumps available, such as ground source or air source units. There are also wall-mounted units or window units. The best advice is to have a contractor give you an idea of what would work best for your home.

3 Reasons to Buy a Heat Pump

1. Energy efficiency: Because heat pumps are energy efficient, the time it takes to recover your initial investment is fairly quick. In other words, because your electric bill is reduced, the recovery of the money that you paid to have your heat pump installed is much quicker than it would be if you had an air conditioner or a furnace installed. The initial cost of purchasing and installing a heat pump is an investment.
2. Rebates: Tri-State Generation and Transmission and Poudre Valley REA offer rebates to members who purchase heat pumps. Poudre Valley REA gives $125 a ton for air source units and $250 a ton for ground source units. Tri-State gives $150 a ton per unit. For example, if you buy a 4-ton air source unit, Poudre Valley REA would reimburse you $500 while Tri-State reimburses an additional $600, for a rebate total of $1100.
3. Convenience: You will have the combined convenience of a state-of-the-art heating system along with a cooling system. No more worrying about your old furnace and your old air conditioner. Now your comfort level is wrapped up in one great system. It's the wave of the future.

Now, more than ever, is a perfect time to consider buying a heat pump — not just because of the great incentives, but also before the cold hits hard and winter is around the corner.