

Power Lines



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MAILING ADDRESS
 P.O. Box 272550
 Fort Collins, CO 80527-2550

STREET ADDRESS
 7649 REA Parkway
 Fort Collins, CO 80528

970-226-1234 Phone
 800-432-1012 Toll free
 970-226-2123 Fax

www.pvrea.com Web
 pvrea@pvrea.com Email

NEXT BOARD MEETING

August 26



The High Price of Natural Gas

BY BRAD GASKILL, CHIEF EXECUTIVE OFFICER

Gasoline prices have soared to \$4 per gallon and more. The cost of groceries, including essentials like milk and bread, keeps climbing as well. As America adjusts to paying more for everyday necessities, Poudre Valley Rural Electric Association, Inc., is doing its part to keep electricity as affordable and reliable as possible.

Approximately 72 percent of electricity generation in Colorado comes from coal, and nearly half of electricity generation in our nation as a whole comes from coal-fired power plants. But mounting pressures to lower greenhouse gas emissions have made it more difficult and costly to build coal-fired facilities. This was evidenced locally when Tri-State Generation and Transmission Association, PVREA's wholesale power supplier, recently had its attempt to build two 700-megawatt coal-fired generators near an existing plant in Holcomb, Kansas, blocked when the state's top environmental regulator denied an air-quality permit for the project.

The permit application was denied by the Secretary of the Kansas Department of Health and Environment, even though his staff recommended that the permit be issued. The application incorporated the latest technologies to ensure that the project would meet or exceed all state and federal regulations. However, the secretary independently blocked the plants because annually they would emit 11 million tons of carbon dioxide, which has been linked to global warming.

The 2008 Kansas legislature failed to pass legislation to allow the plants to be built after Gov. Kathleen Sebelius' veto of three bills passed by Kansas lawmakers.



Brad Gaskill

The permit application now appears to be headed for a lengthy legal battle and a decision by the courts.

Nuclear power doesn't emit greenhouse gases, but strong political and philosophical opposition make building new plants extremely difficult. In fact, the

first nuclear plants in nearly 30 years are just getting started.

Additionally, rising costs of fossil fuels to produce electricity as well as power plant construction materials like steel, concrete and copper make the industry's ability to bring sufficient generation on line more difficult. As a result, natural gas has become the "bridge" fuel of choice for keeping the lights on — at least until new

Price fluctuations combined with limited domestic reserves and a greater reliance on imports make natural gas prices highly volatile.

low-emissions technologies are developed on a large scale.

Natural gas plants are usually smaller than coal-fired or nuclear plants, can be built faster and typically face less public opposition than other power generation options, making them a convenient alternative. Simple gas-fired turbines — similar to jet engines on blocks — can be built in approximately 18 months; a combined-cycle unit that creates steam for extra generation can be up and running in just two years.

But natural gas also has its drawbacks. The price of natural gas has tripled since 2002 and jumped 93 percent since August 2007. These price fluctuations combined with limited domestic reserves

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\$2 Million Goes to Consumers in Annual Refunds

Start watching your mailbox. “Capital credit checks totaling approximately \$2 million will be mailed to existing and former members-owners of Poudre Valley Rural Electric Association,” Board President Keith Croonquist announced. “To the average PVREA residential consumer, this amounts to a refund between \$45 and \$55, which represents their share of the association’s margins (profits).”

As a member-owned organization, one of the primary benefits of your membership in your electric cooperative is the annual capital credit refund program. PVREA Chief Executive Officer Brad Gaskill reports that PVREA has refunded \$18,489,609 from 1997 to 2008. Gaskill explains that unlike an investor-owned utility that returns its profits to stockholders, PVREA’s margins are returned to its member-owners.

After PVREA closes out its books at the end of the year, its margins are allocated to each member in proportion to his or her patronage. The margins are retained by the association for a number

of years and represent the association’s equity. Each year the PVREA Board of Directors reviews the association’s financial status and determines how large a refund to make.

“This year checks will be mailed during the week of September 15, 2008, to members who received service in 1997 and have allocated margins of at least \$10,” Gaskill said.

“No checks will be issued to those members whose 1997 allocation balance is less than \$10,” Gaskill went on to say. “Once a member has accumulated allocations exceeding \$10, that member will receive a capital credit refund check.”

PVREA provides electrical service to over 35,000 rural, urban, residential, commercial and industrial accounts in Boulder, Larimer and Weld counties. Total operating revenues in 2007 were \$73,266,951.

For more information, contact Brad Gaskill, chief executive officer, at 970-226-1234 or Myles Jensen, member services manager, at 970-282-6420.

UNCLAIMED CAPITAL CREDITS AVAILABLE TOO

Poudre Valley REA, in addition to issuing new capital credit allocations in September, is also trying to find former customers who received service from PVREA in 1996 who have yet to claim their 2007 refund.

Each year PVREA mails capital credit checks to current and former consumers. However, there are those consumers who have not maintained a current mailing address with PVREA or whose heirs may not be aware that they can claim these payments. Their checks are returned uncashed to the association.

If you suspect that you may not have received your capital credit check for 1996, which was issued last fall in 2007, or if you know of any former customers who may not have received their 2007 allocation, please visit www.pvrea.com for a full listing of names.

The High Price of Natural Gas Creates Further Strain on Wallet

[continued from page 7] and a greater reliance on imports make natural gas prices highly volatile. As more natural gas is used for electricity, we’re likely to see electric bills increase as well.

According to the U.S. Energy Information Administration, if natural gas consumption continues at its current rate without an increase in imports, national reserves will be tapped out within 10 years. And by adding more gas-fired power plants, the nation’s 300,000 miles of natural gas pipelines — already operating close to capacity — will come under further strain. If you use natural gas for heating and cooking, those costs will significantly increase too, as more supply is used for power generation.

At PVREA, it has been our ongoing mission to provide you with reliable and affordable electricity. To ensure that we can continue to meet your energy needs, we have joined with other electric co-ops across the country in a grassroots campaign called “Our Energy, Our Future: A Dialogue With America.”

This campaign seeks to engage policy-makers on critical energy questions, such as how to balance growing electricity needs and environmental goals, and how much all of this will increase electric bills. Please visit www.ourenergy.coop to get the conversation started.

The major questions to ask elected officials and candidates for office are as follows:

- Experts say that our nation’s growing electricity needs will soon go well beyond what renewables, conservation and efficiency can provide. What is your plan to make sure we have the electricity we’ll need in the future?
- Our country faces a crisis as electricity use increases faster than available supply. I believe that by unleashing American ingenuity we can solve this problem. What are you doing to speed the development of new technology that will allow me to have the electric power I need while meeting national climate policy goals?
- Balancing electricity needs and environmental goals will be difficult. How much is all this going to increase my electric bill, and what will you do to make it affordable?

In the June issue of *Colorado Country Life*, there was a card you could fill out and send in. This card simply asked our representatives how they would handle these issues. If you did not send a card in, you can go to the website www.ourenergy.coop and send an email to your representatives, asking them to address these issues.

I look forward to visiting with you again.



Corporal Nelson Sanderson (left) and Deputy Ted Wilson (second from left) begin the sobriety test on PVREA lineman Gary Ditus (right) as former regulatory compliance coordinator Rex Fockler (second from right) looks on.

Bottoms Up for Safety

Poudre Valley REA employees are regularly provided safety training. The line personnel have weekly safety meetings, and all employees are required to attend monthly safety meetings. Safety is Poudre Valley REA's number one priority. The subjects covered by the safety meetings are diverse. While electric safety is emphasized, PVREA employees are also trained in other areas, such as office safety, fire hazards, blood-borne pathogens, Occupational Safety and Health Administration requirements, hazardous spills — and even the dangers of drinking and driving.

At the June safety meeting, PVREA employees were exposed to the consequences of drinking and driving. Corporal Nelson Sanderson and Deputy Ted Wilson of the Larimer County Sheriff's Department made it plain that law enforcement officials take a pro-active stance in finding and prosecuting drivers who are over the legal limits.

While the session was sobering (pun intended), it was also fun. The deputies brought with them several sets of "beer goggles." These goggles are designed to impair vision in the same way that various levels of alcohol consumption would impair a driver's vision. After an entertaining training session, the deputies allowed PVREA employees the opportunity to use the goggles to try and outwit them by driving an obstacle course with PVREA's four-wheeler and then taking roadside sobriety tests.

Everyone failed. But all succeeded in learning a valuable lesson, thanks to Corporal Sanderson and Deputy Wilson.



PVREA SCADA and telecommunications technician Vinnie Johnson is unaware that he has crushed construction cones as he drives with the "beer goggles" on. At right, Vinnie "fails" his sobriety test.



Vacations and Electric Usage

Electric consumers frequently ask why their bill is so high when they have left home for a week or two of vacation. Though erroneous, it is a natural assumption that if you aren't home, you should use less electricity. Studies, however, have proven that lifestyle and the size of the family determine the amount of energy used, rather than the time spent in the home.

People who are gone all day use greater amounts of electricity in shorter periods of time. When an individual is at home all day, the electrical consumption is spread over the day. For example, there is little difference in the amount of laundry or cooking required for a family that remains home compared to a family gone all, or part of, the day. (Winning Account Name: Graci Getz)

Pre- and post-vacation activities may include extra house cleaning, extra clothes washing and countless other chores performed with the aid of electrical appliances. Also, it should be remembered that appliances such as furnaces, water heaters, refrigerators, freezers, clocks and instant-on televisions continue to operate whether you are home or not. Appliances that heat or cool generally consume the most power in your home (most of which are automatically controlled). Lighting, which most people equate with electric consumption, really does not contribute greatly to your bill.

If you plan to leave your home for an extended period of time, we recommend that you adjust your thermostat to eliminate unnecessary heating or cooling. Keep in mind such adjustments do not eliminate all electric consumption associated with heating or cooling. Disconnect, whenever practical, such things as televisions, well pumps and water heaters, remembering to drain water lines when necessary.

Finally, let our billing department know if you need your bill forwarded to a temporary address.

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.

FROM THE BOARDROOM

The Electric Distribution System Operation

BY JIM PARK, Poudre Valley Rural Electric Association Director

Poudre Valley is a distribution cooperative in a family of more than 900 co-ops nationwide serving 40 million Americans. There are 22 electric distribution co-ops in Colorado, and each purchases its power needs from a supplier. Poudre Valley buys power from Tri-State Generation and Transmission Association and distributes this power to various consumers — residential, irrigation, small and large commercial and some towns through franchise agreements.

To most of us, electric service is an afterthought until we flip the light switch and nothing happens. Then it's a real problem, because most everything we consider a necessity doesn't work. Reliability of electricity is a most important element of providing electric service.

Electricity has unique characteristics. It cannot be stored for future use in meaningful quantities; therefore generation of electricity must match the real-time demand at all times. Electric demand varies throughout the day, the month and the year. A typical day on Poudre Valley REA's system reflects a demand curve that increases rapidly from 6 a.m. until 9 a.m. as people are getting up and preparing for the day. Then demand normally drops somewhat during the middle of the day and rises again rapidly in the evening when everyone gets home, prepares



Jim Park

meals, watches television and so on. About 10 p.m., the demand decreases and remains at its lowest point until the next morning when the cycle repeats itself the next day.

There is a constant fine tuning of the power supply from the power provider to meet these changing demands. When you encounter freezing cold or scorching hot weather, the demands escalate to a greater extent. Balancing the generation to the demand is never ending, and there must always be adequate reserves to meet these demands, especially the extremes. This variability of load at different times throughout a given

period of time influences the cost of electricity and increases the complexity of integrating an intermittent generation resource like wind into the system.

Much of PVREA's work focuses on maintaining the distribution system, poles and wires, and building infrastructure for new residential and commercial growth. It is estimated that Colorado's electric demand will grow by 40 percent in the next 15 to 20 years. There is a lot of debate over the co-op's future energy supply. PVREA's board and dedicated staff are continually planning for the future as it's our job to "keep the lights on" in the most affordable way possible.

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Board Approves Changes to PVREA Rules and Regulations

At the June board meeting, the PVREA Board of Directors changed its rules and regulations pertaining to billing due dates, delinquent disconnect notices and late fees. Starting July 9, payment for an electric bill is now due 15 days after the billing date rather than 10 days.

Bills for electric service shall become delinquent if not paid by the due date. Electric service may be discontinued after a bill becomes delinquent following written notice of at least 15 days. This is an extension from the previous seven days.

The association shall assess a finance charge of 1 1/2 percent per month on all overdue balances (over 30 days from billing date).

A deferred payment plan may include a 5 percent additional charge for late payment but shall not include a finance charge if the deferred payment plan is adhered to. A finance charge in the amount of 1 1/2 percent per month shall be assessed on deferred payment plans if the plan is not adhered to.

ENERGY OUTREACH COLORADO IS THERE IF YOU NEED IT

There are times in our lives when we need help from others. If you are having trouble paying your utility bill, there is help.

If you are seeking help between November 1 and April 30, the first step is to submit an application to the Low-Income Energy Assistance Program, or LEAP. Each year, Energy Outreach Colorado donates millions of dollars to LEAP to help qualifying families receive help paying their energy bills. LEAP's phone numbers are: Larimer County 970-498-6302, Weld County 970-352-1551 and Boulder County 303-678-6097.

If you are seeking help between May 1 and October 31, or if you do not qualify for federal assistance under LEAP or have already received LEAP and need help again, then you may seek help directly from Energy Outreach Colorado on a year-round basis. To qualify for funds, you must owe a past-due balance on your utility bill. Energy Outreach Colorado's phone number is 866-432-8435.