



CEO Brad Gaskill

Cost of Service/Rate Design Study Shows Need for Change in Residential Rate Structure

During the past year Poudre Valley Rural Electric Association (PVREA) hired a third party utility expert to conduct a Cost of Service Study. The Cost of Service Study is a tool used by utilities to help determine what it actually costs to serve each customer based on class; whether residential, irrigation, large commercial, small commercial, or industrial. As a part of the study, total

expenses required to operate a utility are divided into the various customer classes and rate components based on the costs each class imposes on the utility. Once the expenses are divided by customer class, a Rate Design is used to determine how the revenue is to be collected from each customer class through a fixed monthly facility charge, kilowatt hour (kWh) energy charge and, in some cases, a kilowatt (kW) demand charge that is fair and equitable. The results of the study were recently presented to the PVREA Board of Directors and management staff by the utility expert. According to the study our current residential monthly fixed charge of \$14.50 is not adequately recovering our basic costs of installing and maintaining the association's physical facilities and equipment, such as poles, transformers, service drops, meters, etc., that are necessary to provide our residential customer access to the electric grid.

The study findings recommend that your board and management staff consider developing and implementing a new rate structure for our residential class of service. The new rate design would adequately and fairly recover these costs through the correct components of your monthly bill including the facilities charge, energy usage (kWh) charge and, if applicable, demand (kW) charge.

Since receiving the study results your Board of Directors and management team have been working together to determine how much and over what period of time to adjust the monthly facilities charge. In addition we have developed a plan to inform and educate our consumer/members of the need to revise our current rate design. Changing our rate design will allow us to continue providing our consumer/members with quality, reliable and safe electric service while working with you to save money on your electric bill through energy efficiency and conservation programs, without harming the financial health of your association.

Our communication and education plan includes providing you additional information regarding our proposed rate design change through future articles and notices in your Colorado Country Life magazine as well as on PVREA's website at www.pvrea.com. The third party expert who conducted the study, Mr. Marty Blake will be our guest speaker at this year's Annual Meeting that will be held on Saturday, March 26, 2011 at the Embassy Suites Hotel John Q. Hammons Conference Center in Loveland, Colorado. Mr. Blake will discuss, in detail, PVREA's Cost of Service Study as well as explain the need and justification for changing our current rate design. In addition, the board and management staff will be holding regional meetings throughout our service territory during the spring of 2011 to further communicate with, and listen to, our consumer/members regarding our proposed plan to revise our rate structure. Before the board considers and acts upon the proposed new rate structure a public hearing will be held to get final input from our consumer/members.

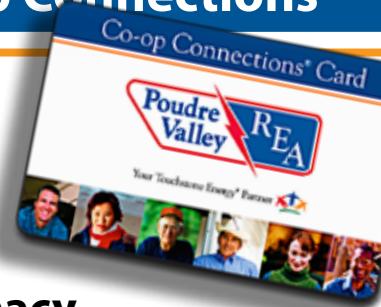
I look forward to visiting with you again.

Brad Gaskill

CEO, Poudre Valley Rural Electric Association



Co-op Connections®



The Pharmacy Discount

One of the most valuable features of the Co-op Connections card is the pharmacy discount. While not insurance, the discount can deliver savings of 10% to 60% on prescription drugs at more than 60,000 national, regional, and local pharmacies. A list of participating pharmacies in Northern Colorado is posted on the association website at www.pvrea.com.

The pharmacy discount has been widely used by co-ops that are members of Touchstone Energy Cooperatives, resulting in combined savings of nearly \$20 million on prescriptions. You can also search for your favorite drug store at www.locateproviders.com.

Use the code 22203 as the "group" number and follow the instructions.



CHECK OUT THE NEWEST FACE ON

facebook



Gary the Energy Guy

Poudre Valley REA is committed to the values that make electric cooperatives stand apart from other utilities. We exist only for the benefit of our members, operate on a non-profit, democratic basis and believe strongly in community.



CARE Fund

More than 100 PVREA members were nominated for the CARE Fund program in 2010. 60 applicants were selected for energy audits to determine their need and eligibility. As of the end of December more than half the homes selected had undergone an energy audit and more than a dozen have had the energy efficiency improvements accomplished. The remaining homes will be evaluated and repaired in the coming weeks.

This fund has been established to provide energy efficiency improvements, free of charge, to qualified consumer's homes to help reduce their energy bills. The Fund provides up to \$1,500 for attic insulation, window and door caulking, weatherstripping, high-efficiency lighting and other work. Homeowners are not required to contribute any money or perform any work and all improvements are performed by professional contractors at no cost to the homeowner.

You may nominate yourself or someone you know for the 2011 CARE Fund program by visiting www.pvrea.com/CAREfund or by calling Customer Service at 970-226-1234.

Election of Directors

Any member in good standing of the Poudre Valley REA is eligible to submit a petition to become a candidate for the Board of Directors. Petitions must be signed by at least 15 members of the association and submitted to the Board no later than 5:00 p.m. February 3, 2011. A candidate must also submit a photo and biography and may submit up to a 250 word summary of the candidate's qualifications and views for inclusion in the "Notice of Annual Meeting" which is sent to all members. There are four director positions up for election in 2011, two in Weld County, one in Larimer County and one in Boulder County.

Petition packets may be picked up at PVREA's office located at 7649 REA Parkway, Ft. Collins, CO 80528 beginning on Dec. 21, 2010.

Schedule of Elections

Pick up Petitions after Dec. 21, 2010, **Petition Packets Due 5:00 p.m. Feb. 3, 2011**, Ballots Mailed Mar. 1, 2011, Mail Balloting closes Noon Mar. 25, 2011, On site balloting Mar. 26, 2011. Ballots tabulated Mar. 25 & 26, 2011. A complete copy of the association bylaws are available for viewing on the association website at www.pvrea.com.

New Operations Services Manager Joins PVREA Team



Poudre Valley Rural Electric Association is pleased to announce that Glen Livengood has joined the management team as Operations Services Manager. Livengood was, previously, Operations Manager at San Miguel Power Association in Ridgway. His career in the electric utility industry includes Tanner Electric Cooperative in North Bend, Washington where he was Operations Manager and Sangre De Cristo Electric Association in Buena Vista, Colorado where he held the positions of Meter Technician, New Customer Liaison, Staking Engineer, Journeyman Lineman and Crew Foreman.

PVREA Staffers Retire

We would like to recognize three Poudre Valley REA employees who retired in 2010.

Terry Fielding came to Poudre Valley REA May 29, 1979 as a Staking Engineer from the City of Loveland. Meeting with consumers in the field and staking their line extensions was a mainstay of his work. Additionally, system upgrade work was always there and he never shied away from those unique challenges. Doing layouts of subdivisions was something that Terry did almost weekly. Terry's retirement was effective October 22, 2010.



John Thomas worked in the Engineering Department as a Staking Engineer. John grew in his responsibilities to include mapping for the Cooperative. The mapping area became more and more technical with the advent of digital mapping and John rose to the task in his typical fashion of wanting to do anything and everything with excellence. The addition of aerial photography, global positioning and data information imbedded within the maps for Poudre Valley REA were the forward looking results that John envisioned. John retired on August 6, 2010.



Becky Haney worked as a Customer Service Representative for eight years. Becky was one of the friendly voices on the other end of the line and was always volunteering to help out our members and also in the office. She retired on April 1, 2010.



A Free Trip to Washington, D.C. and a Week in Steamboat Springs and Scholarships for Students

Washington Youth Tour

If you have a son or daughter, or a grandson or granddaughter, who is a Junior in High School and lives in a PVREA household they are eligible for a free trip to Washington, D.C. for the Rural Electric Youth Tour. They will cruise the Potomac, attend a play, meet members of Congress and see all the monuments. And one of them will be sponsored, 100%, by Poudre Valley REA. They can enter the contest by filling out the entry form here, or visiting www.pvrea.com to print one out.

This once-in-a-lifetime experience is offered by your coop to help students learn more about our government and how it can affect electricity supply and costs. And it's also very fun and educational.

Youth Leadership Camp

Every July Poudre Valley REA sponsors two high school students to attend, free of charge, the Cooperative Youth Leadership Camp near Steamboat Springs. This is truly a special opportunity to experience the wilderness and beauty of Colorado and make memories that will last a lifetime.

The deadline for applying to all PVREA Youth Programs is January 21, 2011.

College Scholarships

This year the Scholarship Program has been increased.

Now, 13 scholarships are available through Poudre Valley REA for high school seniors and college undergraduate students. These scholarships are available for students who have been accepted for admission or are currently attending any U.S. college, university or community college. Ten scholarships will be awarded in the amount of \$2,000, one for \$1,000 and two for \$500. The scholarships are awarded every year to dependents of parents (or consumers themselves) who currently receive electric service from Poudre Valley REA.



ENTRY FORM WASHINGTON YOUTH TOUR

STUDENT NAME _____

PVREA ACCOUNT HOLDER _____

ADDRESS _____

PHONE _____ ACCT# _____

HIGH SCHOOL _____ YEAR GRAD. _____

HS PHONE # _____

Deadline for application is January 21, 2011 • Mail or deliver, along with your essay, to:
Poudre Valley REA Youth Tour, 7649 REA Pkwy., Ft. Collins, CO, 80528

Visit www.pvrea.com for an application form you can print from your computer or stop by and pick one up at the PVREA Headquarters at 7649 REA Pkwy., Ft. Collins, CO (just east of I-25 at the Windsor exit) Applications must be postmarked no later than January 21, 2011.

THE DEADLINE FOR APPLYING TO ALL OF THESE PVREA YOUTH PROGRAMS IS JANUARY 21, 2011

Statement of Nondiscrimination

Poudre Valley Rural Electric Association, Inc. is the recipient of federal financial assistance from the U.S. Department of Agriculture Rural Utilities Service and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended; Section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended, and the rules and regulations of the USDA which provide that no person in

the United States shall be excluded from participation in, admission or access to, denied the benefits of or otherwise be subjected to discrimination under any of this organization's programs or activities on the basis of race, color, national origin, age or handicap.

The person responsible for this organization's nondiscrimination compliance is Duane Ziller, the manager of Human Resources and Safety.

Any individual or specific class of indi-

viduals who feel that this organization has subjected them to discrimination may obtain further information about the statutes and regulations listed above from, and or file a written complaint with the Secretary, U.S. Department of Agriculture, Washington, D.C. 80250 or the Administrator, Rural Utilities Service, Washington, D.C. 80250. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.



What Makes Your Electric Co-op Different

It's truly hard to imagine today that in the mid-1930s nine out of ten rural homes were without electric service. Even as late as July 1935, a group of utility company executives wrote a report in which they claimed that, in light of their earlier extensive research work, "there are very few farms requiring electricity for major farm operations that are not now served." This view illustrates why, that same year, the Rural Electrification Administration was created to bring power to rural America.

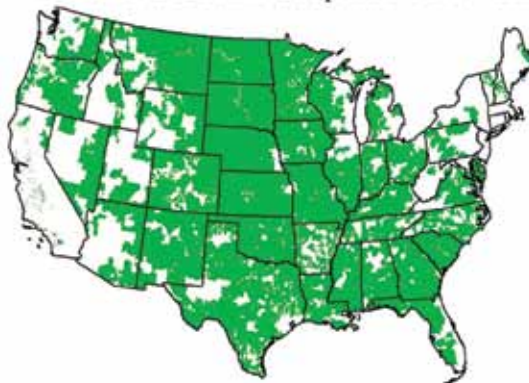
On May 11, 1935, Franklin Roosevelt signed Executive Order No. 7037 establishing the REA and a year later that the Rural Electrification Act was passed. In an August 11, 1938, speech, Roosevelt spoke at the dedication of Lamar Electric Membership Corporation, one of the nation's first rural electric cooperatives.

"Fourteen years ago, a Democratic Yankee came to a (Georgia) in search of a pool of warm water wherein he might swim his way back to health. The place, Warm Springs, was a rather dilapidated, small summer resort. His new neighbors made him feel so much at home that he bought himself a farm and has been coming back ever since. There was only one discordant note in that first stay of mine at Warm Springs. When the bill came for electric light for my little cottage, I found that the charge was 18 cents a kilowatt-hour, about four times as much as I paid in Hyde Park, New York. That

started my long study of proper public utility charges for electric current and the whole subject of getting electricity into farm homes."

Today more than 99 percent of the nation's farms have electric service. Nationwide electrification is considered by engineers to be the greatest accomplishment of the twentieth century. Most rural electrification is the product of locally owned rural electric cooperatives, like Poudre Valley REA, that own and maintain 2.5 million miles, or 42%, of the nation's electric distribution lines, covering three quarters of the nation's landmass. Electric cooperatives typically have an average of 7 customers per mile compared to 35 for investor-owned utilities (IOU) and 47 for municipal-owned utilities. Revenue per mile of line for a typical IOU is \$62,665, municipals, \$86,302 and for co-ops, \$10,565. (Winner: Debi Arone)

America's Electric Cooperative Network



As you can see, it is a challenge to bring reliable affordable power to the countryside. But it is a task we in America's electric cooperatives accept gladly. It is the duty of your democratically-elected Board of Directors to balance the cost of our far-flung facilities with the need to keep rates low and reliability high. That, in the end, is what your co-op is all about.

When it comes to bringing you reliable power, we go the extra mile

In every corner of our 2,000 square mile service territory, from suburban neighborhoods to distant ranches and even to thriving businesses like Vestas, Owens-Illinois and Wal-Mart, Poudre Valley REA delivers the electricity that powers Northern Colorado.

So, whether you're building your dream home or a new manufacturing plant there is one thing you can count on.

We'll be there when you need us.

