

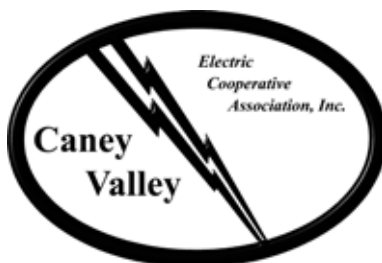
October 2006

A Communication  
Service To Our Members

**OICE**

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In case of an outage, please call 1-800-310-8911



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# From the Manager's Desk... The Effect of Summer Peak

## How Summer Peak Affects Your Power Cost

This summer's hot weather played a big role in setting a high demand for electricity. The highest demand came on July 19 at 6 p.m. and registered 14,574 kW. The effect on the eight-month off-peak electric rate charges from our wholesale power supplier can be seen on the accompanying comparison.

The eight months affected are October through May. For these months, the demand charges are based upon 70% of the summer peak, or 10,201 KW (14,574 KW x 70%).

The excess demand is the amount above the base demand of 4,618 KW, which comes to 5,583 KW for the coming off-peak

	2003	2004	2005	2006
<b>Excess Demand</b>	4,943 kW	3,916 kW	4,800 kW	5,583 kW
<b>Rate per kW</b>	X \$ 9	X \$ 9	X \$ 9	X \$ 9
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	\$ 44,487	\$ 35,244	\$ 43,200	\$ 50,247
	X 8 months	X 8 months	X 8 months	X 8 months
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	\$355,896	\$281,952	\$345,600	\$401,976
<b>Effect on the monthly wholesale power cost</b>	1.03¢ / kWh	.82¢ / kWh	1¢ / kWh	1.17¢ / kWh

Assuming \$4.3 million kWh's purchased per month.

months (10,201 KW – 4,618 KW).

We want to thank you for doing your part in monitoring when you used your larger electrical appliances and equipment. Your controlling helped to keep the peak demand from being much higher, which

would have raised costs even more.

We recognize that the concept of this electric rate application may not be too clear, so please feel free to contact me and I will be glad to discuss it with you.

*Allen A. Zadorozny, Manager*

## Outages for August 2006

Occasionally, a part or parts of the delivery system fail and an outage occurs. The following is a summary of the larger outages and their causes that occurred in August:

Date	Area	Consumers Affected	Duration	Cause
8/10	Sedan	1589	30 min	Broken x-arm - 69KV transmission
8/26	Chautauqua, Peru, Niotaze	281	4 hr 30 min	Poles down & trees in line
8/26	East of Cedar Vale	30	1 hr	Breaker out
8/26	Hewins	25	2 hrs	Tree in line
8/27	Chautauqua, Peru, Niotaze	845	2 hr 30 min	Two phases wrapped up-transmission
8/27	Havana	100	30 min	Lightning
8/27	Grenola, Howard, Piedmont	417	1 hr 15 min	Westar off
8/28	Grenola	139	1 hr	Phase out at sub

## KFB Names Farm Families of the Year

The annual award program to recognize outstanding farm families across Kansas has been completed. Families were formally recognized at the Kansas State Fair Recognition Luncheon on September 15, and will also be recognized at the Kansas Farm Bureau (KFB) annual meeting in November.

Congratulations to our members Phillip and Anita Clubine of Havana! They were selected winners in District 3 of KFB.

# What is the Power Cost Adjustment?

We have had many inquiries lately as to the high Power Cost Adjustments (PCA) this summer. Although we have included numerous articles in our center-spreads in the past few years, we wanted to go over the reasons the PCA has been so high recently.

Costs for fuels which are used in traditional electric generation plants, natural gas and coal, went up rapidly to unprecedented heights. This summer, low-cost hydropower has been very limited due to the widespread drought conditions across the country. There were also some coal plants that were down for a couple months. These issues forced our wholesale power supplier to go on the open market to obtain higher cost power. These costs are so great and ongoing to the point that we, along with other electric cooperatives, cannot pay for them through normal revenues and operating procedures. Thus they are passed through to you, our members, through the PCA on your monthly bill.

The PCA was started in April, 2002, after our wholesale power supplier increased the electric

## Power Cost Adjustment October 2006

The Power Cost Adjustment (PCA) for October is \$.02473. This calculates to an additional \$24.73 per 1,000 kilowatt-hours used.

rates charged to this cooperative. The PCA is basically any amount charged to us which is above 5¢ per kWh. For example, if we are charged 6.5¢ per kWh on our wholesale power bill, then we pass on 1.5¢ per kWh to all of our consumers. The PCA factor is different every month, and is charged on the kilowatt-hours you used or turned in the previous month, so there can be large fluctuations in the amount.

The power costs for June through September this year ranged from \$16.80 - \$25.43 per 1,000 kilowatt-hours used, compared to \$7.74 - \$19.31 for the same period last year.

We know you are all feeling the effects of the PCA on your monthly bill. Rest assured that our power supplier is doing everything feasible to keep power costs as low as possible for all of us.

## Operating Statistics for July 2006

For Month Ending:	July 2005	July 2006
Customers Billed	5,241	5,314
Kilowatt Hours Sold	4,613,287	4,998,470
Total Revenue	\$ 589,222	\$ 622,698
Purchased Power	\$ 419,165	\$ 493,223
Operating Expenses	\$ 161,252	\$ 150,611
Depreciation Expenses	\$ 41,693	\$ 42,786
Interest Expenses	\$ 32,409	\$ 38,075
Other Expenses	\$ 1,100	\$ 1,633
Operating Margins	\$ (66,397)	\$(103,630)
Non-Operating Margins	\$ 2,541	\$ 3,376
Total Margins	\$ (63,856)	\$(100,254)
Margins Year-to-Date	\$ (4,023)	\$ (63,872)

# Clear The Area Around Your Meter

It would be very helpful to our meter reader or line crews if all of our members would keep the area around their electric meter clear from debris, tall grass or weeds, trees or bushes. There are some instances where there is so much debris that we are unable to get an accurate reading, or even get a reading at all.

Our regulations provide that the member shall give the duly authorized agents and employees of the cooperative full and free access to the member's premises for the purpose of reading meters.

We, therefore, would respectfully request that members please trim around the area, or remove any debris that has piled up around their meter, to give us easier access to read the meter.

If you have any questions, feel free to contact our office. Thank you very much for your assistance.

## Remember to Change Your Clocks October 29<sup>th</sup>

- Fall back an hour on October 29<sup>th</sup>.
- Change the batteries in all your smoke detectors.
- Have a professional check your fire extinguishers.

