

# iNtouch



WITH MEMBERS OF PRAIRIE ENERGY COOPERATIVE

A Touchstone Energy® Cooperative 

## Frequently Asked Questions Associated with a Price Adjustment

### 1. What is an Energy Cost Adjustment (ECA)?

The ECA on each member's electric bill is dependent upon how much Prairie Energy's wholesale power provider has to pay for generation costs. Since 2007 the price of natural gas, oil and coal used to generate electricity for Prairie Energy's members has skyrocketed, along with all other fuels in the marketplace. Other rising costs that impact our cost adjustment are the higher cost of transporting coal from mine to the generating plant and the cost of meeting environmental regulations relating to the power plant emissions.

### 2. What is Prairie Energy's history on the ECA?

The cost adjustment clause has been in effect since 2004. The ECA was used to "adjust" rates charged to members when the price of wholesale power spiked or fell over time. Prairie Energy shows it as an Energy Cost Adjustment on the monthly bills.

### 3. How long will the ECA last?

We are not able to project how long the ECA will be necessary or how much it will be.

### 4. How much will this new ECA cost me?

Beginning with the billing on January 1, 2012, Prairie Energy will add approximately \$.006 or a little over half a cent per kilowatt-hour to every member's bill. A member who uses 1,000 kilowatt-hours of electricity will pay approximately an additional \$6.00 per month. The

ECA appears as a separate line item on each month's bill.

### 5. Why didn't Prairie Energy let us know about this increase earlier?

It is Prairie Energy's goal to pass pricing information on to our member-consumers in a timely manner. Typically, a planned increase allows time to tell member-consumers when a price adjustment can be expected. Unplanned increases due to factors such as rising fuel prices; unexpected, increased purchased power costs; inflation pressures; increased demand during peak generation periods; and power interruptions due to repairing and rebuilding lines due to storm damage, often give us less time to communicate about pricing adjustments. Prairie Energy strives to give member-consumers as much notice as possible through a variety of methods. This may include newsletter articles, bill stuffers, news releases, etc.

### 6. How does Prairie Energy's reliability compare with other utilities?

Prairie Energy's reliability is competitive with other utilities serving this area.

### 7. What is Prairie Energy doing to hold down costs?

Prairie Energy strives to operate efficiently while sticking to our mission of providing electric energy that is safe, reliable, affordable and environmentally responsible. We're always looking for ways to manage costs, which may include partnerships, energy efficiency programs, etc.

We've minimized increases by managing costs and implementing a number of cost-saving measures and

strategic planning efforts.

### 8. Did Prairie Energy consider a merger, consolidation or sharing agreement?

Prairie Energy is a result of a consolidation between Wright County REC and Hancock County REC in July 2000. On an ongoing basis, Prairie Energy looks for potential opportunities to share costs with other partners. We focus on partnerships that are mutually beneficial to all parties involved. Prairie Energy must ensure we maintain our financial stability to meet member-consumers' needs today and in the future. We currently share a couple of employees with neighboring cooperatives.

### 9. When can we expect the next rate increase?

We haven't had a rate increase in 4 years. Lots of things come into play that can affect rates. Many are unplanned and can be tied to rising costs for coal, natural gas, storm damage, regulatory issues, etc. We do our best to minimize the impacts of these issues by being proactive in our planning, offering education and training on energy efficiency programs and focusing on maintaining the reliability, quality and integrity of our systems.

### 10. What are some ways I can manage my bill?

Prairie Energy offers a number of options to help you manage your power bill. Some of those services include automatic payment options, budget billing, energy audits and energy efficiency programs.

**CFLs**  
on sale now  
for a limited time

**Save now on CFL bulbs.  
Save later on your electric bill.**

**Facts about CFLs**

- Lasts up to 10 times longer than incandescents
- Uses up to 75 percent less energy
- Available in all shapes and sizes
- Use less watts; provides same light output (lumens)

**Bebright**

Stock up today! Hurry—Supply is limited.

No rain checks. Limit 12 CFLs per customer. While supplies last.



For more information or a complete list of participating retailers,  
visit [lowachangealight.com](http://lowachangealight.com) or call 800.339.6856.

## A matter of PRINCIPLES

So where did the bright idea for co-ops come from? It's a matter of principles (seven, to be exact). The modern movement traces its roots to a store started by weavers in the town of Rochdale (pronounced Rotch-dale) in northern England in 1844. The group was guided by a set of principles drawn up by one of its members, Charles Howarth. When introduced into the U.S. by the National Grange in 1874, these "Rochdale Principles" fueled a cooperative explosion.

Although stated in many ways, the Rochdale Principles require that a cooperative must be open for anyone to join. Every member retains one voice, one vote. Electric co-ops hold member business meetings annually, allowing members to elect fellow consumers to guide the co-op and have a say in how their utility is run.

Learn more about cooperatives and the principles that define them at [www.go.coop](http://www.go.coop).

### Learn About Co-ops

## Electric Cooperatives Build a Better World

Member-owned electric co-ops transformed the landscape of rural America, delivering safe, reliable, and affordable electricity for 75 years. [www.nreca.org](http://www.nreca.org)



### DID YOU KNOW?

- Electric co-op lines cover 75 percent of the U.S. landmass.
- Serve 42 million people in 47 states.
- Electric co-ops have retired \$9.5 billion to members (capital credits) since 1990.

### CONCERN FOR COMMUNITY:

Every June, more than 1,500 high school juniors take part in an educational trip to Washington, D.C. during the Rural Electric Youth Tour.

**Cooperative Enterprises  
Build a Better World**

*A message from America's Electric Cooperatives*

## RECare consumer CONTRIBUTION Plan

YOUR RURAL ELECTRIC CO-OP has always extended a helping hand to those needing it. In response to actions by the Iowa General Assembly, your REC has established RECare, a program of members helping members.

RECare will provide funds to be distributed by local community action agencies to help pay winter heating bills and to assist in weatherization of homes of low-income consumers. You may make a one-time contribution or a monthly pledge that will be automatically added onto your monthly electric bill. Even a dollar a month pledge will help others.

### RECare Authorization Form

- I will contribute \$\_\_\_\_\_ per month. I understand this amount will be automatically added to my monthly electric bill.
- I will make a one-time contribution of \$\_\_\_\_\_ to RECare. My check is enclosed.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Account Number \_\_\_\_\_

**Return to your local Touchstone Energy® Cooperative**



# New generation to increase wholesale power costs

The cost of electric power from Corn Belt Power Cooperative, wholesale power supplier to your local electric cooperative, will increase in December 2011, due primarily to the cost of adding new generating facilities.

A Class A member of Basin Electric Power Cooperative, Bismarck, North Dakota, since 2009, Corn Belt Power purchases all of its power supply from Basin Electric **with the exception of its hydropower allocation**. Due to projected load growth, the North Dakota cooperative has added or is in the process of building three major new generation units along with two new wind generation projects.

Generation costs that Corn Belt Power pays will increase 11 percent in October 2011, which will result in an increase in the overall energy cost Corn Belt Power charges its distribution cooperatives beginning in December 2011.

The cost to build new generation has increased dramatically in the last few years. A plant jointly owned by Corn Belt Power that came on line in 2007 cost \$1,500 per kilowatt to build. In contrast, a plant under construction today that will come on line next year will cost \$3,500 per kilowatt to build, a 133 percent increase.

## Corn Belt

Power continues to project the need for additional generation in the future; however, the down economy has slowed the rate of growth at this time.

Although new generation is more expensive than sources built in previous years, the new supplies will positively position your electric cooperative to meet its members' power needs well into the future. Corn Belt Power foresees its rates stabilizing in approximately two years as demand grows to meet the increased supply of new generation.

## What we're doing to help

In the meantime, Corn Belt Power and its member cooperatives are doing several things to help deal with increasing costs. Corn Belt Power delayed implementing the increase from October to December 2011 by cutting costs and redistributing resources.

Additionally, Corn Belt Power will soon offer load management programs that encourage co-op members to delay use of appliances to off-peak times. Reducing electric use during times of peak use saves on the power bill that comes from Basin Electric and can reduce overall rates charged to members.

To help individual members lower the bills they receive, Corn Belt Power and its member co-ops offer many energy-efficiency programs. Members can save in two ways – with rebates for installing efficient appliances and other energy-saving measures, and with savings realized on their monthly bills when the amount of power used is reduced. Visit your electric



Dry Fork Station, a coal-based electric generation power plant owned by Basin Electric Power Cooperative and the Wyoming Municipal Power Agency, came online in August 2011. Located six miles north of Gillette, WY, the \$1.35-billion Dry Fork Station is Wyoming's newest coal-based plant. The new plant helps Basin Electric meet the power needs of its 135 member cooperatives.

co-op's website listed below to learn more about how to start saving today:

[www.butlerrec.coop](http://www.butlerrec.coop)

[www.franklinrec.coop](http://www.franklinrec.coop)

[www.grundycountynecia.com](http://www.grundycountynecia.com)

[www.humboldtrec.coop](http://www.humboldtrec.coop)

[www.pariieenergy.coop](http://www.pariieenergy.coop)

## Cooperative difference

Your electric cooperative is different from all other types of electric utilities in Iowa. As a cooperative, we are a not-for-profit organization. We take in the money needed only to operate the cooperative and have no stockholders who would benefit from an energy cost adjustment. Your electric cooperative is owned by members like you who elect directors to serve on the board and make decisions that are in the best interest of those who own the cooperative.

Your electric cooperative and its power suppliers continue to actively plan to make sure a reasonably priced and reliable supply of power will be available well into the future. Corn Belt Power and your electric cooperative's membership in Basin Electric offers financial stability by reducing risk and buffering market price volatility. This partnership positions us to meet long-term needs of our members at the end of the line.

## New generation increases rates



Preparing for Future Power Needs

## Basin Electric:

- ➔ Dry Fork Station, 385 MW, coal, Gillette, WY
- ➔ Culbertson Station, 95 MW, natural gas, Culbertson, MT
- ➔ Deer Creek Station, 300 MW, combined cycle natural gas, Elkton, SD
- ➔ Prairiewinds SD, 151.5MW, wind
- ➔ Baldwin ND, 100MW, wind

## Cost of new plants:

➔ 2007 : \$1,500 per kw

➔ 2011 : \$3,500 per kw

## Seal cracks to save energy, money



Adding weather stripping or caulk around a leaky door or window can lower energy bills by keeping your heating system from working too hard to compensate for air leaving your home.

Finding and sealing air leaks can save you energy and money. Here's a tip from Prairie Energy Cooperative that can help keep your home cooler in summer and warmer in winter while lowering your utility bills.

Caulking cracks and openings can save you \$212 a year. Find cracks by waiting for a windy day and then carefully holding a lit incense stick or a smoke pen next to your windows, doors, electrical outlets, and other spots where outside air may infiltrate. If the smoke stream moves horizontally, you've found a leak that needs to be sealed.

Experts recommend using water-proof, flexible, and long-lasting silicone caulk to seal cracks and gaps that are less than one-quarter-inch wide. Remove any old caulk and clean the surface before applying new caulk.

Fresh caulk takes several hours, or longer, to dry, so it's best to do the job on a dry day when humidity is relatively low and the temperature is above 45 degrees F. In addition to caulk, you can use low-expansion spray foam to seal leaks.

For other tips on how to save energy and money or to request an energy audit, visit our web site at [www.prairieenergy.coop](http://www.prairieenergy.coop) or call our efficiency experts, Greg Anderson, member service manager, 800-728-0013 or Don Kammrad, member service representative, 888-225-8707.



## Congratulations

Duane King of Stratford, was the winner of a \$50 Hy-Vee gift card. Duane won the gift card for suggesting the favorite name of "Electra" in our "Name the Cow" contest.

The contest was in honor of the Iowa State Butter Cow. Prairie Energy as part of Touchstone Energy, sponsored one of the 32x32-inch miniature cows scattered throughout the fairgrounds.

## Learn About Co-ops

### It's a Matter of PRINCIPLE

#### The Rochdale Principles

Co-ops deliver electricity, sell produce, provide loans, and arrange for housing, health care, and more. But despite these differences, they all have one thing in common—seven cooperative principles:

- Voluntary and Open Membership
- Democratic Member Control
- Members' Economic Participation
- Autonomy and Independence
- Education, Training, Information
- Cooperation Among Cooperatives
- Concern for Community

Learn more at [www.go.coop](http://www.go.coop).

### Cooperative Enterprises Build a Better World

A message from America's Electric Cooperatives



## Correction

In last month's newsletter, the names of the two linemen who assisted East Central Iowa REC with the storm damage was switched. The caption should have read "Tanner Riedesel, in the white, lineman and Nick Dennler, right, apprentice lineman assisted East Central Iowa REC with the storm damage."