



A Touchstone Energy® Cooperative 

1511 14,000 Rd, P.O. Box 368, Altamont, KS 67330  
866-784-5500  
www.twinvalleyelectric.coop

## TWIN VALLEY ELECTRIC CO-OP

# NEWS

### Twin Valley Electric Co-op, Inc.

Ron Holsteen CEO

#### Board of Directors

**Daniel Peterson**  
President

**Bryan Coover**  
Vice President

**Dareld Nelson**  
Treasurer

**Bryan Hucke**  
Secretary

**Rodney Baker**  
Trustee

**Tom Ellison**  
Trustee

**Larry Hubbell**  
Trustee

**Diane McCartney**  
Trustee

**Jason Zwahlen**  
Trustee

**Office Hours**  
Monday-Friday  
8 a.m. to 4:30 p.m.

**Contact Us**  
1511 14,000 Rd, P.O. Box 368  
Altamont, KS 67330  
866-784-5500  
www.twinvalleyelectric.coop

### Food Bank Round-up

In 2015, Twin Valley members raised \$1442.83 through the Kansas Food Bank Round-up initiative.

#### FROM THE MANAGER

## Board to Vote on Rate Adjustments



Ron Holsteen

At their March Board Meeting, the Board of Directors will discuss and vote upon changing its Power Cost Adjustment tariff to account for updated power

costs and to add a Formula Rate Plan rider to permit revenues to be stabilized at desired levels. This meeting is open to the membership

and will be held at 6 p.m. on Monday, March 28, 2016, at the co-op's office at 1511 14,000 Road, Altamont.

If you are unable to attend and have questions, you may call the office at 866-784-5500 or send written comments to Twin Valley Electric Co-op, Inc., P.O. Box 368, Altamont, KS 67330-0368.

Members have the right under K.S.A. 66-104d(g) to request Kansas Corporation Commission review of any rate change.

## Learn More About the Formula Rate Plan

In today's changing world, many utilities have adopted an alternative approach to ratemaking intended to align the utilities' financial interests with the delivery of cost-effective energy efficiency programs and at the same time avoid over-under collecting of the required revenue to operate the company.

Twin Valley Electric will join utilities across the U.S. in adopting a program called a Formula Rate Plan (FRP) that will stabilize rates and provide the least cost electric power for its members in the future. In this process, there will undoubtedly be questions regarding the FRP and how it might be different from Twin Valley's present method. Let's,

examine a few of these questions you may have.

#### What is the FRP?

The FRP is a method that helps recover the co-op's fixed cost. Utilities collect revenues based on the pre-determined financial targets. Therefore, revenues may either go up or down depending upon the co-op's past financial performance.

The result is that the co-op's revenues should more closely track its projected revenue requirements, and should not be affected by changes in energy sales. Twin Valley and its members will be protected if their sales decline because of increases in

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## Twin Valley Capital Credit Returned Checks by Mail

Allen, W E  
Ashcraft, Lonnie  
Benning, Wilma  
C&L Farms,  
Campbell, Kenneth A  
Conquest Oil Company,  
Cosby, John  
Cramer, Mark  
Cunningham, Bob  
Cunningham, Clifford  
Dannels, Eugene  
Douglas, Kevin  
Emert, Phil

Fink, Michael  
Fowler, Jeff  
Garrison, Gaylen  
Gearhiser, Clara  
Gilpin, John  
Gulick, Marjorie  
Hastings, Katrina  
Hellwig Jr, Phil  
Henry III, Bunyan  
Hughes, Terry  
Imperial Inc.,  
Karhoff, Alma  
Kaycee Oil Company,

King, Gary  
Kirby, Tom  
Lawellin, Charles  
Lewis, Donna  
Merry, Dena  
Montana Hog Farm,  
Pride, Michael B  
Nehrbass, Robin  
Melching, John C  
Racy, Norman  
Ralston, Wesley  
Rea, Joan  
Roller, Louis

Spooner, Susie  
Stigenwalt, Earl N  
Strickland, Charles  
Tanner, Dale  
Terril, Walter E  
Thomas, Tracey L  
Thomas, Wayne  
Traxson, Lovell L  
Whitt Jr, James S  
Williams, Darryl N  
Willis, Marion  
Wimp, Raymond

### Learn More About the Formula Rate Plan

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efficiency, conservation, or other declines in sales.

#### How does the FRP work?

The FRP begins with the same method that the co-op currently uses to evaluate rates. The co-op will consider various financial criteria in evaluating the adequacy of its rates. If Twin Valley exceeds their target above a certain level as a result of weather or other events, it will then return the excess to its members during the next year. Likewise, if their earnings are below its target by a certain level, then rates will be increased. If Twin Valley's financial performance is within a given reasonable range, there will be no adjustments in rates for that year.

Under traditional methods, rates are typically not changed until earnings reach critically low levels, and due to the expense of changing rates. The FRP may provide more frequent increases and decreases but they should be smaller. Over time, this method should lead to rates that are lower than those under the traditional method. Additionally, the FRP should help promote alternative programs like efficiency gains and conservation more than the traditional method of rate making.

#### How is the FRP different?

The FRP does not change the traditional rate procedure but adds an automatic "true-up" mechanism that adjusts rates annually based upon the over-or under recovery of target margins. As in the traditional rate procedure, a rate is set by determining the revenue requirement and dividing it by expected sales. It should also be noted that Twin Valley's Board of Directors has the ultimate say in any change of rates for the co-op.

The FRP should stabilize the co-op's revenue stream.

If sales increase causing the co-op to exceed the target, rates decrease in the next period, and likewise if sales decrease below a minimum level, rates would increase to compensate.

Under the FRP, any over/under recovery is handled through a separate energy Rider to avoid the expense and time associated with redesigning rates.

Will the FRP raise customer bills? The rider used with the FRP can increase or decrease collected revenues; hence, rates may go up or down, but changes should be minimal. One objective of the FRP is that it stabilizes rates so that rates do not have large swings. In this way the method produces the minimum amount of revenue to operate the co-op.

#### Will rates go up for members who implement energy efficiency?

No. In fact, because they are consuming less, these members' bills will go down.

#### Will the FRP result in rampant rate instability?

No. The co-op's members may already see significantly greater rate variability through surcharges for fuel and purchased power. In theory, FRP adjusts rates to more closely maintain the underlying relationship between prices and revenue requirements over time; hence, they should produce more stable rates.

#### Does decoupling transfer risk from the utilities to customers?

No. In fact, both the members' risk and co-op's risks are minimized. Being a member of a co-op is special—the members have an equity share in their co-op that is unique in the electric power industry. The FRP protects the member's investment in its co-op and provides for the minimum revenue to operate the co-op.

## NOTES FROM OPERATIONS

# April Showers Bring May Flowers



William Worthy

As spring approaches southeast Kansas, temperatures are forecasted to be slightly below average. The chance of snow also appear to be lower than normal. I know the famous rodent of Gobbler's Knob has predicted an early spring, but I'm not going to trust Punxsutawney Phil when he's only been correct 36 percent of the time since 1969. Heck, he wasn't much bet-

ter before that averaging 39 percent. But, I digress. I'm not a meteorologist, and I will not pretend to be one in this column, but I did get this information from a very reliable source, *The Old Farmer's Almanac*. And believe me, I will trust that source more than a groundhog. In 30 years of being in the electric co-op world, spring generally brings one thing: storms. How else can we have May flowers if we don't have April showers?

What does this mean to your electric co-op? Thunderstorms, rain showers, hail and tornadoes—the first three are easily handled due to the dedication of Twin Valley's linemen and office support staff that work hard every day, and if needed, every night to keep the lights on. The threat of tornadoes brings a different set of challenges. With the devastation from our neighbors in Joplin, MO, in 2011, Baxter Springs, in 2014, and the numerous tornados that ravaged Oklahoma still fresh in our minds, we are all well aware of the destruction that Mother Nature can bring. If this happens to us, Twin Valley has support that can be called in from around the state to

assist in restoring power. Just remember, repairs are made to our distribution system that will affect the most members and then the individuals who may have localized damage will be restored next. Safety of our linemen takes precedence over everything we do, and we do not place any member above another when restoring power. We are also subject to federal guidelines and directives from agencies such as the Occupational Safety and Health Association that govern how long our employees can work.

Also, if you and your neighbors are without power and have damage to your home or property, the men and women of Twin Valley probably have the same at their homes. Once our employees know their families are safe, they will be out working hard to get your lights back on. I am very proud of the dedication I've seen from all of the Twin Valley linemen and office personnel when it comes to taking care of our membership.

On a public safety note, any downed line or wire should be considered energized until checked by a co-op lineman. Stay a minimum of 35-feet away from any downed lines due to the possibility of step-voltage. Step-voltage occurs when the voltage ripples out as it gets further away from the source creating two different potentials. The two potentials can cause a variance in the voltage that can be deadly. Please discourage anyone from attempting to handle or move a downed line. Again, wait for the professionals.

As always, I welcome any comment, question or idea concerning this column and I can be reached at [wworthy@twinvalleyelectric.coop](mailto:wworthy@twinvalleyelectric.coop).

## Lavender Landscapes Offers Co-op Connections Discount

Lavender Landscapes Nursery & Gift Shop is owned and operated by **ROGER & CYNDA LAVENDER**. The nursery offers perennials, annuals, trees, shrubs and yard decor. Inside you will find a gift shop that offer's seasonal gifts, candles, wreaths and home decor.

If you have a yard or business in need of landscaping, Roger and Cynda would be more than happy to turn your yard into a beautiful garden. Lavender's does custom landscaping to your desire and can do anything from planting a tree to transforming your yard.

Roger and Cynda are members of Twin Valley Electric and live outside of Altamont.

With any \$75.00 purchase receive a 5 ounce McCall candle for free (\$12.00 value).

### Location

14076 HWY 59, Altamont, KS, 67330  
½ mile North of the 160 Hwy & 59 Junction or 10 miles South of Parsons

### Hours

Wednesday-Saturday 10 a.m. to 6 p.m. and Sunday 1 to 5 p.m.

At Lavender Landscapes Nursery & Gift shop "together we'll grow."



# Join Us April 7 for Twin Valley's Annual Meeting

Twin Valley has started planning for our Annual Meeting which will be held on Thursday evening, April 7, at the Labette County High School Auditorium in Altamont. Twin Valley is governed by a Board of Directors and each year three Directors positions become open after their three-year term has expired. Twin Valley's bylaws state that one director shall be elected from each district each year for a term of three years as terms of office expire or until successors shall have been elected and qualified.

Those Directors whose terms are expiring this year are: **BRYAN HUCKE**, District 1; **DAN PETERSON** and **DIANE MCCARTNEY** (complete two-year term of open seat), District 2; and **LARRY "DAVID" HUBBELL**, District 3.

The bylaws require the Board to appoint a nominating committee not less than 30 days nor more than 90 days before the Annual Meeting. The committee shall consist of not less than five nor more than 13 members who shall be selected from different

areas of the co-op. No member of the Board may serve on this committee. The Board has appointed the following members to the nominating committee: **PAM BAKER**, Bartlett; **KEITH TUCKER**, Mound Valley; **JJ BEBB**, Mound Valley; **ROGER LAVENDER**, Altamont; **STEVE CRANOR**, Chetopa; **KEITH MARTIN**, Bartlett; **KYLE ZWAHLEN**, Edna; **MIKE FULTZ**, Mound Valley; **KEITH SHAFFER**, Altamont; **GARY HUCKE**, Parsons and **PERRY SORRELL**, Edna.

The nominating committee met at Twin Valley's office at 7 p.m. on Tuesday, February 9, at 7 p.m. The nominating committee prepared a list of nominations for director positions and those nominated are:

- ▶ **District 1 – BRYAN HUCKE**  
**QUINTIN SAYE**
- ▶ **District 2 – DAN PETERSON**
- ▶ **District 2 – DIANE MCCARTNEY**  
(complete two-year term of open seat)
- ▶ **District 3 – LARRY "DAVID" HUBBELL**

This list will be posted at the office of the co-op at least 20 days

before the meeting. The Secretary shall mail a statement of the number of Directors to be elected and the names and addresses of the candidates nominated by the committee at least 10 days before the date of the meeting.

Fifteen or more members acting together may make other nominations by petition. Any nominations made by petition shall be posted at the same place where the list of nominations made by the committee is posted. Nominations made by petition, which are received at least five days before the meeting, shall be included on the official ballot. Later nominations by petition shall be treated as nominations from the floor. In addition to those persons, nominations may be made from the floor at the annual meeting. No member may nominate more than one candidate.

If you have questions regarding the nominating and election process you can call the office at 866-784-5500.

## Rebate Qualification Changes

### *for Electric Water Heaters & Air Source Heat Pumps*

Twin Valley Electric offers rebates for the purchase and installation of electric water heaters, air source heat pumps, and ground source heat pumps. From time-to-time, Twin Valley adjusts the rebate efficiency qualifications in order to complement changes in efficiency standards established by the federal government or by Energy Star.

Effective April 16, 2016, the U.S. Department of Energy issued a new rule that increased the efficiency ratings for all types of water heaters: electric, natural gas, and propane. The efficiency rating for electric water heaters has been set at such an efficient level that Twin Valley will no longer require a minimum efficiency, or energy factor (EF) rating, to qualify for a rebate.

Therefore, all electric water heaters installed on or after April 16, 2016 shall not be required to have a minimum EF rating in order to be eligible for a rebate. The rebate amount shall remain the same, which is \$150 for a lifetime warranty electric water heater and

\$100 for a non-lifetime warranty electric water heater. On-demand (tankless) water heaters will continue to be ineligible for a rebate.

In addition, effective September 15, 2015, Energy Star increased the efficiency standard (SEER) for air source heat pumps. Energy Star is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy. To reflect the change in efficiency standards, effective April 16, 2016, Twin Valley will require air source heat pumps to be Energy Star certified and have a minimum SEER of 14.5 in order to receive a rebate in the amount of \$200 per ton. Air source heat pumps with a SEER of 16 will receive a rebate in the amount of \$300 per ton, and air source heat pumps with a SEER of 17 or greater will receive a rebate in the amount of \$400 per ton.

If you have any questions about the changes, please give us a call at 866-784-5500.