



LEAVENWORTH-JEFFERSON ELECTRIC COOPERATIVE

The Powerline

Leavenworth-Jefferson Electric Cooperative, Inc.

Board of Trustees

Bill Pohl
President

Mark Gratny
Vice President

Marty Shaw
Secretary

Ken Bailey
Treasurer

Harlan Hunt
Trustee

Larry Meadows
Trustee

Jeanine Murphy
Trustee

Ralph Phillips
Trustee

Larry Stevens
Trustee

Staff

Steve Foss
General Manager

Joe Heinen
Assistant Manager

Tom Mitchell
Manager of Operations

LJEC Upcoming Events

- ▶ **May 9—Mother's Day,**
LJEC would like to wish all mothers a happy Mother's Day.
- ▶ **May 31—Memorial Day,**
LJEC offices closed for holiday.
- ▶ **June 5—LJEC Member Appreciation Day in conjunction with the McLouth BBQ Blowout**

LJEC Board Approves Rate Changes

The LJEC Board of Trustees recently approved rate changes that were proposed by The Prime Group, a utility rate consultant.

This approval followed four public meetings throughout the LJEC territory to get member input on the proposed changes. New rates are effective May 1, 2010, and will be reflected on the bill you receive at the beginning of June.

The cost-of-service study that The Prime Group performed found that LJEC was not recovering its fixed costs at a rate needed to maintain the system, nor maintain equity levels at a rate satisfactory to the cooperative's lenders. That was due, in part, to the fact that some of the cooperative's fixed costs and margins were being recovered in the kilowatt-hour charge. Meaning that if we have a cool summer (as we have the last two years), the cooperative does not sell as much electricity and therefore isn't collecting enough for fixed costs.

In addition, since fixed costs and margins were being collected through the kilowatt-hour charge, our high-use customers have been subsidizing the fixed costs of our low-use customers through the kilowatt-hour charge. An increase in the monthly customer charge will rectify this issue and ensure that all members are paying their fair share of the cooperative's fixed costs and margins.

When fixed costs are collected through fixed charges and variable charges are collected through variable charges; that is what the industry calls "cost-based rates." Many utilities across the country

are moving to cost-based rates to ensure that fixed costs and margins are collected at a rate necessary to maintain the utility.

There are many benefits to cost-based rates:

- ▶ Purchased power becomes a straight pass through to the member with no margin
- ▶ All members pay their fair share of the utility's fixed costs and margins
- ▶ Fixed costs are recovered through fixed charges
- ▶ Variable costs are recovered through variable charges
- ▶ Recover margins through customer charge (at a rate required by our lenders)

Customer Charge

LJEC has had a customer charge of \$12 per month (single phase-residential) since LJEC's last rate change in 2005. That amount does not cover the fixed costs the cooperative incurs on a monthly basis.

Recommendations during the 2005 rate change included increasing the customer charge to \$20 per month (from \$6 per month). The board decided at that time to increase it to only \$12.

With the approved changes to the customer charge, fixed costs and margins per meter will be recovered through the monthly customer charge, ensuring all members are paying their fair share.

The cooperative has fallen behind on the costs it needs to collect for two main reasons. Wholesale power costs have

Continued on page 16-B ▶

LJEC Board Approves Rate Changes

Continued from page 16-A ▶

Approved Rates (Effective May 1, 2010)

Regular Rate, Single Phase General Service	Previous	Approved	
Monthly Customer Charge	\$12	\$27.10	
kWh Charge	11.36¢ in winter (9.9¢ kWh + 1.46¢ ECA) 11.86¢ in summer (10.4¢ kWh + 1.46¢ ECA)	10.81¢	
Average Monthly Bill, Regular Rate, Single Phase Service			
Kilowatt-hour Usage	Current	Approved	Change
100 kWh	\$23.53	\$37.91	61.1%
500 kWh	\$68.80	\$81.15	17.9%
750 kWh	\$98.45	\$108.18	9.9%
1000 kWh	\$127.27	\$135.20	6.2%
1250 kWh	\$156.09	\$162.23	3.9%
1500 kWh	\$184.90	\$189.25	2.3%
2000 kWh	\$242.54	\$243.30	0.3%
2500 kWh	\$300.17	\$297.35	-0.1%
Time Of Use Rate, Single Phase Service*			
Monthly Customer Charge		\$27.50	
kWh Charge Off Peak		\$0.0845	
kWh Charge Peak		\$0.1789	

*Time of use rate available in selected areas after summer 2010. Peak hours are from 3 p.m. to 8 p.m., Monday-Friday year round.

increased dramatically and material expenses have seen substantial increases as well.

Kilowatt-hour Charge Too High

As the customer charge has increased, the kilowatt-hour rate will decrease. This is due to the fact that neither fixed costs nor any margins will be collected through this charge.

Power charges become a straight pass through to the member with no margin included. Your cost for power is the cost LJEC is paying to our supplier, Kansas Electric Power Cooperative (KEPCo).

What do the Changes Mean for You?

If you are an average residential

LJEC customer, you are consuming an average of 1,250 kWh per month. Our average member should see an increase in their bill of approximately 3.9 percent.

If you are a lower than average, your increase will be higher. LJEC's higher than average users will see a smaller than average increase and could possibly see a decrease in their bill.

Again, this is due to the fact that our low-users were not paying their fair share of fixed costs and margins and were being subsidized by our high use members.

Comparison of Current Rates vs. Approved Rates

We have compared assorted usages at the current versus approved rates. To the left is the change in bills based on usage. This is a monthly average for single phase general service.

How Can You Lower Your Bill?

Beginning this summer, LJEC will offer two rate classes that when used properly could save residential customers upwards of 30 percent on their bill.

By offering these rates in conjunction with our rate changes, it encourages LJEC members to conserve energy, but doesn't affect the financial stability of the cooperative since we will now collect fixed costs and margins through the customer charge instead of the kilowatt-hour charge.

Time of Use Rate (you control load): This rate is designed to encourage members to curtail usage during the peak time of 3 p.m. to 8 p.m., Monday through Friday. The kilowatt-hour rate outside those hours is lower than our regular rate, while the kilowatt-hour rate during the peak is substantially

higher. Simply adjust consumption to outside peak hours and your bill may be reduced.

Load Management (LJEC controls load): Credits are available on your bill if you allow LJEC to control either your water heater, air conditioner or both. Your air conditioner would be cycled 15 minutes on, 15 minutes off during peak hours and you will receive a \$10 credit per month for June, July, and August.

Water heaters will also be controlled during peak hours and you will receive a \$5 credit per month, year round.

Single-Phase General Service

The information contained in this article references the single-phase general service rate (residential and small business customers).

Information regarding additional classes of service is available by calling LJEC Assistant Manager, Joe Heinen, at 888-796-6111.

Financial Outlook

With the approved changes to LJEC rates, the cooperative places itself in a much healthier and more stable position for the future.

Our goal is always to provide our members with safe, reliable and cost-effective electric service. If you have any questions about the approved rates, please feel free to contact the LJEC offices at 888-796-6111.

Financial Outlook	Current Revenue	Forecasted Revenue	Percent Change
Single Phase	\$11,933,288	\$12,878,427	7.90%
Single Phase Demand	\$10,245	\$10,894	6.30%
Three Phase	\$186,469	\$205,128	10.00%
Three Phase Demand	\$315,377	\$315,376	0.00%
Large Commercial	\$955,085	\$1,060,161	10.90%
Interruptible 3-Phase	\$19,034	\$19,049	0.10%
Street Lights	\$327,583	\$327,583	0.00%
Totals	\$13,747,081	\$14,816,603	7.80%

Employees of the Quarter

LJEC knows that it is important to recognize outstanding employees. Two awards are given each quarter, one for internal positions and one for field positions. A panel of judges evaluates employees' efforts to improve the image of LJEC, to increase safety for all employees



Gary Willits and Adam Hernandez display a certificate for the Employee of the Quarter recognition.

and to install pride in employees.

The honorees for this quarter are Gary Willits and Adam Hernandez.

GARY WILLITS is LJEC's Employee of the Quarter for inside employees.

Willits was hired April 16, 1991, as a digger truck operator and progressed through the apprentice lineman program, achieving the status of lineman. He later completed the Merchant Lineman Course and in 1997, undertook the responsibility for staking new services and line rebuilds.

One of his larger projects was the transmission line for the Stranger Substation located northeast of Tonganoxie. Currently, Willits is responsible for staking the 230 miles of lines being rebuilt with FEMA funds.

Willits has the expertise to work with members on line placements while keeping in mind the long term benefits of properly placed and constructed lines. His high level of integrity is evident in everything he does.

He has four children—Kelsey,

Taylor, Trevor and Thad, who attend Oskaloosa schools. His dedication to his children and their education is one reason he serves as a member of the Oskaloosa School Board.

ADAM HERNANDEZ is LJEC's Employee of the Quarter for field employees. He started at LJEC in February 2002 as a groundsman with the tree crew. He has worked his way on to the FEMA crew as Temporary Apprentice Lineman. He is currently completing the fourth year of the Merchant's Lineman's Course.

Hernandez has a great attitude and continually strives to become the best at what he does.

He and his wife, Kelli, have a daughter, Kennadi, and are expecting their second daughter in late June. In Adam's free time, he enjoys the outdoors—hunting, fishing and four-wheeling in his Jeep.

Congratulations to both Gary and Adam for this well-deserved recognition.

Brunner, Sayles & Woods Win Trips of a Lifetime!

LJEC has selected three youth to attend trips of a lifetime! **MEGAN WOODS**, a student at Tonganoxie High School will be headed to Washington, D.C., in June for the "Government in Action" Youth Tour. Attending Cooperative Youth Leadership Camp are **MICHAEL BRUNNER** from Pleasant Ridge High School and **DANIEL SAYLES** of Jefferson West High School who will head to Steamboat Springs, CO, in July.

Applicants for the youth trip compete in their knowledge of electric cooperatives as well as completing a personal interview with a panel of judges. The judges are past winners of a youth trip.

Megan will start her trip with a tour of the Kansas State Capitol and the Wolf Creek Power Plant. She then heads to Washington, D.C., visiting many of the historical sites, as well as meeting with elected officials on Capitol Hill. She will join over 1,500 other youth from around the country to learn more about the U.S. government and how it functions.

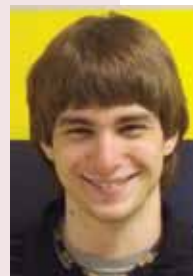
Daniel and Michael will join students from Kansas, Colorado, Oklahoma and Wyoming in Steamboat Springs, CO.

Campers work together to form a working "candy" cooperative, learn about cooperatives and participate in other leadership building activities. They will also visit Trapper Coal Mine and Craig Generation Plant, as well as sites around Steamboat Springs.

Congratulations to Megan, Michael and Daniel.



Megan Woods



Michael Brunner



Daniel Sayles



Energy Efficiency

Tip of the Month

During summer months when air conditioners work hardest, do energy-intensive tasks such as laundry and dish washing during off-peak energy demand hours, usually in the early morning or later evening.

Source: Alliance to Save Energy

LJEC Billing Date Changed to 10th Beginning in June

Starting in June, we will be printing your electric bills approximately one week later than we have in the past.

We have been sending out bills on approximately the 4th of each month based on estimated charges from our power supplier, Kansas Electric Power Cooperative (KEPCo). The actual costs from KEPCo are received in our office on the 9th day of each month.

Sometimes there has been a large difference between estimated costs and actual costs, so a correction had to be calculated into the following month's bill. By changing the billing date so that actual wholesale costs can be used to calculate bills, billings will become more consistent.

The due date for your bill will remain the 26th day of each month.

Please remember that LJEC offers several options to make bill payment easier. This includes bank drafts rendered on the 26th day of each month, credit card payments or payments through our e-bill system. If you sign up for e-bill, you will be notified by e-mail as soon as your billing statement is ready, which could be up to three days sooner than when you'll receive your paper bill in the mail.

LJEC Member Appreciation Day

in conjunction with the 19th Annual

McLouth BBQ Blowout

June 4-5 in McLouth's Prairie Park

Come and visit the LJEC tent on June 5 at McLouth BBQ Blowout and start the summer off right!

LJEC members are invited to attend the 19th Annual McLouth BBQ Blowout on June 4-5, 2010.

This is an event that attracts about 50 BBQ teams from around the Midwest and is considered the championship event for northeast Kansas.

LJEC will have a tent set up in the park. The first 500 members who present proof of membership in the form of a 2010 bill or i.d. will receive a free barbecue meal (served Saturday 11 a.m. to 1 p.m.) There will also be great door prizes awarded.

- ▶ Backyard BBQ contest for the non-professionals!
- ▶ Citywide garage sales
- ▶ Exotic petting zoo
- ▶ Firefighter demonstrations
- ▶ Kids rides
- ▶ Motorcycle show
- ▶ Pie bake off



FRIDAY, JUNE 4

- ▶ Exotic Petting Zoo with Camel and Pony Rides—6-9 p.m.

SATURDAY, JUNE 5

- ▶ 4-H Country Breakfast—7 a.m.-10 a.m.
- ▶ BBQ Blowout—9 a.m.-4 p.m.
- ▶ BBQ Judging—Noon-3 p.m.
- ▶ 4-H Pie Baking Contest (check-in)—9 a.m.-10 a.m.

- ▶ Pie & Ice Cream for Sale—11 a.m.-until sold out

- ▶ Firefighters Demonstrations—9 a.m.-2 p.m.

- ▶ Jayhawk Model Masters Remote Control Airplanes—9 a.m.-3 p.m.

- ▶ Special Air Shows—11 a.m. & 1 p.m.

- ▶ ABATE Motorcycle Show—9 a.m.-1 p.m.

Visit us online at www.mclouthbbq.com