

An Equal Opportunity Provider & Employer

A Touchstone Energy® Cooperative 

P.O. Box 278, WaKeeney, KS 67672
800-456-6720

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**WESTERN
COOPERATIVE
ELECTRIC**

**WESTERN COOPERATIVE ELECTRIC
NEWS**

**Western Cooperative
Electric, Inc.**

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Tip of the Month

Is your room air conditioner working overtime? Reduce air leaks by installing rigid foam panels (instead of the commonly used accordion panels) in between the window frame and unit, and secure with duct tape.

Capital Credits FAQ

How is Western different than other types of electric utilities?

Western Cooperative Electric is a co-op, owned by you, our members. Municipal utilities and public power districts are quasi-governmental units. Investor-owned utilities (IOU's) are owned by stockholders earning a return on their investment. Customers of IOU's are not owners.

How do members receive capital credit allocations?

Western is operated on a not-for-profit basis. Margins remaining after deducting operating expenses from utility revenue are allocated to members' capital credit accounts. One hundred percent of Western's equity is owned, or "allocated to," its member-owners. These allocations are referred to as "capital credits" or "patronage capital."

If Western is not-for-profit, why are there margins?

Your member-elected board of trustees approves the rates Western charges for electric service, which are cost-based. Included in cost is a reasonable margin. This margin enables Western to weather unexpected occurrences, like storms. Once the board deems that margins earned in a previous year, allocated to you as capital credits or patronage capital, are no longer needed as a cushion, they decide to pay those capital credits back to you in the form of a cash distribution, usually by check.

What is the difference between an allocation and a patronage retirement?

Allocated capital credits appear as an entry on the permanent financial records of Western and reflect your equity or ownership. When capital credits are retired, that means the board has decided to give that equity back to you, the members.

Will I receive a capital credit check every year?

Not necessarily. The board of trustees must authorize a retirement before you receive a check. When considering a retirement, the board analyzes the financial health of Western before paying out capital credits.

Traditionally, Western tries to pay capital credits on a 15-year basis. In other words, 15 years after the margin has been earned by Western, and your portion assigned to your individual equity account in Western, your member-elected board votes to pay that out to you in cash. There is not a guarantee on the 15-year rotation, however.

Why are capital credits not guaranteed to be rotated over 15 years?

Western has two divisions, the "native" division and the "former Aquila" division. Separate books are kept for each division. The former Aquila division did not generate margins to allocate until 2015, so the payment of capital credits in the form of

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Co-op Youth Attend Leadership Camp

ALAYNA ARNHOLD and **EMMA KLEIN** were selected to attend the 40th annual Cooperative Youth Leadership Camp (CYLC) in Steamboat Springs, Colorado. From July 16-22, Arnhold and Klein joined approximately 100 youth from Colorado, Kansas, Oklahoma and Wyoming for the week-long camp that combines education about the cooperative business model with traditional camp pastimes.

Arnhold and Klein were selected from a group of high school applicants during their junior year. To win this trip, students were asked to write a one-page essay, take a quiz, and appear before a group of judges for an interview. "Western Cooperative Electric is proud to be a participating sponsor of the CYLC and send our local youth to develop essential leadership and teamwork skills," said Darrin Lynch, general manager. "Through this trip, we hope local students will learn how our electric cooperatives work and how cooperatives and their employees support the communities they serve."

At CYLC, the campers participated in daily membership meetings where they established committees and elected a general manager and board of directors. Campers also had time to enjoy area activities including visits to Fish Creek Falls and Steamboat Springs, river rafting, watching a special presentation on avian bird protection, and participating in camp activities such as volleyball, swimming and a talent show. "I really enjoyed the avian protection program and appreciate the effort that cooperatives are making in helping to protect large birds," said Arnhold.

The youth learned about the workings of electric cooperatives through a variety of activities: Yampa Valley Electric's linemen led a high voltage safety demonstration, campers competed in building a model transmission line out of craft supplies, and they toured the Trapper Mine and Craig Power Plant.

At the end of the camp, participants elected

ambassadors from their group of peers who will return to camp next year as junior counselors. As ambassadors, the students will facilitate camp leadership activities and serve as role models for the incoming campers.

Overall, the campers said they left with a new sense of leadership and a basic understanding of how their local electric cooperatives operate and how they contribute to the betterment of the communities they serve. "I feel that I have improved my leadership skills, since attending this trip," said Klein.

For more information contact Western Cooperative Electric at 785-743-5561 or 800-456-6720 or visit our website at www.westerncoop.com.

Right: Alayna Arnhold and Emma Klein represented Western Cooperative Electric at the CYLC in July.

Below: Thirty-six students from Kansas joined students from three states at the camp.



Capital Credits FAQ

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cash from that division will likely not be forthcoming until 2030, provided your member-elected board continues the current practice of a 15-year capital credit rotation.

Why does Western keep members' margins for 15 years?

The 15-year time frame may change and is dependent upon several factors. For example, when Western undertakes a project that will have a useful life of several years, like rebuilding a section of electric line, it does so through a combination of cash from operations and from borrowings.

Creditors that Western will maintain a certain level of equity, or member ownership, that has not yet been returned to the owners in the form of cash. That equity is impacted by multiple factors. Among the factors are the pace with which new plant, like electric line, is built; the operating margins earned each year and accumulated year-to-year; and the return of those accumulated margins (cumulatively, equity), to you, the members, in the form of cash.

A return of the accumulated capi-

tal credits to you in the form of cash lowers Western's equity. Generally, the lower the equity, the higher the interest rate creditors will charge. Deciding what equity to return to the members in the form of cash is a balancing act that requires careful consideration of all the factors above. There is no right or wrong answer, and it mostly hinges upon the level of risk with which your board is comfortable accepting. The lower the equity, the higher the risk to Western that it might not be able to weather a storm or have access to borrow funds when needed, sometimes on an emergency basis.

Why does Western borrow funds?

Western does not keep 100 percent equity in the form of cash. Most equity has been invested in electric lines that serve you with reliable electricity. Because those electric lines will last for several years, Western will choose to build those lines using a combination of cash on hand and borrowings from creditors. The borrowings will be paid back over time to the creditors, which more properly aligns the cost of the facilities with the users of those facilities. If only the current users of the facilities were required to pay for them, the rates would need to be

much higher to generate the cash to build, or rebuild, them. That would be unfair to the current members as they would pay for 100 percent of something that will ordinarily last up to 30 years or more. If you were to move to another location outside of Western's electric service territory, it would have been unfair for you to have paid for 100 percent of what someone else will end up using.

What happens to the capital credits of a member that dies?

The capital credits of a deceased member are paid without waiting for a general retirement. However, these estate payments are not automatic. A representative of the estate must request the credits by completing a request for payment. If the membership is jointly held by a spouse, the estate will only be retired after both the member and spouse are deceased.

What happens if I leave the service area?

They remain on the books in your name until they are retired. You should ensure that Western has your current mailing address to assure receipt of a check if a patronage retirement is made.

Billing Updates with New AMI Meters

Your member-owned Western Cooperative Electric continues to transition from existing meters to a new technology, commonly referred to as "AMI". You may have already seen Western's crews in your area.

With the transition to the new meters, there could be a one-time adjustment to the number of days being billed. If the number of days billed is in excess of 35 and you would like to extend the time to pay that particular bill, up to four months, please call the office at 800-456-6720.

Depending upon the timing of the change to the new meter, there may be one additional "odd" month of less than 30 days. Some will return to the normal 30-day cycle immediately while some will experience a shorter month before returning to the normal 30-day cycle. See the bill excerpt example above to find the number of days being billed (in this case, it was 51).

PLEASE RETURN THIS PORTION WITH PAYMENT PAYABLE TO WESTERN COOPERATIVE ELECTRIC

| Base Account: | Customer Name: | Bill Date: |
|--|------------------------------|---------------------------|
| 01 | | 06-20-2016 |
| Meter Number | Beginning Meter Reading Date | Ending Meter Reading Date |
| 64915 | 04-26-2016 | 06-16-2016 |
| Reading | 0 | 66050 |
| Mult. | 25 | 1135 |
| Usage | 0 | 25 |
| Days Billed | 51 | 0.000 |
| Power Factor | | |
| 01 | | |
| If your bill is more than 35 DAYS call the office! | | |
| Last Bill Amount | 75.00 | |
| Payments | 75.00CR | |
| Previous Balance | | 0.00 |
| Customer Charge | 15.00 | |
| ECA | 1150.00 KWH @ .11293 | 131.00 |
| | 1150.00 KWH @ .010778- | 12.50CR |

For additional information on the "AMI" project, visit your Western Cooperative Electric website at www.westerncoop.com. Click on the "AMI" link on the far right side of the site. Please call 800-456-6720 with any questions.

Get to Know Your Western
Cooperative Electric Staff
Dalton Nuttle
Journeyman Lineman



Dalton Nuttle

TELL US ABOUT YOUR FAMILY.

I've been married to my wife, Emily, for five years this November. We had our first child, Blake, this February, and we also have an eight-year-old chocolate lab, Bear.

HOW LONG HAVE YOU WORKED AT WESTERN?

Six years

WHERE ARE YOU FROM ORIGINALLY?

Arnold

WHAT DO YOU LIKE TO DO IN YOUR SPARE TIME?

Spending time with family and traveling as much as possible.

WHAT ACCOMPLISHMENT ARE YOU MOST PROUD OF?

Being a dad.

WHAT HAS BEEN YOUR FAVORITE VACATION?

Going to Ireland with my family to visit my brother while he was stationed there.

WHAT IS YOUR FAVORITE MOVIE OR BOOK AND WHY?

Too many to mention, but one I always have to stop and watch is Cinderella Man. It shows that with hard work and determination you can achieve your dreams, even when it seems like everything is against you.

WHAT IS SOMETHING PEOPLE DON'T KNOW ABOUT YOU?

I enjoy any sort of museum. I also enjoy drawing, painting, art and history.

WHAT SPORT OR TEAM IS YOUR FAVORITE?

Kansas City Chiefs

WHO HAS INSPIRED YOU IN YOUR LIFE AND WHY?

My parents. They instilled in me the importance of family values and hard work.

Common Energy Myths Debunked

Eating carrots will greatly improve your eyesight, cracking your knuckles leads to arthritis, and watching too much TV will harm your vision. We've all heard the old wives' tales, but did you know there are also many misconceptions about home energy use? Don't be fooled by common energy myths.

Myth: The higher the thermostat setting, the faster the home will heat (or cool).

Many people think that walking into a chilly room and raising the thermostat to 85 degrees will heat the room more quickly. This is not true.

Thermostats direct a home's HVAC system to heat or cool to a certain temperature. Drastically adjusting the thermostat setting will not make a difference in how quickly you feel warmer. The same is true for cooling. The Department of Energy recommends setting your thermostat to 78 degrees during summer months, and 68 degrees during winter months.

Myth: Opening the oven door to check on a dish doesn't really waste energy.

While it can be tempting to check the progress of that dish you're cooking in the oven, opening the oven door does waste energy. Every time the oven door is opened, the tem-

perature inside is reduced by as much as 25 degrees, delaying the progress of your dish and, more importantly, costing you additional money. If you need to check the progress of a dish, try peeking through the glass window and using the oven light instead.

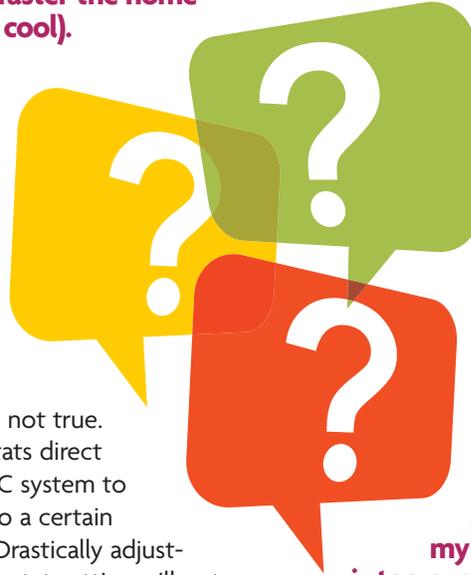
Myth: Ceiling fans keep your home cool while you're away.

Believe it or not, many people think this is true. Ceiling fans cool people, not rooms. Ceiling fans circulate room air but do not change the temperature. A running ceiling fan in an empty room is only adding to your electricity use. Remember to turn fans off when you're away and reduce your energy use.

Myth: Reducing my energy use is too expensive.

Many members believe that reducing energy use requires expensive up-front costs, like purchasing new, more efficient appliances or construction upgrades to an older home. But the truth is, consumers who make small changes to their energy efficiency habits, such as turning off lights when not in use, sealing air leaks and using a programmable thermostat, can see a reduction in energy consumption.

Remember, energy efficiency doesn't have to be difficult. Focus on small changes to save big.



Tip of the Month

Insulating your water heater tank could reduce standby heat losses by 25 to 45 percent and save you about 4 to 9 percent in water heating costs. Pre-cut jackets or blankets are available for around \$20. **Source: energy.gov**