

Big Skylights



An internal newsletter of the STATEWIDE ASSOCIATION OF MONTANA RURAL ELECTRIC COOPERATIVES

A report from your Chief Executive Officer Dave Wheelihan

June 14, 2007

Trust in honor of lineman short of goal

An education trust established in honor of the late **Wade Sukut**, a lineman at McCone Electric who died as a result of an electrocution accident last year, is about \$6,000 short of reaching its goal, according to **Larry Bruce**, a trust fund overseer, long-time friend of Mr. Sukut and office manager at McCone Electric. Mr. Bruce, who updated McCone Electric's membership on the trust at their annual meeting June 1, said about \$34,000 of the trust's \$40,000 goal has been raised thus far. He said the trust hopes to award two education scholarships annually. Scholarship applicants planning to attend apprenticeship line school will be given priority approval, he added, emphasizing that Mr. Sukut had been a strong proponent of higher education. Anyone wishing to donate to the trust fund may do so by sending contributions to the following address: Wade Sukut Charitable Education Trust, c/o McCone Electric, P.O. Box 368, Circle, MT 59215. All contributions are tax deductible.

Co-op hears update on Highwood plant

Plans for construction of the proposed Highwood Generating Station are still on track, **Scott Sweeney**, general manager at Fergus Electric Cooperative, told co-op members at their 70th annual meeting June 7. Despite a number of obstacles facing the plant, the co-op believes Southern Montana Electric Generation and Transmission Cooperative "will prevail" in overcoming them, he said. The proposed project consists of a coal-fired power plant and four wind turbines that will supply 250 megawatts and six megawatts of power respectively. Among the obstacles he listed were rezoning of the proposed location east of Great Falls, funding from RUS and capture of carbon dioxide emissions. On the positive side, however, he noted the station, which will take about 52 months to build, had received a green light through issuance earlier this year of the final Environmental Impact Statement and its air quality permit. Mr. Sweeney advised members to expect annual rate increases for the next several years as the co-op seeks to prepare for the transition from BPA hydropower to its higher-priced interim contract with PPL Montana prior to the Highwood station coming on line. In trustee elections at the annual meeting, the co-op re-elected trustee **Joe Pirrie** and elected **Steve Balster**, former co-op manager, to replace **Larry Descheemaeker**, who decided to retire from the board after 24 years of service.

Growth continues, power supply choices loom

The rate of growth in new meter connections at Ravalli County Electric declined about 33 percent in 2006 but still continued at a healthy 2.1 percent clip, General Manager **Ric Brown** told his members at their 70th annual meeting on June 9. A total of 218 new

services were connected last year and Mr. Brown said thus far in 2007 the number of new services appears to be edging toward an increase from 2006.

Mr. Brown focused much of his manager's report on power supply, noting that the co-op's current contract with Bonneville Power Administration will expire in 2011. He warned co-op members that a rate increase in 2011 is likely, saying he expects the new contract to be signed in late 2008 or early 2009. He also talked about the need for the co-op to look at

alternative power to meet load growth. Green power will be considered, he said, but firming or back-up power resources will be needed if the co-op decides to buy alternative renewable energy. He cautioned members about current policy issues that threaten to put more pressure on power supply costs, emphasizing that mandates to address these matters could easily further raise costs. In particular, he elaborated on the dangers of mandates to deal with global warming. Speaking about efforts at the co-op to control costs, members were informed that Ravalli County Electric was among the most cost-efficient electric co-ops in the nation in 2006. The co-op had 408 members for every one employee at the co-op, giving it the fifth best members-to-employee ratio in the United States and the best ratio in Montana.

In trustee elections at Ravalli Electric's annual meeting, **Stacey Bartlett** was re-elected and **Kevin Frost**, who had been recently appointed to fill an unexpired term, was elected. Neither of the candidates was opposed.

Oil load puts co-op on healthy financial track

"The financial condition of your co-op is better now than it has ever been in the history of Southeast Electric," board President **Herb Schell** told members at the annual meeting June 8 in Ekalaka. Manager **Jack Hamblin** noted in his report to members that there had been no residential rate increases since 2001. Mr. Hamblin credited the large commercial load from Encore, an oil production company, with increasing co-op power sales by 70 times between the years 2000 and 2006.

He also reported that Southeast ranked number one in Montana and number nine nationally among all cooperatives in performance on returning capital credits. "We're getting those dollars back to members," he said.

In trustee elections, incumbents **Francis (Mike) Kornemann** of Albion and **Charles Guyer** of Ekalaka were re-elected, and the board re-elected incumbents as officers: Mr. Schell, president; Mr. Guyer, vice president and **Karen Kreitel**, secretary/treasurer.

Co-op sees growth heading into 70th year of operation

There were 271 members that attended Lower Yellowstone REA's 69th annual meeting June 6. CEO/General Manager, **Donald Prevost** reported that, even though Lower Yellowstone is entering its 70th year of existence, the co-op's electric rates today are very reasonable when compared to costs of other products and services over this time period, also noting it has been 15 years since the last rate increase. **Allen Thiessen**, co-op president, reported on the growth the area has seen and other issues cooperatives deal with including increased concerns over global warming. I appreciated the opportunity to speak to the members, updating them on legislative issues affecting electric cooperatives. Trustees **John Redman** and **Dennis Schmierer** were unanimously re-elected.

Drought adder likely to force retail rate increase

Members of McCone Electric were told at their annual meeting June 1 that the lingering drought in the Midwest will likely force a 10 percent retail rate increase next year. Manager **Mike Kays** informed members that Western Area Power Administration's decision to impose a 25 percent wholesale rate increase as a "drought adder" to rates had made a retail rate hike unavoidable. He also said rising operating expenses had contributed to the situation, noting that McCone had last raised its retail rates in 1997. On a brighter note, Mr. Kays reported that McCone Electric had experienced a 4.5 percent increase in electricity sales as a result of the addition or expansion of several commercial operations and a 1 megawatt increase in customers' use of electric heat. The increase in electric heat was credited in large part to a promotional effort by **Jack Miles**, McCone Electric's member service advisor. In trustee elections, **Kenneth Buechler** and **Arne Sutton** were re-elected. Incumbent trustee **William Grist** was replaced by **Conrad Moline**.

Guest speakers at the McCone Electric annual meeting included MECA's **Gary Wiens**, Central Montana Electric Power Co-op Manager **Tom Huntley** and Upper Missouri G & T Co-op Manager **Tom Barnett**.

Student shares capital experiences with members

I enjoyed attending the 62nd Annual Meeting of Hill County Electric Cooperative (HCE) on Saturday, June 2, including the opportunity to update the membership on state and national issues. Over 80 HCE members and guests attended the business meeting and lunch at the Student Union Building on the campus of Montana State University-Northern in Havre. The guest speaker at the meeting was **Rebecca Bitz**. Ms. Bitz gave a presentation on her trip to Washington, D.C. sponsored by Central Montana Electric Power Cooperative (CMEPC), of which HCE is a member. **Molly Jurenka**, a 2006 Youth Tour participant sponsored by HCE, also shared her experiences in Washington, D.C. Area youth who received scholarships from HCE and Basin Electric Power Cooperative (Basin) were

recognized and given VIP treatment, as were the 2006 and 2007 Washington, D.C., Youth Tour delegates.

During the business portion of the meeting a Board member election for District 1 took place. **Lon Waid** was elected to represent District 1 which includes the Havre North, Havre South, Chinook North and Chinook South service areas. An update on the financial condition of the cooperative was given and issues affecting the cooperative on a local and national level were presented by HCE Board members and management.

CALENDAR

June

9-15	Youth to Washington Tour	Washington, D.C.
18-20	CFC Forum 2007-05-21	Chicago, Ill.
20	Northern Electric Cooperative Annual Meeting	Opheim, MT
23	Fall River Electric Cooperative Annual Meeting	Ashton, ID
25-27	Managers Group Summer Meeting	Whitefish, MT

July

10	Director's Course – NRECA Course #999.1: Introduction to Computers and the Internet	Dillon, MT
11	NRECA Web Conference on FEMA assistance	
11-12	MECA Board and Committee Meetings	Dillon, MT
14	Tongue River Electric Cooperative Annual Meeting	Ashland, MT
24-25	OCR School	Heyburn, ID