

The CIRCUIT



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March 2017

Revenue Neutral Rate Proposal

The Ark Valley Electric Board of Trustees will be considering a rate proposal to alter its rate structure to more accurately reflect the cost of serving its single phase, three phase, water source heat pump and irrigation members. The proposed changes are designed to leave Ark Valley Electric's total revenue unchanged. However, bills for individual customers would change somewhat, depending on the amount of electric consumption, because the new rate structure allocates a larger portion of the total bill to the fixed monthly charge while reducing the amount charged for each kilowatt-hour (kwh) of electricity consumed.

A portion of the cooperative's costs are the same for all customers. The cooperative has made similar investments in poles, wires, transformers and meters for all customers and incurs similar costs for billing and consumer accounting, whether they use 50 kwh per month or 1,000 kwh per month. The customer charge is designed to recover those costs that do not vary with the amount of energy used. Increasing the fixed charges closer to the actual costs helps to more accurately track the cost of providing electric service.

The proposal includes a recommendation to increase the monthly customer charge. As a result, the monthly customer charges will increase by \$2.50 for the single phase, three phase and water source heat pump rates. The increase for the irrigation rate will be \$5.00. You may be wondering how an increase in the customer charge can keep the revenue unchanged. In order for that

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Notice of the Seventy-Eighth Annual Meeting of the Members

The Seventy-Eighth Annual Meeting of the Membership will be held Tuesday, April 11, 2017, at the north Sunflower Building (State Fair Grounds) in Hutchinson, Kansas. Ray's Countryside Catering will begin serving dinner at 6:30 p.m.

As a consumer-owner, you're invited to air your views, discuss things with your fellow members, and vote for Directors to serve on the Co-op Board.

Larry Froese (Inman), Keith McNickle (Stafford), Dan Schnurr (Sterling), and Craig Bennett (Alden) are the 2017 nominees. Froese has served on the Ark Valley Board since 2014. McNickle has served on the Ark Valley Board since 2008, and is the current Vice President of both the Ark Valley and Kansas Electric Co-operative Boards. Schnurr has served on the Ark Valley Board since 2011, and is the current Secretary. This year, members will be voting for three Trustees to serve for the next three years.



2016 Grand Prize Winner

An Ark Valley 25 foot heavy duty extension cord will be given to each member that attends. There will also be numerous items that will be drawn as door prizes. Make sure to set aside the date. We hope to see you there!

Board Meeting Highlights

The Board of Trustees for the Ark Valley Electric Cooperative Association held its regular meeting for the month of January on January 30, 2017.

Ark Valley began the new calendar year creating an annual budget. The Board spent considerable time reviewing and adopting provisions for the 2017 Annual Budget. The Annual Budget is a planning document used to project Ark Valley's monthly revenues and expenses. The anticipated operating revenue is projected to be approximately \$14.4 million for 2017, and the anticipated total cost for electrical service is projected to be approximately \$13.5 million. The Board and management regularly examine costs to determine if the Cooperative is running efficiently. If cost overruns occur in one area of the Cooperative's budget, or if revenues decline unexpectedly, spending is adjusted accordingly so the Cooperative remains on stable financial footing.

The Nominating Committee met on January 7th and selected four (4) candidates from Ark Valley's membership to run for three (3) trustee positions being voted upon by the membership at the Annual Meeting of Members held in April. Those selected include Larry Froese, Keith McNickle, Dan Schnurr, and Craig Bennett. Larry Froese, Keith McNickle, and Dan Schnurr currently serve on the Board of Trustees and are running for re-election.

Ark Valley General Manager, Jackie Holmberg, updated the Board on the damage received by the recent ice storm. She reported that

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Revenue Neutral Rate Proposal

to happen, the increase in the customer charge is offset by a decrease in the energy charge.

With each increase in the monthly charge, the per-kilowatt-hour charge will decrease by the amount needed to leave overall revenue the same if total usage remains constant. For single phase customers, it will decline by \$.0028 per kwh. The energy charge for the water source heat pump will decrease \$.0014 and \$.0081 for three phase and irrigation.

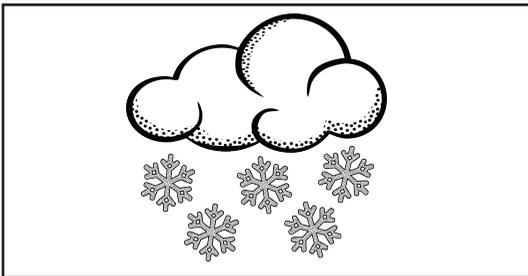
For the three phase rate a demand component will be introduced. Under the current rate, the demand costs are collected in the energy charge. Like the effect of the increase in the customer charge, the demand charge will further reduce the energy charge. To minimize the effects of this change for each account, an intentionally conservative demand rate of \$2.50 was suggested.

The irrigation service proposal would also change the existing on peak demand charge for that class of service. The proposed change would create an on peak demand charge for the months of June and September, in addition to July and August, excluding holidays and weekends. However, a peak demand charge would only be assessed for days when the Cooperative estimates its coincidental peak demand would be set between the hours of 2:30 pm until 6:00 pm, and irrigators are given at least four hours prior notice. This change would allow irrigators to run their systems with fewer use interruptions on hotter days.

If the Board approves the rate change, an informational meeting will be scheduled to give the irrigators an opportunity to better understand the change in the peak period. At that time, individual invitations will be mailed to each member with an irrigation account.

Although the effect of the rate changes being considered would not change the revenue for the Cooperative, you can rest assured your Cooperative has not entered into this matter lightly. It took diligence on the part of your elected trustees, and through this process they have kept the members' best interest at heart. These proposed changes will be addressed by the Board of Trustees at the open meeting to be held March 27, 2017, for which the members were notified in the February newsletter.

Cold Weather Rule Ends March 15th



The Cold Weather Rule ends on March 15th. Be sure to have your bills caught up prior to that date.

Please also be aware that prior to March 15th, the Cooperative can disconnect service for non-payment if the local forecasted temperature will not drop below 32 degrees within the following 24-hour period (see the notice posted in the November 2016 newsletter for allowed circumstances, available at arkvalley.com).

Highlights Continued

the Cooperative experienced minimal power outages, which we are all grateful for. Of the outages suffered, the recently installed AMI technology helped linemen locate and repair lines, in some circumstances before the members were even able to call in the outage. Our neighboring electric cooperative, Midwest Energy, was not as fortunate. It suffered far greater damage, so Ark Valley dispatched four (4) linemen to assist in repair efforts.

Drawing Winner

P A Schweizer is the winner of our \$25.00 readership drawing.

P A, to claim your prize, please contact Ark Valley by March 31, 2017 & give us the account number from your electric bill.



Want to Become a Lineman?

Ark Valley Electric Cooperative is offering its members a \$1,000.00 SCHOLARSHIP to any graduating senior, high school graduate, or recipient of an equivalent degree (GED, etc.) that plans to enroll in a Kansas line school.

(Must be a member or have parents that are members of Ark Valley Electric to qualify.)

If interested, call (620)-662-6661 or pick up an application from your School Counselor.

Applications must be returned to Ark Valley Electric by March 15, 2017.

The Ark Valley Electric Cooperative Association, Inc. is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.