

The Twin Valley Electric Cooperative, Inc.

"Owned By Those We Serve"



August 2006

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From The Manager...Energy Cost Adjustment

To maintain the quality, reliability and stability of the services we provide, it may be necessary for Twin Valley Electric Cooperative to adjust our pricing structure.

While virtually all aspects of today's cost of living continue to rise, we pride ourselves on avoiding routine price adjustments.

Twin Valley and our members have enjoyed one of the longest periods of rate stability in recent history. We believe that reliable electric service at a reasonable price is something that our customers can count on and that we deliver on a daily basis.

Maintaining dependable service at the most affordable price possible remains the cornerstone of our business. To accomplish the goal, we must also protect the integrity and financial stability of your electric cooperative.

Twin Valley's wholesale cost of power has raised dramatically over the past year due to increased energy fuel costs. Twin Valley purchases all of its power from Kansas Electric Power Cooperative (KEPCo) in Topeka. KEPCo is a generation and transmission (G&T) cooperative, owned by the 19 rural electric cooperatives in eastern and central Kansas.

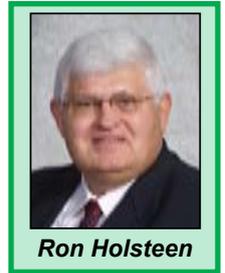
The cost of wholesale energy has risen due to several factors. KEPCo normally receives approximately 25 percent of its power requirements from hydro-electric generation. The continuing drought in both the Western and Southwestern Power Administration areas has resulted in almost no hydropower being available during the past 12 months. This low-cost power must now be replaced with power produced at

market rates, which are considerably higher because of the escalating price of natural gas. Gas prices have increased from \$2 per MMBtu to over \$6.50 per MMBtu.

KEPCo also relies on a considerable amount of power from coal-fired power plants, many of which have had to conserve on power generation due to the lack of coal delivery by the railroads. This power must also be replaced with higher priced power generated by burning natural gas.

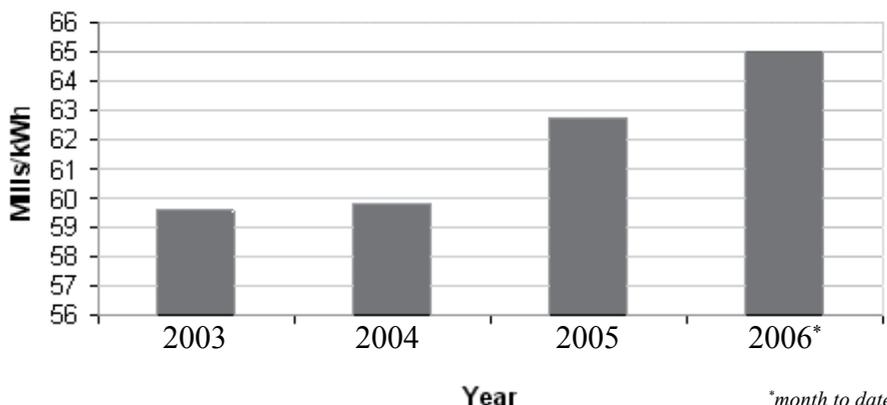
With the installation of the new TWACS metering system, Twin Valley will be billing our members each month, rather than sending out rate charts and having you read your meters and calculate your own bills from those charts. The new billing system will allow Twin Valley to automatically adjust the rate each month to reflect the fluctuations in the energy costs.

The Board of Directors is considering the implementation of an Energy Cost Adjustment (ECA), to recover the increased cost of power. We will keep you informed of these considerations in future newsletters.



Ron Holsteen

Twin Valley Wholesale Power Costs



Peak Load and Load Management

What does it mean? Why should I care?

Peak Load

Your household and family members are consuming electricity at any given time. This is known as “load.” And all of the electric consumption from all our members is added up at any given time to determine the total load for the whole system.



There comes a time, every day, when the system reaches its **peak**. That's when all of you, all at once, are using the most electricity. Summer time (June, July, August and September) is when Twin Valley Electric Cooperative experiences its maximum peak load on the system. The peak usually occurs between the hours of 3 p.m. - 9 p.m., and on the days that the temperature reaches 95 degrees or above.

Peak load is monitored closely to determine the amount of power required to fulfill our members' electric demand. Peak load is also the determining factor in establishing the yearly rates at which Twin Valley Electric has to buy its power.

Load Management

The way to help keep electric rates stable is to reduce peak load. Reducing this load is called “**load management**.”

In the future, Twin Valley will be able to control the usage of air conditioning units and electric water heaters along with controlling the loads for oil and gas well services. But the number of these units will be small compared to the number of residences we have in our service area. The key to load management is the reduction of electrical usage during peak hours, 3 p.m. - 9 p.m. If you can postpone electrical use during those hours, you will reduce the peak load and keep your electric rates consistent.

You can help by using major appliances, such as the washer and dryer, in the morning or later on in the evening. When preparing dinner, remember that slow cookers and other small appliances consume less electricity.

Outside the home, the use of battery chargers, grain dryers, pumps, outdoor lighting and barn ventilation systems, may also be postponed to non-peak hours.

If you have any questions about load management or what you can do to help, just give us a call. Using energy wisely helps to keep the electric rates stable and reduces the need to invest in new power sources.

School Starts This Month!

Here are some school bus safety tips to remember when preparing for school this year:

- When waiting for the bus, stay away from traffic and avoid roughhousing or other behavior that can lead to carelessness.

- Do not stray onto streets, alleys or private property.

- Wait until the bus has stopped and the door opens before stepping onto the roadway.

- When on the bus, find a seat and sit down. Loud talking or other noise can distract the bus driver and is not allowed.

- Keep aisles clear -- books or bags are tripping hazards and can block the way in an emergency.

- At your stop, wait for the bus to stop completely before getting up from your seat. Then, walk to the front door and exit, using the hand rail.

Meet Our New Employee!

Katherine (Kat) Myers has joined the office staff for the 2006 summer.

Kat will be assisting in entering data and crucial information on the TWACS equipment.

Kat will be a senior at Labette County High School. She is involved in many extra curricular activities such as drama, cheerleading, editor of the *Labetta Newspaper*, ITS Club, FCA Club, and FBLA.



Kat Myers

Welcome to the cooperative family Kat!