

The Twin Valley Electric Cooperative, Inc.

"Owned By Those We Serve"



March 2006

501 Huston St. ❖ P.O. Box 368 ❖ Altamont, Kansas 67330-0385

Phone: (866)-784-5500

Fax: (620) 784-2464

Manager's Message...Electricity Is Still A Good Value



Ron Holsteen

Gasoline prices have soared. Heating oil and natural gas prices are taking flight. The last thing you want to hear is more bad news about energy costs. But,

despite the best efforts of our power supplier, KEPCo, to hold the line, our cost of electric power has remained significantly higher than normal this past year.

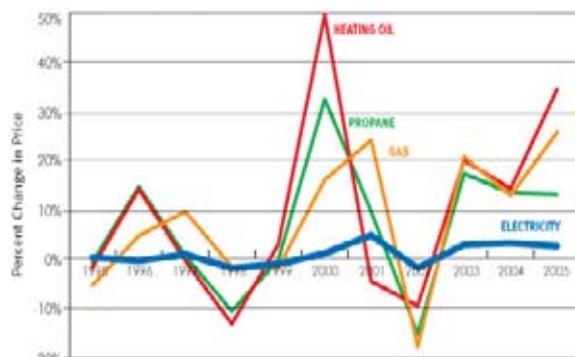
That's because a complicated set of factors – everything from increased demand for power to dramatic increases in fuel costs in the United States, to long-term economic growth in the Far East – seems to be conspiring to increase the cost of making and delivering electricity.

KEPCo estimates that for every \$4 increase in natural gas our electric costs increase ½ cent per kWh. The high cost of natural gas combined with the lack of water at many of the hydro dams in our region are the major factors as to why we are experiencing the higher cost of power.

Increased demand coupled with recent disruption in supply, due to recent hurricanes in the Gulf states, are the main factors associated with increases in natural gas prices. Such tightening of the supply/demand bal-

Electricity Prices Show the Most Stability

Throughout the last decade, the price of electricity for residential use has been the most stable when compared to the swings of heating oil, propane and natural gas, according to data compiled in this chart by the NRECA Strategic Analysis Unit. The chart shows that those fuels, vulnerable to shifts in the market and infrastructure, saw surging prices in 2000-2001, followed by steep declines in 2002. For example, the average price of heating oil in 1999 was 87 cents and in a single year soared to \$1.31. The story was similar for propane, which climbed nearly 33 percent between: 1999-2000. It then fell dramatically until 2002 and has been steadily increasing by about 13 percent since then. Meanwhile, electricity prices have remained stable, increasing on average just over one percent per year.



Source: NRECA Strategic Analysis

ance has resulted in dramatic price volatility. Additionally, a significant amount of natural gas is bought on the commodities market where emotions have run high, increasing speculation of shortages that has driven up short term pricing.

We are very concerned about this trend and are working to find solutions to mitigate the problem. Many in our industry are calling for more coal fired generating plants and some are even considering nuclear once again.

We are working diligently to provide for your power needs at the lowest possible costs. Because we are a non-profit electric cooperative, we sell electricity at cost to our members — with no markup. Though factors — such as rising fuel costs — are often beyond our control, we work to manage costs to keep our members' bills low.

Costs to distribute electricity from

the cooperative to your home or business have remained relatively stable. Those are the costs we manage here at the cooperative. Costs we have little or no control over are the costs of producing electricity. These costs include the price of fuels, transportation and construction, among others. Those costs make up about 60% of your electric bill.

At Twin Valley Electric Cooperative, we work each and every day to keep electricity a great value, even as the cost of other commodities continue to increase. As always, we strive to keep rates as low as possible through sound, accountable management and careful management of your cooperative's assets. Your cooperative is managed to ensure that you get the best value for your dollar – reliable, affordable and environmentally sound electric energy.

Plan to Attend the 59th Annual Meeting

Please plan to attend The Twin Valley Electric Cooperative, Inc. Annual Meeting March 31, 2006, at 7 p.m. The Annual Meeting will be held at the Harrison Auditorium located at the Labette County High School Campus in Altamont, Kansas.

The Low Income Energy Assistance Program (LIEAP)

Energy assistance is available to qualifying households with income not exceeding the following limits:



Household Size	Monthly Income Limit	Household Size	Monthly Income Limit
1	\$1,037	7	\$3,156
2	\$1,390	8	\$3,509
3	\$1,744	9	\$3,863
4	\$2,097	10	\$4,216
5	\$2,450	11	\$4,569
6	\$2,803	12	\$4,922

- Household must demonstrate recent self-payments.
- Applications for 2006 energy assistance will be accepted from **January 17 - March 31, 2006.**

To request an application, call 1-800-432-0043 or contact your local helping agency.

Kansas Department of Social and Rehabilitation Services

Twin Valley Electric Cooperative, Inc.



YOUTH TOUR

One High School Junior Can Win An All Expense Paid Trip to Washington, D.C., for the "Government in Action" Youth Tour,

June 8-15, 2006.

How would you like to win an all-expense paid trip to Washington, D.C., as part of the "Government in Action" Youth Tour?

The winner of the trip will join 1,500 young people from rural America on one of the most enjoyable trips that he or she may ever take.

The contest is open to all high school juniors whose parents or guardians are members of The Twin Valley Electric Cooperative, Inc. Contest entrants will be interviewed and required to take a brief, written test covering materials that will be mailed to each contestant following the March 10, 2006, entry deadline.

Interviews and testing will be held at the cooperative office in Altamont Wednesday, March 22, 2006, at 1 p.m.

If you are a high school junior and are interested in entering, please complete the application form below and bring or send it by **March 10, 2006**, to:

Twin Valley Electric Cooperative, Inc.
PO Box 368
501 S. Huston Ave.
Altamont, KS 67330

If you need more information, you can contact Jennifer Winters or Ron Holsteen at (866) 784-5500 or (620) 784-5500.

Please complete and mail the application below so that it reaches our offices **NO LATER THAN March 10, 2006 at 5 p.m.**

Application for Youth Tour Contest

Name of Applicant _____

Address _____ Town _____ Zip _____

Birth Date _____ Gender _____

Name of Parents or Guardian _____

Parents' Phone Number _____ School _____

I agree that all information supplied in this application is accurate and true. _____

(Signature of Applicant)

I hereby grant permission for _____ to enter the 2006 Youth Tour competition sponsored by

Twin Valley Electric Cooperative, Inc. _____

(Signature of Parent or Legal Guardian)