

Understanding our rate adjustment

A WORD FROM



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The rate adjustment approved by the board of directors provides an opportunity for me to explain a little bit more about our cooperative vision, rates, costs and how the three are related.

Our strategic vision for Butler County REC includes a membership that continues to encourage us to explore advances in technology, helping our members better understand how they use electricity. It is our belief that if our members understand how they use electricity and the impact that has on their bill and on the cooperative system as a whole, our members can better understand how rates are set and why they are structured as they are.

In my last column, announcing the January 1, 2020, rate adjustment, I discussed variable costs—influenced by wholesale power purchases, fuel costs, weather patterns—and fixed costs. The cost-of-service study indicated the need to increase the facility charge to help recover more of Butler County REC's fixed costs and generate revenue for more stability during those fluctuations.

Our fixed costs include safety and regulatory compliance; line construction;

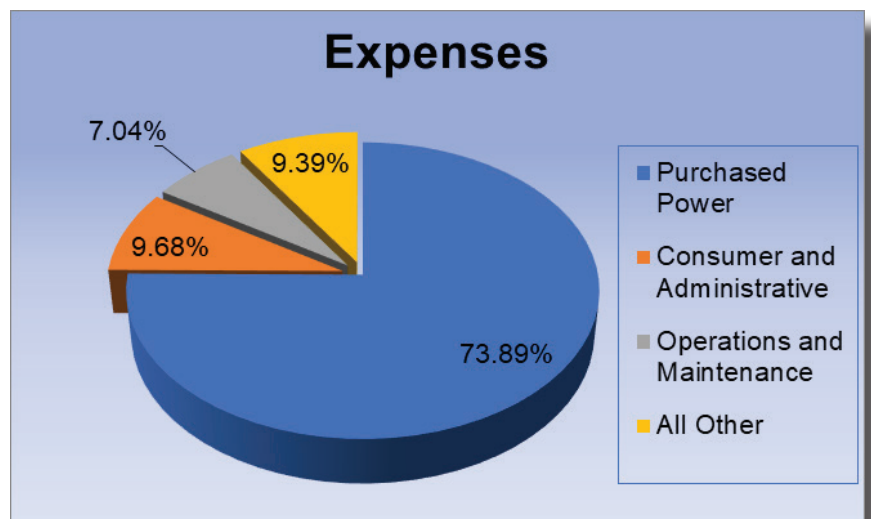
labor; maintaining reliability; infrastructure (meters, poles, wires); substations; vehicles and property maintenance to name a few. These costs remain relatively unchanged no matter how much electricity is sold. This means, for example, when we have a cool summer or a warm winter and the variable costs fluctuate, the fixed costs do not. Your cooperative still has to pay for the fixed costs to provide your service, even though we may not have the required revenue. On the other side of that, with a hot summer or a cool winter, we may over collect, which causes a temporary imbalance and creates a hardship for our members.

In addition, we are grateful for the growth our system has experienced. This also helps with stability. The growth has required system changes, including a substation upgrade and a new substation, which will become operational in the spring. Along with these upgrades, we still have to maintain the current system, just as you maintain your home. A safe, reliable infrastructure for our crews and our members is our priority.

Our next cost-of-service study will be in four to five years. With the previously mentioned advancements in technology, the next study may lead us into a meter structure that will support future rate options, real-time information to members and demand charges on power bills. Fair charges across each rate class are important. Our current rate structure of relying on the kilowatt-hour charge to raise needed revenue creates instability because of variable costs. Changes in our rate design will help us to mitigate that instability.

We are also beginning to hear conversations across the state regarding rate structure changes and are researching the impacts of these changes. We will keep you informed of how these rate structuring changes may affect you, your energy usage and your energy bill.

We pride ourselves on doing everything in our control to manage the cost of providing reliable and safe electricity in an environmentally responsible manner, not just because it impacts us, but because it impacts you, too.



This pie chart depicts a breakdown of Butler County REC's 2018 expenses.

LED lighting rebate available to brighten your holidays

Holiday decorating season is upon us. If you are considering new LED holiday lights and decorations, you will be happy to hear that we offer a rebate of up to \$2 for each item purchased (not to exceed purchase price). Your rebate will come in the form of a bill credit.

Contact us for more information.

A sustainable future

Every industry is subject to trends and fads, and the energy industry is no different. So when we hear about smarter technology, changes in the way renewable energy is captured and advances in energy efficiency, it's important to make sure we think carefully about how we can make these advances work best in our communities.

Fortunately, we are an electric cooperative. That means we're a community-focused organization working to efficiently deliver affordable, reliable and safe energy to our members. It also means that we are led by consumers like you, who understand and listen to the community.

As a result, when it comes to using cleaner sources of energy or renewables like wind and cooperative solar, we're smart in our decisions. We know that there is no one-size-fits-all approach in this business: We have to do things in ways that make sense for the needs of our cooperative and the greater community.

An advantage of being an electric cooperative is that we belong to the communities we serve. So that when our members make improvements to the energy efficiency of their homes or businesses, those changes can go a long way toward keeping energy more reliable and affordable. We want you to save energy (and money). In fact, we offer free energy assessments and lots of energy saving tips and programs to help manage your energy in smarter ways.

What's good for our members is good for the whole cooperative. We were built by the communities we serve. That difference is perhaps our greatest strength. It's also why, for our members, a little efficiency can go a long way.



- Corn Belt Power Cooperative partners with **Northwest Iowa Community College** in Sheldon, Iowa, to offer four \$500 scholarships. Recipients may be either first- or second-year students at Northwest Iowa Community College studying in the programs of Electrical Technology, Powerline or Powerline Technology. Students must maintain a 2.5 minimum GPA. Applications must be filed with Northwest Iowa Community College Foundation by March 2, 2020. For an application or more information, contact Sheila Van Engen, foundation secretary, Northwest Iowa Community College Foundation, 603 West Park Street, Sheldon, IA, 51201-1046, (800) 352-4907 ext. 246, svanengen@nwicc.edu.
- Corn Belt Power partners with **Iowa Lakes Community College** to offer one \$500 scholarship. To qualify, the recipient must be enrolled in the Wind Energy and Turbine Technology program, a first- or second-year student at Iowa Lakes Community College, maintain 2.5 minimum GPA and be an Iowa resident. For an application or more information, contact Alison Mason, Iowa Lakes Community College, 712.362.0491 ext. 4491 or amason@iowalakes.edu. Applications due by April 1, 2020.

A threat to co-ops' tax-exempt status

Due to an unintended consequence of current federal tax law, many electric co-ops are finding themselves in a precarious position.

Imagine working hard to secure funding for an important local project only to turn around and give a large chunk of that money back in taxes, thereby reducing the actual amount used for the project.

That's the situation many cooperatives may face because of recent tax law changes. And it could jeopardize the not-for-profit tax status of cooperatives that receive federal or state government funding, including disaster relief aid, economic development support and rural broadband development grants.

To maintain tax-exempt status, an electric cooperative must receive at least 85 percent of all revenue from its members. However, an unintended consequence of a 2017 change to federal tax law modified the calculation for some contributions by a government entity or civic group. Now, grants and other contributions may be considered non-member revenue.

Encouraging Congress to fix the tax code to exempt government grants from being defined as member revenue is one of the highest priorities of the National Rural Electric Cooperative Association, the service organization representing America's electric co-ops. Legislation called the Rural Act has been introduced in both the House and the Senate, attracting large groups of bipartisan co-sponsors. However, enacting it into law will be a heavy lift, given the political sensitivity of tax issues on Capitol Hill.

Congress must act now to correct this unintended consequence and protect the tax status of electric co-ops. In doing so, Congress would preserve the full value of government grants that deliver societal benefits to our communities.

You can play an important role in encouraging Congress to act. Voice your support for the Rural Act by visiting www.action.coop/ruralact.



Give safety a shot when preparing for hunting

Hunters have their sights on wild game when preparing for hunting season. Your electric cooperative urges hunters to also set their sights on and be aware of potential electrical hazards while hunting.

- Before leaving for a hunting trip, make sure that you have safety items to signal for help in case of an emergency. Always carry emergency supplies in the event of an accident.
- Note the location of power lines and other electrical equipment before you begin.
- Obey all signs or postings that advise electrical safety, especially when selecting the location for a tree stand. Tree stands are the leading cause for hunting injuries.
- Never use power poles to support a tree stand. Look for an ideal tree for your stand, one that is sturdy and alive. While going up to the stand, keep at least three points of contact.
- When setting up and taking down the stand, make sure you do not make contact with any overhead electrical equipment.
- Never shoot near power lines or other electrical equipment. A single shot can cause damage to the electrical system.
- If you are using a portable electrical generator on your hunting trip, make sure that you do not run it in a confined area. Do not use it inside a cabin or RV.

Our office is closed Thursday, Nov. 28, and Friday, Nov. 29, so we can enjoy the Thanksgiving holiday with our families. As always, our phones are answered 24/7.

Happy Thanksgiving!



Information added to website

In an effort to remain transparent with our membership, we added additional information to our website: www.butlerrec.coop.

This new material includes enhanced board information (Board and Mission), information on our energy mix (What it Means to be a Co-op Member) and how to understand your bill (Understanding Your Electric Bill).

As a cooperative, we:

- *Are community-focused.*
- *Are built by, belong to and led by the communities we serve.*
- *Are more able to respond to members' needs because we are local.*
- *Cooperate with other cooperatives developing new technologies and sharing expertise through employees.*

These attributes are part of our business model and encompass the cooperative difference. Contact us if you have questions regarding our website.



Visit our website at www.butlerrec.coop to view our additions.

Do You Know... What a kWh is?

A kilowatt hour (kWh) measures electricity by how long (time) and how fast (wattage) it's used: hours x # of watts/1,000 watts = 1 kWh.



One kWh will:

- Charge your cell phone 2 hours/day for over a month
- Brew 12 pots of coffee
- Microwave 30 - 2-minute lunches
- Heat your slow cooker for up to 5 hours
- Clean 1 load in your Energy Star dishwasher

High school juniors: Apply for the trip of a lifetime

“What did you do this summer?” How envious will your classmates be when you tell them you went on a **FREE TRIP to Washington, D.C.!**

High school juniors whose parents are Butler County REC members or residents of Aplington, Fairbank, Fredericksburg or Readlyn are invited to apply to experience the next Youth Tour to Washington, D.C., set for June 18-25, 2020.

We'll select one lucky student to participate in this all-expense paid trip. In addition, we offer \$500 college scholarships for the top three students applying for the Youth Tour.

Approximately 40 students in Iowa will be chosen by their local electric cooperatives. While in Washington, D.C., participants will join approximately 1,800 other students from co-ops around the country visiting various memorials and monuments, touring the U.S. capitol and speaking with a few of Iowa's elected officials.

Watch our website and Facebook page for more information, or contact us at 319.267.2726 or 888.267.2726.

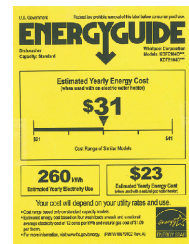


Appliance rebates

Contact us for information on our rebates for new, ENERGY STAR rated appliances installed at members' locations:

- Clothes dryer - \$50
- Clothes washer - \$50
- Dishwasher - \$25
- Freezer - \$25
- Refrigerator - \$25

Check the Energy Guide for the Energy Star label on the bottom right.



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