



February 2009

RURAL
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Sac Osage Electric Cooperative

News

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Co-op members to see small rate increase

New rates effective in April

Sac Osage Electric Cooperative member-consumers will see a slight increase in their electric bills effective April 1. The new rates will appear on the billing statement that will be mailed in May for the electricity consumed in April.

The Board of Directors approved increasing the Power Cost Adjustment to 1.2 cents per kilowatt-hour consumed. Currently, the cooperative charges 1 cent PCA for each kilowatt-hour. The two tenths of a cent increase reflects the increase costs in energy and demand charges to Sac Osage by our power supplier. Consumers normally using 500

kWh per month will see a one dollar increase over their current bill. Those using 1,000 kWh per month will experience a two dollar increase. Since the increase is attached to the Power Cost Adjustment, all consumers will see the same increase, for all classes of consumers large or small.

As a part of Missouri's three-tiered cooperative system, our wholesale power is generated by Associated Electric Cooperative and is transmitted to our distribution system by KAMO Power Cooperative. The increased cost of power is due to the rising cost of coal and transportation charges from Wyoming to Associated's generation plants

in Missouri. The price of generation also continues to rise due to over four hundred million dollars in air quality control equipment being added at their generation facilities. These increased costs pressured Associated to announce a 12.5% increase in wholesale power supply rates. Associated has a diverse generation operation such as natural gas plants; wind power farms and some hydro-dams. Sac Osage Electric members must be assured of safe, reliable delivery of power upon demand. Therefore, Sac Osage demands that our wholesale power must be generated and transmitted to us upon demand 24 hours a day. Our

power supplier continues to explore additional sources of power, as the future of generation becomes more complex and more expensive.

The Cooperative is not increasing any additional charges for their base rate for each consumer class. Fortunately, there is some stabilization of pricing for the steel, wiring, copper, and switching equipment. However, there is no indication of our costs decreasing in the near future for us. The cooperative's challenge is to continue to manage our operating costs while providing our members with safe, reliable, electric service at an affordable price.

Don't become a space heater statistic: *Safety comes first*

Space heaters cause more than 25,000 residential fires and 300 deaths annually in the United States, according to the Consumer Product Safety Commission (CPSC). Heaters can create a fire hazard when tipped over, placed too close to flammable objects or operated unsafely.

Read the CPSC's free brochure about space heaters at www.cpsc.gov or call (800) 638-2772 for a copy. Also see the U.S. Department of Energy's information at http://apps1.eere.energy.gov/consumer/your_home/space_heating_cooling/index.cfm/mytopic=12600.

These sources, plus Underwriters Laboratories (an independent product-testing organization), offer the following safety tips for space heaters: Never leave a portable heater running unattended or while asleep; don't use it in a bedroom.

Select a heater of the proper size for the room you wish to heat;

most heaters come with a sizing table.

Locate the heater on a level surface away from foot traffic, children and pets, and keep it at least three feet away from furniture, drapes, decorations and walls.

Do not use an extension cord unless absolutely necessary; if you must use a cord, make sure it's 12-gauge — the lower the number, the heavier the wire; if the wire gets warm, you need a heavier cord.

Inspect the heater's power cord regularly, and don't use the heater if the cord is damaged. Check periodically for a secure fit of the space heater's plug in the wall outlet; if the plug becomes hot, the outlet may need to be replaced by a qualified technician.

Unless the heater is designed for use outdoors or in bathrooms, do not use it in damp, wet areas.

If your space heater is fueled by anything other than electricity — such as pellets, propane, nat-

ural gas or kerosene — use only the manufacturer's approved fuel, and be sure the heater is properly vented to protect against carbon monoxide poisoning.

Only buy newer model heaters that have all the current safety features; make sure the heater has an Underwriters Laboratories label.

Only use portable heaters that have a tip-over safety shut-off device.

Winners

A special thanks to all of our members who participated in the 2nd Annual Christmas Lighting Contest.

Congratulations...to the three winners:

1st place winner was Dean & Marilyn Jones - \$50 credit towards electric bill.

Tied for 2nd place were: Ron & Sharon Hieber and Robert & Rita Gibson and they received \$25 credits towards their electric bill



News

Manger's Column

Electric rates continue to increase

In the four plus years since arriving at Sac Osage Electric Cooperative, I have had to announce to you of impending electric rate increases in 2005, 2007, and 2008. Last year, our wholesale power costs increased a whopping 23%. We, therefore, had to increase our retail rates last year just over 9% and a power cost adjustment that amounted to about a 9% increase. It was at that time that the Board of Directors established a new pricing policy that provided a power cost adjustment that could be implemented as wholesale power costs fluctuate from year to year. In the rate increase established last year, the power cost adjustment was set at one cent.

In last November's manager's

column, I informed you that our power supplier announced another wholesale power increase to Sac Osage Electric beginning in April of this year. In accordance with our new pricing mechanism, the wholesale rate increase will be passed onto the members in the form of a 2 mill adder to the current Power Cost Adjustment. In other words, you will see the Power Cost Adjustment line on your monthly bill a \$.012 charge per kilowatt hour. This translates into an additional 20 cents per 100 kilowatt hours. The average residential bill for 1,000 kwh means it will increase \$2.00 per month. The good news is that this is a modest rate increase. The bad news is that this is a rate

increase.

It has been suggested that Sac Osage should switch power suppliers due to the annual increase in rates. We are obligated to continue our power contract with our current provider under a long term contract. If we were without such arrangements, our power costs would be as volatile as the market place demands. We would be without long term assurances that power would be there for us to purchase from year to year. It makes sound business sense to negotiate long term contracts for proven reliability with proven resources in order to serve our member's demand for electricity on a 24 hour basis.

We will continue to strive to enhance our services and



*General Manager,
Tom Killebrew*

improve our reliability to our members. As an informed member of Sac Osage, we encourage you to participate in our "Take Control and Save" conservation program. Details can be found at our website; www.sacosage.com.

We always appreciate your patronage.

Sac Osage board director receives certificate

Brad Thompson, Director of Sac Osage Electric Cooperative Board of Directors received the Credentialed Cooperative Director certificate from the National Rural Electric Cooperative Association (NRECA). Today's electric utility environment imposes new demands on electric cooperative directors, particularly increased knowledge of changes in the electric utility business, new governance skills and a working knowledge of the cooperative principles. Sac Osage Electric Cooperative has a commitment to work through NRECA to sharpen the body of knowledge for the benefit of their electric cooperative consumer owners.

The NRECA Credentialed

Cooperative Director program requires attendance and demonstrated understanding of the basic competencies contained in five core courses:

- Director Duties and Liabilities
- Understanding the Electric Business
- Board Roles and Relationships
- Strategic Planning
- Financial Decision Making

The NRECA Board Leadership certificate recognizes individuals who continue their professional development after becoming a Credentialed Cooperative Director. The directors who have attained the Board Leadership cer-



Board President Jim Murray presents the NRECA Credentialed Cooperative Director certificate to Director Brad Thompson.

tificate have completed 10 credits in advanced, issues-oriented courses. After completing the program in 2008 Brad Thompson joined the other Sac Osage Electric Cooperative board directors Jim Murray, Ray Higgins, Randy Bland, Jan Neale, John Griffith and Don Levi as certified credentialed cooperative directors.

Youth Tour Deadline Reminder

Deadline to turn in applications for Youth Tour contest is Friday, February 20

