



A Touchstone Energy® Cooperative

West Central Electric Cooperative

April 2016

# ElectricNews

West Central Electric Cooperative, Inc. ~ Serving our members' needs since 1939

## What is 'service availability?'



When you look in the "Current Bill Information" section of your electric bill, you may notice a line item reading "Service Availability." That charge is nothing new, and has been there since the early 1980s.

"The 'fixed' or basic charge (called the service availability charge) is a flat fee designed to recover a portion of the cost of delivering electric energy to all members," Member Services Manager Steve Moore said. "The service availability charge is reflective of the investment in poles, wires, transformers and equipment that it takes to provide our members with electric service."

Moore said the charge also supports fleet, facility and customer service functions such as line maintenance, right-of-way clearing and general administrative responsibilities, and is similar to service or facility charges that other cooperatives and utilities charge.

Regardless of how often you flip the light switch or TV, these costs are part of the bill you pay so electricity is available to you whenever you want it.

"If one member uses only one kWh of electricity, and another member uses 100 kWh, West Central still incurs about the

SERVICE INFORMATION				READING				USAGE
METER #	MAP #	FROM	TO	DAYS	PREVIOUS	PRESENT	MULT	KWH
		12/30/2015	01/28/2016	29 *	5416	7307	1.0	1891
Activity Since Last Bill		\$ Amount		Current Bill Information				\$ Amount
Previous Balance		197.72		BALANCE FORWARD				0.00
Payments		197.72 CR		SERVICE AVAILABILITY  29 days @ 1.22 per day				 35.38
Adjustments		0.00		ENERGY CHARGE 800 @ 0.0951				76.08
Balance Prior to this Billing		0.00		1091 @ 0.0712				77.68
				JOHNSON COUNTY TAX				4.03
<b>MONTHLY NOTICES</b> SMARTHUB IMPROVED! You can now schedule a one-time payment thru SmartHub. You can choose the date you want your e-check, debit or credit card payment to process, up to 30 days in advance. Contact our office for more information.				Service Availability charge appears here (see arrows) on your monthly bill. Beginning with the bill you receive this month, the new amount of \$1.22 per day will be reflected. Amounts will vary from bill to bill depending on the number of days in the billing cycle. (see asterisk.)				
				BANKDRAFT - DO NOT PAY				
				Amount Due				193.17
				Amount Due After 02/15/2016				212.49

same cost to build the line, maintain the distribution system and deliver electricity to both members," Moore said. "This is why the monthly service availability charge is important -- to recover a portion of the cost of delivering electricity to all members and help maintain the financial health of your cooperative."

In an effort to make sure the service availability charge is both reasonable and adequate, WCE's board of directors conducts detailed studies of the fixed costs and then makes their final decision based on the results of their analysis.

The recent change made in the residential service availability charge will take

effect on April 1.

The current service availability charge is \$25 per billing cycle. With the increase, members will pay \$1.22 per day, which amounts to \$36.60 per 30 days. This adjustment will increase annual cooperative revenues by 8.5 percent.

## Stewardship extends to air, land and water resources

Owned by its members, Associated Electric Cooperative is committed to taking good care of members' resources. That stewardship extends from operating efficient, low-cost power plants to caring for the air, land and water resources used to generate clean, affordable, reliable electricity.

Associated Electric was formed by six generation and transmission cooperatives more than 50 years ago to provide an economical, reliable power supply. Those six G&Ts supply power to 51 local electric cooperatives that send electricity to your homes, farms and businesses.

Protecting the environment has always been important to members. Many of them depend on natural resources for their livelihoods, enjoy the outdoors and value the quality of life that clean, affordable and reliable electricity brings to their communities.

Backing up that concern, Associated

Electric and its members have invested more than \$1 billion since 1994 to improve air quality. The cooperative spends more than \$50 million a year on environmental control measures.

Members' investments have yielded remarkable results. As one of the first utilities to convert to 100 percent low-sulfur coal, Associated Electric has reduced sulfur dioxide emissions 90 percent since 1994. Using low-sulfur coal continues to help the cooperative meet existing and pending regulations.

Nearly 15 years ago, Associated Electric was one of the first in the country to install selective catalytic reduction equipment on large cyclone coal units, significantly reducing nitrogen oxides emissions. Today, those controls will help Associated meet the Cross-State Air Pollution Rule put into effect this year.

Along with investments, Associated Electric conducts proactive research into

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**THANK A LINEMAN...**Linemen Appreciation Day is April 11. (Above) WCE Lineman Adam Beck works high above the ground hooking up new primary underground line to a new overhead line getting ready to be built as part of service upgrades.

**Headquarters:**

7867 S. Highway 13, P.O. Box 452  
Higginsville, MO 64037  
816-565-4942 or 1-800-491-3803

**District office:**

506 N. Broadway  
Oak Grove, MO 64075

**PAY BY PHONE: 1-855-874-5349**

**Website:**

[www.westcentralelectric.coop](http://www.westcentralelectric.coop)

**24-Hour Number:**

1-800-491-3803

**General Manager:**

Mike Gray

*This institution is an equal  
opportunity provider and employer.*

**Board of Directors:**

Densil Allen, Jr. President  
Clark Bredehoeft, Vice-Pres.  
Dale Jarman, Treasurer  
Robert Simmons, Secretary  
Stan Rhodes, Asst. Sect.  
Max Swisegood, Director  
Richard Strobel, Director  
Sandra Streit, Director  
Jeremy Ahmann, Director

## West Central offers a vareity of payment options for members

We know your lives are busy, and paying your electric bill is something you want to do quickly and without a hassle. West Central Electric has a variety of ways to pay your electric bill to do just that; make your payment quickly and easily so you can get on with your lives.

**AUTO PAY**

You may choose to have your bill automatically withdrawn from your checking or savings account, or charged to your credit card each month. Payments will be charged on the one of four possible billing dates you choose.

**SMARTHUB**

You may pay your bill online or via your mobile device by logging onto our website and clicking on the SmartHub tab on the homepage.

**PAY-BY-PHONE**

You may call in to pay your bill using the automatic payment number: 1-855-874-5349. When making the payment using the automatic payment number, please double-check electric account numbers and bank account numbers to make sure they are correct. One missed number will result in payments being posted to the wrong account.

**PAYMENT DROP-OFF**

You may drop your payment off at several locations. We have a 24-hour drop box at both our Higginsville and Oak Grove offices. You may walk your bill in during regular business hours, or use the drop box any time of the day. You may also drop your payment off at one of two area locations: Central Bank at 206 S. Market St. in Holden will accept payments, as will the Central Bank in Warrensburg at 1310 S. Maguire St.

**TRADITIONAL MAIL**

If you would prefer to mail your bill, please note that all bills must be mailed to our Higginsville location at P.O. Box 452, Higginsville, MO 64037. There is no mail service to our Oak Grove office.



**2016 LEGISLATIVE CONFERENCE...**WCE Branch Manager Brent Schlottzauer (left) and General Manager Mike Gray (right) visit with District 53 State Representative Glen Kolkmeier during the 2016 AMEC Legislative Conference. During the conference, cooperative managers and personnel were able to visit with legislators and discuss issues and current legislation that are important to the cooperatives and their members, and keeping electricity safe, reliable and affordable.

## Three-phase and commercial rates will increase May 1

In addition to the residential rate change announced in March, West Central Electric's board of directors have approved restructuring of the commercial and industrial as well as three-phase rates.

Like the new residential service availability charge, commercial and industrial members, and large-power three-phase members will see their service availability charge calculated by the day rather

than a monthly charge.

New rates for commercial and industrial members will include a \$3.12 per day service availability charge as well as a demand charge of \$11.25 per kW per month, and a kWh charge of .0472. Large-power three-phase members will see a service availability charge of \$2.13 per day with the first 800 kWh charged at .0951 and anything over 800 kWh at a reduced rate of .0712.

**WCE Rate Schedule**

*(Monthly Electric Rates effective May 1, 2016)*

**Commercial & Industrial**

Service Availability Charge @ \$3.12 per day

Demand Charge @ \$11.25

All kWh @ \$0.0472

**Large-Power Three-Phase**

Service Availability Charge @ \$2.13 per day

First 800 kWh @ \$0.0951

Excess kWh @ \$0.0712

## West Central allocates capital credits for 2015

West Central Electric Cooperative's margins have been allocated to each member/owner who purchased electric energy in 2015, according to General Manager Mike Gray.

Because rural electric cooperatives' business structure differs from investor-owned utility companies, the money WCE makes as margins (profits) is returned to the member/owners who use the service, rather than to unknown investors. The money is used as equity in the cooperative, and is returned to the members over time as determined by your board of directors.

West Central Electric tries to balance the system by staying financially strong while also returning the profits to its members over time. Each year, the board of directors decides how this will be accomplished.

You can calculate your own allocation for the year by using the formula in the box below.

The percentage used in the formula was determined by the total margins (profits) of the cooperative, and the total cost paid for our wholesale power in 2015. This year, your allocated amount for 2015 appeared on the bill you received in February.

If you have a non-rural/residential account, any questions regarding how to calculate your allocation, or if you do not know your year-to-date patronage, contact Sandy Starke at the Higginsville office at 816-565-4942 or 1-800-491-3803.

Total paid for electricity in 2015  
(Beginning with the amount due Feb. 15, 2015,  
and ending with the amount due Jan. 15, 2015.)

0.04578742365

2015 allocation  
(Applies to rural/residential rate only.)

Example:

\$1,000 total billing for 2015

\$1,000

X

0.04578742365 =

\$45.78

2015 allocation

# From the Boardroom...

Regular meeting of the Board of Directors held January 28, 2016

The meeting was called to order by President Densil Allen. Robert Simmons, Secretary of the Cooperative, caused the minutes of the meeting to be kept. The following Directors were present: Max Swisegood, Clark Bredehoeft, Richard Strobel, Jeremy Ahmann, Dale Jarman, Sandra Streit and Stan Rhodes. Also present were General Manager Mike Gray, general counsel Shawn Battagler and Office Manager Sandy Starke.

### APPROVAL OF AGENDA

After discussion, the agenda was approved.

### APPROVAL OF MINUTES

The unapproved minutes of the regular meeting of the board of directors held Dec. 22, 2015, were approved.

### REVIEW OF EXPENDITURES FOR DECEMBER

An itemized list of expenditures for December was presented to the board, and the payment of the bills was ratified.

### APPROVAL OF REPORTS

The following December 2015 reports were approved: Operating Report (RUS Form 7) and Comparative Operating Statement including the Financial Statistical Report with month and budget comparisons, end-of-the-year financials and statistics, and statistical data pertaining to operating revenue, expenses, margins, assets, liabilities, and KWH sales; Treasurer's Report and the written monthly Construction, Retirement, Maintenance and Operations Report.

### SAFETY REPORT

Gray reported no lost time accidents during the month.

### MEMBERSHIPS

The applications submitted for membership in the cooperative were accepted and approved. Directors reviewed a list of requests for termination of membership in the cooperative which, along with their requests that their billings be deducted from their deposits and the remainder, if any, be refunded to them, were accepted and approved.

### AMEC REPORT

Bredehoeft reported on his attendance at the AMEC board meeting. Highlights included a discussion regarding annual meeting, directors' conference, legislative conference, initiative petitions and legislative activity.

### N.W. ELECTRIC POWER COOPERATIVE, INC. REPORT

Gray and Swisegood reported their attendance at the NW board meeting. Highlights included a CFC update, AECI CEO search, NW financials and statistics and coal supplies.

### 2016 BUDGET

The board approved the 2016 budget as presented.

### RATE DISCUSSION

Gray presented rate change information and alternative proposals in rate structure. The board voted to increase the residential service availability charge to \$1.22 per day.

### DEFERRED REVENUE

Following discussion, the board voted to recognize \$900,000 of deferred revenue for 2015.

### LOAN FUNDS

Directors voted to draw down \$4,000,000 in loan funds.

### MANAGER'S REPORT

Gray provided his Manager's Report for the month. He reported on the following: pole attachment agreements and rate implementation.

### UNFINISHED BUSINESS

None.

### NEW BUSINESS

None.

FINANCIAL REPORT • <i>Statement of Operations</i> • December 2015			
	This month	YTD 2015	YTD 2014
Revenue	2,177,348	26,165,722	2,548,079
Power Bill Expense	1,460,366	16,285,078	15,957,959
Operation & Maint. Expense	249,541	2,909,045	2,569,160
Depreciation Expense	163,238	1,919,268	1,836,036
Interest Expense	133,225	1,195,535	1,340,706
Total cost of Srvc. (Total Expense)	2,006,370	22,308,926	21,703,861
Operating Margins (Revenue less Expenses)	(128,842)	(152,078)	590,937
Other Margins	845,755	999,033	943,147
TOTAL MARGINS	716,913	846,955	1,534,084

# Stewardship extends to air, land and water resources

### From page 1

lower-cost, effective technologies for meeting environmental responsibilities in tandem with its mission of providing affordable, reliable power.

Associated's research with refined coal has enabled it to voluntarily reduce mercury emissions since 2010, years before new standards go into effect in 2016.

In addition to caring for the air, Associated has garnered national recognition twice from the U.S. Department of Interior for restoring once-mined land that today provides pastures, woodlands, wildlife habitat and outdoor recreational opportunities in north-central Missouri. Wildlife and agricultural research continues today on that land. The cooperative has even raised peregrine falcons from the top of its power plants.

Associated has recycled ash from its coal plants for 20 years, bringing in revenue that helps keep members' electricity affordable while helping the environment. The cooperative also converted its fly ash systems ahead of a new rule expected to be finalized this year by the Environmental Protection Agency.

Associated and the Association of Missouri Electric Cooperatives also developed a one-of-a-kind agreement with the U.S. Fish and Wildlife Service that protects habitat for endangered species while enabling cooperatives to maintain

and construct transmission facilities that ensure reliable electricity.

Generating that electricity takes a lot of water, and Associated returns almost every drop of that water to the lake or river in as good or better condition.

Leading the way, Associated partnered to bring the first utility-scale wind farms to Missouri – and today we buy all the power from those farms and a large farm in Kansas. Wind farms are part of a mix of resources that includes coal, gas, hydropower and an energy-efficiency program that helps members save on their electric bills.

Associated continues to balance its environmental responsibilities with producing affordable, reliable electricity, which has never been easy, or inexpensive. In addition to investments to date, Associated expects to spend another \$40 million this year on research and controls to meet new air, land and water quality regulations from EPA, as well as an additional \$10 million in operating costs.

Yet, Associated's environmental stewardship has never wavered. That's because clean, affordable, reliable electricity has been an expectation for so long that it's second nature. We see it as fulfilling our obligation to do the best job possible for members.

# Securing the promise of renewable energy

Since the 1970s, electric co-ops have been actively engaged in promoting renewable energy resources like wind, solar, hydropower, and, biomass (including landfill gas, livestock waste, timber byproducts, and crop residue). Today, nearly 90 percent of the nation's 900-plus electric co-ops provide electricity produced by renewable sources, all playing a key role in powering rural America while increasing our nation's energy independence.

"Renewable energy makes up approximately 11 percent of all co-op kilowatt-hour use (10 percent hydro and 1 percent non-hydro), as compared to 9 percent for the nation's entire electric utility sector," says Kirk Johnson, vice president of environmental policy at the National Rural Electric Cooperative Association (NRECA), the Arlington, Va.-based service arm of the nation's 900-plus consumer-owned, not-for-profit electric cooperatives.

The Electric Power Research Institute (EPRI), a non-profit, utility-sponsored organization whose members include electric co-ops, released a study in 2007 outlining a seven-step plan for how U.S. electric utilities could reduce carbon dioxide emissions to 1990 levels by 2030, while still meeting a 40 percent boost in electricity consumption. One of these measures includes increasing non-hydro renewable energy sources, primarily

wind and solar, from 24,000 MW to 94,000 MW by 2030.

So, what needs to be done to enable a far greater use of renewable energy?

Currently, 150 electric co-ops either own wind turbines or buy output from wind farms, most of which are located in America's "wind tunnels"–the Upper Midwest and Great Plains, as well as down the spine of the Alleghenies in the East. However, wind and solar power face challenges: transmission; intermittency and the need for advancements in storage technology; and increased construction costs and delays. Overcoming these challenges is not impossible but will require strong leadership and investment from government.

• **TRANSMISSION** – Renewable resources are abundant in rural areas, but that also means they are located far from the concentrated power needs of cities and towns. To move electric generation from renewable sources (i.e., wind farms), new transmission lines will need to be built to enable greater availability of renewable power sources.

• **INTERMITTENCY** – Most renewable sources are intermittent: the sun doesn't always shine, and the wind doesn't always blow. Improved storage system technology would make it possible to store electricity produced by a wind turbine or solar system. When a

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## From the Manager...

# Co-op power: reliable, affordable, and environmentally-responsible

At West Central Electric, we have three top priorities: provide you safe, reliable access to electric power; offer that service as affordably as possible; and do both of those things in a fiscally- and environmentally-responsible fashion.

Because WCE is a not-for-profit enterprise—which means your money stays local; we don't have to worry about distant shareholders—we are well-positioned to make any necessary investments for ensuring safe, reliable,

and affordable electricity. However, fulfilling our commitment to environmental stewardship in a fiscally responsible manner has become more challenging. Today, many environmental laws that were adopted by Congress decades ago are being used by federal agencies and the courts to address issues for which they were never intended.

For example, the federal Clean Air Act is now 40 years old and was last amended in 1990—more than two

decades ago. Much has changed in the intervening years, including technology, our understanding of the environment, and the electric utility industry.

Today, officials with the U.S. Environmental Protection Agency—often under court order—are trying to modify the Clean Air Act to fit new circumstances. Without a doubt, new EPA rules being issued will wind up back in the courts—and lengthy litigation will ensue.

Reasonable people can and will

disagree over how to find a balance between protecting the environment, guaranteeing a reliable supply of power, and keeping electric bills affordable. Under the right circumstances, Congress eventually will have to revisit the Clean Air Act and update it to fit the needs of the 21st century. In the meantime, we will keep you updated on our efforts to encourage lawmakers and regulators to strike the proper balance on these concerns.



### WCE EMPLOYEE SERVICE

**AWARDS...**WCE General Manager Mike Gray (back row, left) recently honored cooperative employees for milestone years of service. Front row (l-r): Jeff Miller (35), Sharon Rinne (35), Janette Blakely (15), and Jeff Campbell (25). Back row (l-r): Gray, Tim Frerking (15), Brandon Steffen (10), Zac Wallpe (10), Derek Cole (5) and Randy Burkeybile (30). Not pictured: Jesse Underwood (5).

### WCE DIRECTOR SERVICE

**AWARDS...**WCE directors honored for milestone years of service are (l-r): Richard Strobel (5), Densil Allen, Jr. (5) and Clark Bredehoeft (25).

## Securing the promise of renewable energy

### From page 3

storm cloud rolls up, stored solar power could be ready and waiting. Electric co-ops are studying ways to boost storage technology, although major breakthroughs have yet to be made.

• **INCREASED COST DELAYS** – Construction costs for power plants of all types are rising, and renewable sources are no exception. Three years ago it was estimated that a wind farm would cost about \$1,000 per kW of capacity to build – today that estimate has doubled. In addition to increased costs, the skyrocketing demand for wind turbines has led to a manufacturing backlog of two years or more. For solar panels, costs for installation and operation can run five times higher than a traditional coal plant of comparable size.

To help electric cooperatives further tap into renewable opportunities, a National Renewables Cooperative Organization (NRCO) has been formed. NRCO negotiates and coordinates renewable energy projects for its member co-ops.

“Electric co-ops remain committed to an overall goal of fostering domestic energy independence while benefiting the environment and assisting rural economic growth,” concludes WCE General Manager Mike Gray. “While no single approach or policy is appropriate for every co-op, we see renewable generation as an important part of our future. It will not be easy, but it is needed.”

Electric cooperatives are also asking Congress to seek out balanced solutions to energy and climate change. The National Rural Electric Cooperative Association has introduced a public campaign called The Cooperative Action Network to ensure that the voice of cooperatives and their consumer-members is heard as the Environmental Protection Agency considers new regulations that could make it virtually impossible to generate electricity with coal.

*Electric cooperatives nationwide have taken the position that it is possible to provide affordable and reliable electricity while still protecting the environment.*

*For more information about this campaign, visit [www.action.coop](http://www.action.coop).*