

WHAT'S WITH ALL THE RATE HIKES?

BY REG RUDOLPH GENERAL MANAGER

Worldwide, utilities are increasing their fixed fees, also called access charges. As consumers, we're doing all the right things to use less energy to lower our electric bills. We're swapping our old, clunky washers and refrigerators for high-efficiency Energy Star sets, swapping incandescent bulbs for LEDs, adding insulation, sealing cracks and replacing doors and windows. And we're doing these things often because our utility companies are telling us "Use less, save more, it'll lower your electric bill." So, why are they raising their rates? Are SIEA member-owners going to have to pay more soon, and how has SIEA only had one rate increase in the last 13 years?

What is happening?

Most utilities' rate structures, including San Isabel Electric's, were developed decades ago. Rate structures are old and outdated. They were not designed to adequately recover high inflation rates or the energy conservation movements of today.

The access charge on your electric bill is the component of a member's bill that recovers some of the fixed costs that come directly from serving an individual member, regardless of how much electricity is used. These costs include the cost of the meter, wire and other equipment used to deliver electricity to the home or business, as well as meter reading technology and billing expenses. All utilities have some type of an access charge. Other common names are "fixed charge" or a "grid access fee."

More than 60% of San Isabel Electric's costs come from wholesale power supply costs — the costs related to buying your electricity from our power supplier. The kilowatt-hour (kWh) charge is the portion of your bill that helps recover those costs.

Why do utilities encourage energy conservation?

Saving energy means saving money for everyone. Lower energy demand means

members don't have to pay for as many new power plants or transmission lines, and it can lower pollution-related costs.

Everyone — the member, San Isabel Electric, and the environment — benefits when members switch from propane to electric heat, swap their electric water heater for a heat pump water heater, heat and cool their home with a heat pump system instead of a traditional furnace and air conditioning unit, or purchase an electric vehicle. We want to increase sales of the product we sell — electricity — by helping you use it more efficiently in a way that is not only good for increased electric sales, but in ways that benefit both your finances and the environment. There's a name for this concept: beneficial electrification. For the full definition and more information, visit the Beneficial Electrification League of Colorado's website, loveelectric.org, or to see how SIEA can help you electrify and save, visit siea.com/empower.

Unlike investor-owned utilities, electric cooperatives like San Isabel Electric do not exist to make money. Electric cooperatives are not-for-profit utilities. We operate at cost and spread the costs equally among the membership regardless of location, income status, or other demographic characteristics. Any extra money collected is returned to the member-owners in the form of capital credit. The concept, Economic Member Participation, is one of the seven cooperative principles all cooperatives are founded on. It costs more to provide electric service to remote areas where there are no neighbors for miles and the terrain is difficult than in more urban areas where meters are close together and equipment can easily be accessed by roads. It's exactly why electric co-ops exist — to provide electricity and other services in underserved areas where investor-owned utilities can't make enough money. Each member who pays an electric bill helps make it possible for SIEA to provide safe, reliable electricity at cost, without charging a penny more than necessary.



REG RUDOLPH

Are SIEA's rates going up?

The short answer is no, at least not in the near future. The long answer: For the last several years we've been looking at ways to recover costs more equitably across the membership and to modernize our rate structure so we can continue encouraging energy conservation and growing renewables. Utilities have all sorts of ways of recovering these costs without raising rates. Some just pass along inflationary costs directly to their members or customers. We're trying our best to avoid that, but nothing stays the same price forever.

How has SIEA avoided rate increases all these years?

Our employees work very hard to keep operational costs down. Those efforts include negotiating agreements to control the cost of buying the power you need, also known as wholesale power-supply costs; putting money aside for unexpected catastrophes, such as fires and floods; and paying off long-term debt.

We're proud to say that our members have enjoyed more than a decade of rate stability. Since 2009, SIEA members have had only one rate increase. In 2014 the access charge increased from \$8 to \$20. It is hard to think of anything that has not gone up in price in the last eight years. Our access charge increased only once in more than a decade.

Enjoy it while you can.



Making Dollars and Sense of Energy Efficiency

BY PAUL WESSLUND

The term “energy efficiency” can cause confusion. Some see it as a way to a cleaner environment. Others see extra expense and inconvenience.

Sorting out those views gets even more complicated as technology gives us a dizzying array of choices for saving electricity, from smart thermostats to varieties of lightbulbs.

The basic idea of energy efficiency is simple: Use less energy to do the same amount of work, and you’ll save money on your electric bills.

Here’s where it starts to get confusing. Sometimes you must pay more for something that’s considered energy efficient — it costs more upfront but actually saves money in the long run. That may sound illogical at first, but consider the old phrase, “You have to spend money to make money.” It makes sense once you think about it for a minute — most moneymaking projects require an initial investment, whether it’s a factory or a lemonade stand.

Pay a little now, save a lot later.

From computers to major appliances, manufacturers are increasing the energy efficiency of their products. According to the U.S. Department of Energy, Energy Star-rated appliances can save you 10% to 50% of the energy required for standard models that don’t receive the Energy Star sticker. Considering that most major appliances last 10 years, those savings can stack up over time.

Even more savings are in store when you replace older appliances that weren’t built with today’s efficiency standards in mind. Improvements in refrigerators are cutting their energy use in half about every 15 years. So, if your refrigerator is more than 20 years old, replacing it with a new high-efficiency model could save you \$300 in operating costs over the next five years.

“Smart power strips” also show how spending now on efficiency can make money in the future. Keeping your phone charger and other electronic devices plugged in can consume electricity even after they’re fully charged or not in use. A smart power strip cuts off the electricity once charging is complete. A smart strip costs about \$40 and, depending on your electric rates and how much charging you do, it could save as much as \$40 a year on your electric bills, recovering your initial investment almost right away.

Another example of returns on energy-efficiency investments comes from the world of real estate. Realtors will be the first to tell you that energy efficiency sells houses. If you’re in the market to sell, spending a little extra on insulation and efficient appliances increases resale value.



According to the U.S. Department of Energy, Energy Star-rated appliances can save you 10% to 50% of the energy required for standard models that don’t receive the Energy Star sticker. Photo Credit: Maytag

Save \$200 per year on lightbulbs.

Lightbulbs offer the most dramatic story of efficiency technology improvements. By spending \$5 to \$10 on an LED bulb (compared to about \$1 for an old incandescent), you get a product that uses 75% less electricity and, incidentally, can last 20 years compared to about a year for an incandescent bulb. The U.S. Department of Energy estimates that the average home could save more than \$200 a year by replacing incandescent bulbs with LEDs.

Maybe the best news of all is that, as efficient products improve and gain popularity, they’re not always more expensive. Many less-expensive appliance models have similar annual operating costs compared to the pricier versions.

Two key tips for turning energy efficiency into dollars are to know what you want from your energy use and to do your homework. Products come with a wide range of features that cost extra and may actually be less efficient — do you want a refrigerator that offers the best efficiency, or do you want to pay more for a less-efficient model that has an ice dispenser in the door?

And ask for help. Your local electric co-op has energy experts who can tell you how to make the best use of electricity. To compare efficiency among appliances, look for the yellow Energy Guide label, which shows information like estimated annual operating costs. Explore the energy.gov website for online calculators and additional resources that can help you turn efficiency data into real savings on your energy bills.

Paul Wesslund writes on consumer and cooperative affairs for the National Rural Electric Cooperative Association.



+BENEFICIAL ELECTRIFICATION

HEAT PUMP WATER HEATERS (HPWH)



Heat pump water heaters provide home owners more control by offering exact temperature settings. No more guessing the temperature between A,B, or C!

+ ENERGY SAVINGS WITH MORE CONTROL

Most HPWHs offer various modes of operation including an auto-mode that is ideal for daily use, a vacation mode to maximize energy savings when you are gone, and a high-demand to boost heat recovery when you have a large number of guests overnight. Whether you want to save or need a little extra hot water, you are in control.

+ A SAFE ALTERNATIVE FOR YOUR HOME

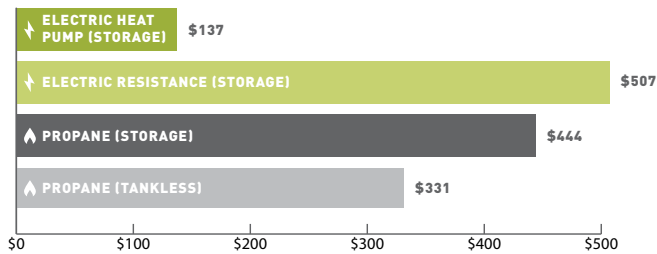
HPWHs are all-electric and combustion-free, removing a source of carbon monoxide and potential gas leaks in your home. Also, HPWHs do not generate heat, so they remain cool to the touch.

+ AN HPWH COSTS LESS TO OPERATE THAN PROPANE WATER HEATERS

Water heating makes up about 18% of U.S. residential energy use. HPWHs can use up to 63% less energy than traditional electric water heaters when installed correctly.*

*Source: Pacific Northwest National Laboratory, "Hot showers, lower power bills with heat pump water heaters", www.pnnl.gov/news/release.aspx?id=4173

ANNUAL WATER HEATING COST FOR FAMILY OF FOUR BY WATER HEATER*



*Based on an average 64 gallons of hot water a day and heating prices of \$2 per gallon of propane or \$0.12 per kWh of electricity.

Source: Efficiency Maine. "Compare Water Heating Costs." www.efficiencymaine.com/at-home/water-heating-cost-comparison/

IS A HEAT PUMP WATER HEATER RIGHT FOR YOU?

HPWHs are available in multiple sizes to fit any household size, or commercial application and have fast recovery to keep hot water flowing. HPWHs use electricity to move heat from one place to another rather than generating their own heat like a traditional electric water heater, which can make them 2-3x more efficient when properly installed.* Installation requires both plumbing and electrical work, so use a licensed contractor.

Your local electric cooperative may provide rebates for this energy efficient option. Contact San Isabel Electric for more details!

*Source: Consumer Affairs, "Are heat pump water heaters worth the cost?"; www.consumeraffairs.com/homeowners/heat-pump-water-heater-value.html



PAY WITH CASH

AT PARTICIPATING RETAILERS

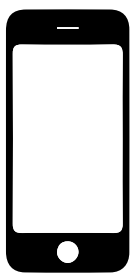
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- 1** Log on to SmartHub and click on “Bill & Pay.”
- 2** Click on “Pay By Cash” in the lower menu.
- 3** On the next page, select view barcode.
- 4** Scan the barcode displayed to pay your bill with cash. SIEA will refund one convenience fee per billing period.

FROM YOUR PAPER BILLING STATEMENT



- 1** The barcode is located on the bottom of the last page.
- 2** Simply scan the barcode and pay your bill with cash. SIEA will refund one convenience fee per billing period.