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Butler REC **NEWS**

FROM THE MANAGER

Butler REC rate increase effective July 1 BY R. DALE SHORT

On July 1, 2009, Butler REC will implement our first rate adjustment since January 2000.

We understand that these are not the best of times, but in order to maintain the quality, reliability and integrity of the services we provide, it is necessary for us to adjust our pricing structure at this time.

Butler REC values you as a customer and we place a strong emphasis on providing you with exceptional service.

energy efficiency measures being promoted by the State of Kansas.

A portion of the June 29th Board Meeting will be open to the membership. During that time, we will discuss the adoption of the new rates. The meeting will be held in the employee education meeting room at 216 S. Vine.

While virtually all aspects of today's cost to operate a utility continue to rise, we pride ourselves on avoiding routine price adjustments. Butler REC and its members have enjoyed one of the longest periods of rate stability in recent history. As a not-for-profit co-op we only consider an adjustment when we really have to. We believe that reliable electric service at a reasonable price is something that you can count on and that we deliver on a daily basis.

This increase is based on numerous factors, the largest of which are storm damage, power costs and huge increases in the cost of materials. In today's world a co-op's rate structure expresses its response to financial, power supply, environmental, regulatory and member issues.

Meeting notice

Pursuant to K.S.A. 66-104d, please take notice that the Board of Trustees of Butler REC will meet on June 29, 2009, at 7:30 p.m. at the Butler REC office, 216 S Vine, El Dorado, to discuss and vote on a new electrical rate structure.

If adopted by the Board of Trustees, the new rate structure could modify the method used to calculate bills for consumers by possibly breaking the current kWh charge on the bill into multiple categories that might include, but are not limited to: energy, transmission, generation, distribution or others.

Bill calculation might also be affected by the time of day electricity is used in conjunction with the cooperative's peak demand for generation capacity. This is normally on the hottest days of the summer in the late afternoon hours. This rate structure, if adopted by the Board, will provide the ability for Butler REC to better promote the energy efficiency programs being implemented by the state and federal governments. This rate structure also has the potential to allow you as a customer to better control your electric costs by modifying some of your usage patterns.

The cooperative anticipates an overall increase in revenue collected from rates of just under 8 percent. Various rate classes may be higher or lower than the overall average with the highest increase for any residential rate class expected to be no more than 12 percent.

Butler REC will mail more information about the potential rate structure prior to the June 29 meeting. The portion of the meeting at which the rates will be discussed and voted on is open to the members of the cooperative to attend.

First and foremost, rates should be based on costs and assure that the co-op collects adequate revenues to recover expenses and meet financial targets,

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R. Dale Short

“We believe that reliable electric service at a reasonable price is something that you can count on and that we deliver on a daily basis.”

While different rate classes may be affected at different levels, we anticipate the estimated residential increase to be less than 11 percent and the estimated overall average increase to be less than eight percent. We will be providing more details following our June Board Meeting.

Under the new rate structures it is important that we begin by July 1 in order to give you the maximum potential to save with

Don't let the air out!

Get back to efficiency basics with weatherization

Children running in and out of the house on a hot summer's day may hear a common warning: "Don't leave the door open – you'll let the air out!" But how many adults do the same thing without realizing it?

While you may not leave your front door open, air leaks in the attic and basement let valuable air in – and out! – of your home.

The U.S. Department of Energy's EnergyStar® program advises addressing air leaks and ductwork in your home before investing in a new heating and cooling system; sometimes, those are the real sources of problems rather than your equipment.

If air leaks are generally hidden, where do you start?

Most leaks occur in the basement and attic. Starting in your basement, look for gaps and cracks where your cement or block foundation meets the frame of your home. Joists (building supports which are smaller than beams) between the floor and the foundation (called rim or band joists) create cavities, small empty spaces that are hard to insulate and may leak. Not all of the gaps are visible, so EnergyStar® suggests seal-

ing the top and bottom of cavities around rim joists. Use caulk to seal cracks that are 1/4 inch or smaller; spray foam works best to fill gaps from 1/4 inch to about three inches.

It's also a good idea to seal gaps between the basement ceiling and the floor above, like holes for wiring and water pipes.

In the attic, there are many small areas where air may come in, but focus on large spaces. For example, if your home has dropped soffits – part of the ceiling that has been lowered for lighting design – be sure they've been properly sealed. These design elements, common in bathrooms and kitchens, are often built before your home's drywall is installed, leaving part of your wall open to air from wall or floor cavities.

Even though there may be insulation covering dropped soffits in your attic, be sure all cavities around the soffits have been properly plugged. To do this, place fiberglass insulation inside plastic garbage bags and stuff it tightly into any cavities.

Pay attention to dirty insulation; it's a big clue that air is moving through the area. And just like the basement, be sure to seal gaps be-

tween the attic ceiling and the rooms below, including holes for wiring, lighting, and the attic door.

Weatherizing your home will save you money down the road – an average of \$358 each year according to the U.S. Department of Energy Weatherization Assistance Program – but some people may not be able to pay for improvements. As a result of the federal stimulus package, families with household incomes below 200 percent of the national poverty level are eligible for up to \$6,500 in energy efficiency improvements. For a family of four, that's an income limit of \$44,100.

For members who are not eligible for the program, the stimulus bill provides a homeowner efficiency tax credit of up to \$1,500, or 30 percent, of the cost for upgrades, including insulation that meets the 2009 International Energy Conservation Code.

There are many more ways to protect your home, including weather stripping doors and windows and sealing ducts. For more information on how to weatherize your home visit the EnergyStar® website at www.energystar.gov.

Electric co-opmembers: 42 million strong

The Our Energy, Our Future™ campaign helps unify electric co-op members across America

When electric cooperatives began to spread across America 75 years ago, President Franklin D. Roosevelt made the point that electricity in this country was no longer a luxury. It had become, as it is today, a necessity.

In these difficult economic times, a lot of Americans are struggling to make ends meet. As not-for-profit, consumer-owned and controlled electric co-ops, we

want to make certain that each and every citizen in this country can continue to receive affordable electric power. We want to make certain we don't step back from the commitment that FDR made.

Congress is currently working to address issues related to climate change and debating federal mandates regarding renewable energy development and energy efficiency. Even if Congress doesn't act,

the U.S. Supreme Court has given the U.S. Environmental Protection Agency a green light to put new rules curbing emissions of carbon dioxide from power plants in place.

As a result of these efforts, there's little doubt electric bills are going to rise. The only question is whether higher electric bills will be kept affordable.

Electric co-ops are dealing with a very different situation than

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Energy Efficiency

Tip of the Month

Don't keep your refrigerator or freezer too cold. Recommended temperatures are 37° to 40° F for the main refrigerator compartment and 5° F for the freezer. If you have a stand-alone freezer, it should be kept at 0° F. Appliance settings may vary, so an easy way to check the temperature is to use a meat thermometer.

Source: U.S. Department of Energy Efficiency and Renewable Energy

we have in the past. Electric bills will go up because of the climate change and energy policy decisions of U.S. senators and representatives on Capitol Hill – or worse, unelected federal bureaucrats. Higher electric bills will become the norm as we are all forced to comply with these government mandates.

At Butler REC Electric, we're talking to our members of Congress, trying to convince them to

work with us to make sure that we not only deal with climate change, but do so in a way that keeps electric bills affordable. To accomplish this goal, we need your help.

Nationwide, 42 million consumers are served by electric cooperatives. If every co-op consumer contacted their senators and representatives, we could make a real impact on the final shape of any energy or climate change legislation.

Over the last year, electric co-op consumers have made their voices heard on keeping electric bills affordable through the Our Energy, Our Future™ grassroots awareness campaign. More than 1.6 million messages have been sent to Congress so far – you can add to that list by visiting www.ourenergy.coop.

Make certain that those who lead us in Washington, D.C., hear from you today.

Rate increase *continued*

but that is no longer enough. Rate strategies must also help the co-op to comply with external mandates for power from renewable resources and for increased energy efficiency and to function in changing wholesale markets.

Fifty years ago, rate strategies were successful if they encouraged consumers to use more energy because the more they used the cheaper each kWh became. Today's strategy should encourage consumers to use less energy and to use it at times that minimize the co-op's need for additional transmission, generation and distribution facilities through proper price signals.

From the consumer's standpoint, rates must also be reasonable and easy to understand. That is why management and the Board of Trustees have been diligently studying rate structures for the past two years. These structures give you the power to control your electric bills by choosing when to use electricity. These new rates also make energy

efficiency measures benefit both you and the co-op.

As our members, we must ask you to share in these costs. Maintaining dependable service at the most affordable price possible remains the cornerstone of our business. To accomplish the goal, we must also protect the integrity and financial stability of our organization. This includes the ability to borrow money from our co-op banks.

With the additional costs to recover from the recent ice and wind storms we now need to increase our revenue to meet the lending requirements of our banks.

We want to reassure you that Butler REC will remain proactive in planning for your future energy needs. We work hard to anticipate any potential issues that could escalate the costs of providing energy.

Whenever possible, we work to minimize the impact those issues could have on your energy bill. Over the past 10 years we have been able to use increase productivity to offset

some of the operating costs. That allowed us to go well beyond the typical three to five years between rate increases. Be assured that although we must raise our price to cover the costs of doing business, we are committed to ensuring this occurrence has the smallest possible impact.

We are committed to providing you with reliable, affordable and environmentally responsible electric service. If you have any questions or concerns regarding the implementation of this rate adjustment, we encourage you to call our offices at 800-464-0060. We will do our best to answer your questions and we look forward to working with you on ways that you may be able to reduce your monthly bill. We are currently working on energy efficiency programs to help you control your bill even though your rates are going up.

We're here to help and to deliver the reliable power you've come to know and expect.

Sincerely,
R. Dale Short



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