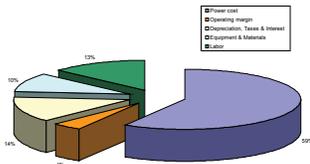




The official
publication
of the members of
Indian Electric
Cooperative



Increase is Unavoidable

2 3

Our Crews Voted Best Looking



4



Peach Brandy Fool for April

EPA Regulations, Lack of Generation Capability Cause Electric Rates to Rise

There is no way to sugarcoat it – the cost of electricity is going up. Because of that, we are having to increase what we charge for that electricity.

The rate increase takes affect with the April usage and will appear on May bills.

“Although our rates are increasing,” says IEC General Manager Jack Clinkscale, “the revenue is not remaining at IEC. It will be paid to KAMO Power and Associated Electric Cooperative (AECI) because they are increasing the amount they charge us for electricity.”

Clinkscale goes on to say the amount IEC pays for power increased in 2007, but IEC did not pass that increase on to the membership.

“We absorbed the increase last year,” he says. “But we aren’t able to do that this year.”

Clinkscale says there are a variety of reasons for the increase at the generation and transmission level, but the major reasons are the high cost of generating fuels and the need for new power plants.

“Over the past decade, the cost to AECI for fuels used to generate electricity has gone up by 94 percent,” explains Clinkscale. “AECI currently serves more than 850,000 electric consumers through 51 electric co-ops. Electric

co-ops are expected to experience a 2 percent growth rate for the next 10 years, which is about the same as adding 30,000 homes. AECI anticipates a 45-percent growth in the number of members served by 2025, and new plants must be built to meet that demand.”

He goes on to explain the estimated cost for one AECI coal-fired plant is about \$1.7 billion, and federal environmental regulators require AECI to modify existing plants at a cost of about \$330 million.

How this increase affects you

All of this information helps you understand why the rate increase is necessary, but what you want to know is how it is going to affect you.

Naturally, how the increase affects you depends on how much electricity you use.

A residential consumer using 1,000 kilowatt hours (kWh) a month is charged \$87.30 under the current rate of \$0.0723 per kWh. After the increase goes into effect, the charge for 1,000 kWh will be \$96.30 a month \$0.0788 per kWh. That is a difference of \$9.

A residential consumer using 2,000 kWh a month will now pay \$175.10; an increase of

\$21.60 over the \$153.50 that is charged under the current rate.

Rates for Small Commercial accounts are increasing from \$0.0427 per kWh to \$0.0459 with a \$10 Basic

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Rate Increase at a Glance		
Rate Class	Average Usage	Monthly Increase
Residential	1,310 kWh	\$12.91
Small Commerical	1,500 kWh	\$14.80
Medium Commerical	7,000 kWh	\$44.60
General Service	1,260 kWh	\$17.61

Rate Increase is Unavoidable

by Jack Clinkscale, General Manager

After meeting with representatives of our engineering firm at the February board meeting, and following much discussion, your trustees approved a 14-percent rate increase effective April 1. If you have attended a recent IEC annual meeting or read *The Lamp*, this increase is not a surprise. We have known we would have a large price increase from KAMO, our wholesale power supplier, in April and we have shared that information with you.

I know no one likes a rate increase, especially at a time when prices for other essential items are also rising, but this one is unavoidable. IEC experienced a 5.7 percent increase in wholesale power costs in April 2007, but we were able to absorb that increase without raising rates. We cannot absorb the 23.7 percent increase we will receive this April.

In anticipation of the increase, IEC retained the services of the engineering firm C.H. Guernsey & Co. to do a cost of service study. A cost of service study analyzes all of the co-op's cost of operations including cost of wholesale power,

costs to construct, operate and maintain your electric system, costs to read meters, prepare and send out bills and many, many other costs of doing business. These costs are then allocated to each class of service (residential, commercial, industrial, etc.) to determine what it costs IEC to serve each rate class. They then devise rates for each

class to recover these costs and make sure each class is billed its fair share. Wholesale power costs are rising for a variety of reasons and the increases are not limited to our area. Power costs are rising throughout the country, and will probably continue to do so. Americans are using more and more electric power which requires building more power plants and more transmission lines. With rising construction costs and increased concern for the environ-

ment, it is becoming costly and difficult to build new power plants, and millions of dollars are being spent on existing power plants to make them more environmentally friendly. No matter how they spin it, these costs are eventually paid by you and me, the ultimate end-use consumer. The increase IEC will see from KAMO will be over \$3 million dollars for 2008. We are passing this increase straight through to members without any additional increase for IEC system operations. Despite rising material and fuel prices, IEC has been able to operate efficiently. We are raising rates just enough to cover the increase in power costs.

The bad news is that this is a large increase and there will be more in the future. We have and will continue to inform you of the reasons for these increases. I know no one ever likes a rate increase; we ask only that you consider the reasons and understand why we have to raise rates. The good news is that even with rising prices, electricity continues to be the most reliable and economical source of energy in our country.

“...no one likes a rate increase, especially at a time when prices for other essential items are also rising, but this one is unavoidable.”



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Electric Rates to Rise...

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Charge increase.

Medium Commercial accounts will see an increase from \$0.0388 per kWh to \$0.0416 and a \$25 increase in the Basic Charge.

General Service accounts will increase from \$0.0737 per kWh to \$0.0849 per kWh. The Basic Charges for single phase three phase accounts is increasing \$3.50.

Clinkscale points out steps have been taken within the co-op to either cut-back or maintain expenditures.

"However, the majority of the co-op's annual budget is spent on purchasing electricity," he says.

The accompanying pie chart details where the co-op's budget is spent:

- 59 percent for purchased power,
- 14 percent for depreciation, taxes and interest,
- 13.32 percent for labor,
- 10.32 percent for equipment and materials, and
- 4.19 percent for operating margin.

"The only portions of the budget we can actually control are labor, and equipment and materials," he explains.

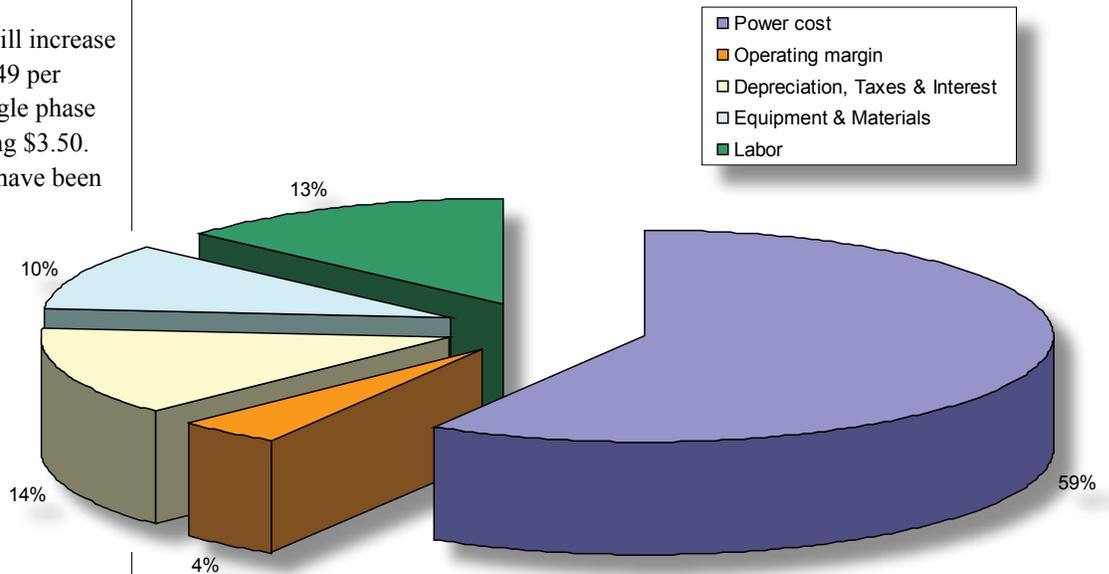
"Increasing rates is never a decision the trustees make easily. They are members too, as are the majority of our employees, so any decision the board makes affects them also," says Clinkscale.

"We have several programs I encourage members to take advantage of to help them control their electric usage.

"We can perform energy audits that help members improve the energy efficiency of their homes and businesses, and we will continue to provide energy efficiency information on our Web site and in *The Lamp*. Also, we have payment programs to help members who might have difficulty paying their bills," he says.

"No matter what we are required to do regarding rates, our commitment to providing dependable electric service doesn't waver."

Where Our Money Goes



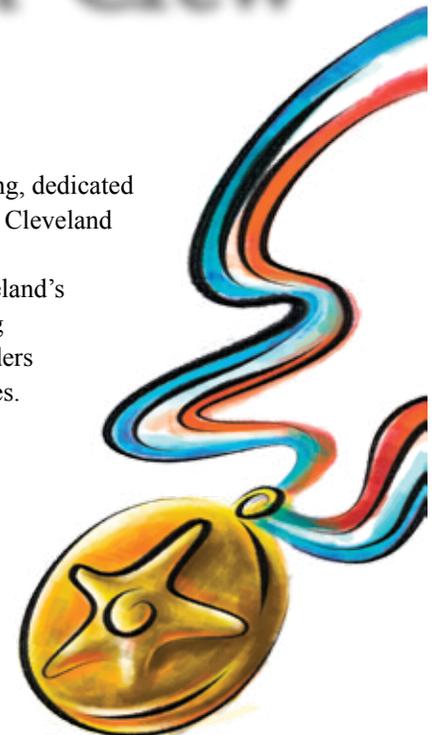
Best Lookin' Crew in Town

Their reputation is that they are hard-working, dedicated and capable. And according to the readers of the Cleveland American, they are also good looking.

In February, the Cleveland American, Cleveland's weekly newspaper, sponsored the "Best Looking Tough Love Crew" Valentine contest where readers were asked to vote on the best looking employees. Twenty-four area businesses participated.

Twenty-eight IEC linemen and right-of-way personnel represented the co-op in the competition. According to American Publisher and Editor Rusty Ferguson, they received three times as many votes as did the other entrants.

As their prize, the good-looking guys were treated to a pizza party at the co-op, sponsored by the Cleveland American.



Questions and Answers about the Rate Increase

Q. *Why can't IEC buy electricity from a less expensive supplier?*

Just as you are a member-owner of IEC, who provides your electric service, IEC is a member-owner of both KAMO Power and Associated Electric Cooperative. They are our power suppliers.

Even with the recent increase in wholesale power costs, AECI remains the least expensive power supplier in the region. In fact, AECI rates are 15-percent lower than the national average.

Q. *What can I do to manage rising energy costs?*

You can take advantage of our free energy audits and bill payment programs. Our Web site – www.iecok.com - offers energy saving information, and we include energy efficiency articles and tips in *The Lamp*.

The less energy consumed by the entire cooperative system overtime can reduce the wholesale demand costs.

Energy Efficiency Tip

When to Turn Off Personal Computers

If you're wondering when to turn off personal computers for energy savings, here are some general guidelines.

While a small surge in energy consumption occurs when a computer starts up, this hardly compares to the amount used when a computer runs for a long time. For energy savings and convenience, consider turning off the monitor if you aren't going to use your PC for more than 20 minutes, and switch off both the CPU and monitor if you're not going to use your PC for more than two hours.

Make sure monitors, printers, and other accessories are plugged in to a power strip/surge protector. When not using equipment for extended periods, turn off the switch on the power strip to prevent any power drain. If you don't use a power strip, unplug extra equipment when it's not in use.

Most PCs today reach the end of their

RECIPE



Brandied Peach Fool

Instead of dreaming up April jokes and pranks, put your creativity to good use and throw together an old-fashioned fool – a dessert of pureed fruit and whipped cream.

- 2 cups peeled and sliced peaches
- 1/4 cup sugar
- 1/4 cup brandy
- 2 cups whipped cream
- 4 thin peach slices

In a saucepan, combine the peaches, sugar and brandy. Cook over medium heat until peaches become tender, about 10 minutes. Remove peaches from the heat and refrigerate until completely cooled. Fold cooled fruit mixture into whipped cream. Refrigerate for several hours. Serve in chilled brandy snifter glasses. Garnish with a few sliced peaches.

useful life due to advances in technology long before any negative effects of being switched on and off multiple times can be seen. But as a general rule of thumb, the less time a PC is on, the longer it will “last.”

Power-Down or Sleep Mode Features

PCs also produce heat, so turning them off reduces the need for air conditioning.

Many PCs come with a power-down or sleep mode feature for the CPU and monitor. ENERGY STAR® computers consume 15 watts or less in this mode—around 70 percent less electricity than a computer without power management features. ENERGY STAR monitors also have the capability to power down into two successive sleep modes, first to 15 watts and then to 8 watts—less than 10 percent of its operating power consumption.

Keep in mind that screen savers are not energy savers. Using a screen saver may in fact require more energy than not using one, and your power-down feature may not work if you have a screen saver activated.

