

# MCREA News



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## BOARD OF DIRECTORS

**President** Larry Hoozee  
**Vice President** Tim Peggram  
**Secretary** Casper Hergenreter Jr.  
**Treasurer** Allyn Wind  
**Board Members**  
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 Randolph D. Graff  
 Bill Midcap  
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Fred R. Grantham  
**Chief Operations Officer** Dave Frick  
**Director of External Affairs**  
 Dave Henderson  
**Manager of Office Services** Debby Gachne  
**Manager of Engineering** Steve Sundet  
**Executive Assistant and Human Resources**  
 Gayle Volz

*Morgan County Rural Electric Association is a member-owned cooperative that exists to provide goods and services that enhance the quality of life in rural America.*

## MAILING ADDRESS

P.O. Box 738  
 Fort Morgan, CO 80701-0738

## STREET ADDRESS

20169 U.S. Highway 34  
 Fort Morgan, CO 80701-4401

970-867-5688 Phone  
 970-867-3277 Fax

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## From the Boardroom

BY MCREA BOARD PRESIDENT LARRY HOOZEE

**W**elcome to a new year from your Morgan County Rural Electric Association Board of Directors. It is my intention to use this space in your *Colorado Country Life* magazine from time to time to bring you information as to what's happening with the MCREA board.



Larry Hoozee

The last few months we've had a lot of discussions regarding our rates. We've looked at how they should be structured and if they are adequate to cover the costs to our electric cooperative.

The board received information from an independent cost-of-service (or rate) study with some recommendations for changes so no rate class (residential, irrigation, etc.) would be subsidizing another. Long story short, the study recommended a pretty large rate increase to our members. For example, the cost-of-service study suggested that the facilities charge for residential members should be increased from \$15 to \$39 per month.

The board felt these recommendations were too large a change from our existing structure and too much of a burden on our members, especially in these economic times. However, the board also has a duty to keep your cooperative operating.

You should have received a notice in early December informing you that the 2011 rates will be going up by an overall average of 3.98 percent. Also explained in the notice is that Morgan County REA has not had a rate increase in two years.

Tri-State Generation and Transmission — our power supplier — increased our wholesale rate in 2009, but we did not pass that increase

along to our members. We were also able to keep rates steady in 2010. However, in 2011 we will need to recover some of that increase. The MCREA board and staff have worked very hard to avoid a rate increase for our members for as long as possible.

However, in light of increasing costs, we felt a small increase was necessary to keep operating margins in the black.

The individual line items and components of your bill also brought a great deal of discussion from board members. The past year you may have noticed a more detailed description of some of the costs associated with providing electricity to our members — specifically the line items "Regulatory Compliance" and "Energy Efficiency." These have shown a "zero" amount so far. However, you will be seeing charges associated with those line items on your February statement. This breakdown of charges is known as "unbundling of rates". It's our effort to show you the actual costs of providing our members electrical service, especially those mandated costs that are largely out of our control.

Another topic of discussion that occupies much of the board's time is legislative issues at the state and *[continued on page 8]*



# MCREA Board Passes Modest Rate Increase and New Rate Designs for 2011

**A** recent independent cost-of-service study indicated that Morgan County REA will need a modest revenue increase to meet the cooperative's financial obligations in the future. While wholesale energy and materials prices have climbed over the last several years, MCREA has worked hard to manage its expenses to keep the costs of operating your cooperative as low as possible.

There was no rate increase to MCREA members in 2009 and 2010, and rate increases incurred in previous years were attributable to wholesale power increases that were passed directly through to members — the cooperative even absorbed part of these wholesale rate increases. The 2011 rate changes, effective January 1, will reflect an overall average increase of 3.98 percent, along with a new bill design that ensures transparency to MCREA's membership.

Morgan County REA's board and staff worked together to adjust the 2011 rate structure to best reflect the actual cost of providing service. In addition to the standard "Facilities Charge," member-owners in all rate classes will now see charges associated with the line items "Regulatory Compliance" and "Energy Efficiency." The Facilities Charge, Regulatory Compliance and Energy Efficiency line items will be found under the "Base Charges" section on members' monthly bills.

The Facilities Charge is designed to cover the actual cost for the cooperative to provide service. Those include the costs for poles, lines and meters; the costs for employees, including equipment such as computers, trucks and tools; the cost of liability and workers compensation insurance; taxes and other operational costs.

The lines "Regulatory Compliance" and "Energy Efficiency" reflect costs incurred and/or mandated to MCREA by outside entities that are out of Morgan County REA's control. These include the Occupational Safety and Health Administration, for safety practices; U.S. Fish and Wildlife for raptor protection and endangered species compliance; the

Environmental Protection Agency for a wide range of rules and regulations; the Federal Energy Regulatory Commission; the North American Electric Reliability Corporation; and the Rural Utilities Service to name a few. Throughout 2010, these line items appeared on member-owners' monthly statements but had a zero charge. The recent cost-of-service study assigned actual costs to these line items on a per member account basis.

"The board and staff targeted the Regulatory Compliance and Energy Efficiency charges because it makes sense to reflect these costs directly to our members," stated MCREA General Manager Fred Grant-ham. "Morgan County REA's staff has worked hard to limit or reduce our costs through innovative management strategies and careful planning, and will continue to do so. However, we felt an obligation to inform our members directly of these costs to ensure the highest level of transparency."

In addition to the revisions in the base charges, MCREA members in all rate classes will also see a change in the energy charge breakdown on their monthly statements. Previously, demand charges and/or usage (or kilowatt-hour) charges were labeled as just that, Demand and kWh. Beginning in 2011, those charges will be broken down into "Purchased Power" and "MCREA" demand and energy usage charges.

The "Purchased Power" line items show the cost MCREA pays our power supplier, Tri-State Generation and Transmission, for the production and transmission of electricity to our substations. The "MCREA" energy charges denote the costs associated with the distribution of power from MCREA's distribution system to the homes and businesses of our members.

Grantham applauded the work of MCREA's staff and employees, which he said contributed greatly to keeping the increase minimal. "We've worked hard to manage our costs, and we consider our practices to be among some of the best in this industry," he said. "All employees contributed to our savings by working smarter, by creating better ways of doing

their jobs and by seeking out the best solutions for managing our member information. Our board of directors continues to ask us to be diligent in our spending practices; our tight and effective operation reflects those directives."

An official notice detailing the rate and design modifications was sent to MCREA's membership in late November. Members desiring a more detailed description of the revisions may review the complete tariffs and policies at MCREA headquarters and also may discuss these rates in more detail with the general manager or his staff at the MCREA office or by calling 970-867-5688.

## From the Boardroom

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national levels. I'm sure many of you are well aware that changes in state and federal mandates could have profound effects on your electric bill in years to come. I encourage you to become involved by contacting your legislators and letting them know your thoughts re-garding legislation affecting your electric bill. To keep up to date on current issues, go to the legislative page on our website at [www.mcrea.org](http://www.mcrea.org).

In November, MCREA's board approved the retirement of G&T capital credits totaling \$450,000 to be returned to our members from the years 1990 and 1991. If you were a member of the co-op in either of those years, you should have received a check in December. MCREA board and staff remain committed to providing you, our members, with reliable electric service at the lowest possible cost.

Thank you for allowing me the opportunity to update you "from the boardroom." If you have questions or concerns relating to your cooperative, please contact a board member or staff at the office. Just a reminder that our annual meeting will be March 19 at Fort Morgan High School. Please join us for this annual event.

# MCREA Director Retires After 25 Years

**M**organ County REA board members, employees, family and friends gathered recently to say goodbye to a valuable and longtime presence in the MCREA boardroom. A reception was held at Morgan County REA headquarters on November 22 to honor Marguerite “Micki” Baugh for her more than 25 years of service on the MCREA Board of Directors.

Micki was elected to her first term on the MCREA board in 1985 and has served as a director ever since. During her tenure she has seen board members, staff and employees come and go, but one thing remained constant — the quality of people associated with Morgan County REA. “They are the top of the heap,” she said.

Micki first became involved with Morgan County REA through a group called the Electronauts, which she said was organized as a support and input group for Morgan County REA in the ‘80s. From her participation in the ‘Electronauts,’ she was encouraged by others to run for the board of directors.

Micki was something of a pioneer in the electric cooperative world as a woman in the boardroom. “I can remember only one other woman as a board member of a co-op in Wheatland, Wyoming, when I first started,” she reminisced. “Now having women on REA boards is commonplace.”

Looking back the last 25 years, one aspect of the electric industry that stands out for Micki is the advancement of technology in the electric industry. “It’s mind-boggling to see where technology is now



Micki (center) with her son Jim and daughter-in-law Adrienne bids MCREA farewell.

at Morgan County REA from when I first started on the board. The automation and technology we have now is amazing to see,” she said.

When asked what stands out most for her from her many years of service, Micki again points to the people. “REA people are special; they’re what’s left of the heart of America,” she said. “They really care about their communities and country.”

In addition to her service to Morgan County REA, Micki was a Morgan County Extension home economist for 20 years.

At the reception held in her honor, Micki was presented with a lamp made out of a 1920s electric meter.

Morgan County REA sends a sincere and heartfelt thank you to Micki Baugh for her service to MCREA and its members, and wishes her well in her retirement.



Retiring MCREA board member Micki Baugh enjoys time with family and friends at a reception held in her honor.

# MCREA Lineman “Cracks Out” to Journeyman Status

**M**organ County REA is proud to announce that MCREA lineman Travis Schlueter completed his certification process and became a certified journeyman lineman in December. “I’m very proud of Travis and congratulate him on this accomplishment,” said Chief Operations Officer David Frick. “I’m also proud to say that, with the addition of Travis as a journeyman, all linemen at Morgan County REA are certified journeymen.”

To achieve journeyman certification, Travis had to complete an extensive battery of books and tests, log 8,000 hours on the job, and pass a written and field test administered by Morgan County REA.

Morgan County REA congratulates and salutes Travis for a job well done.



MCREA Journeyman Lineman Travis Schlueter

## CAPITAL CREDITS ISSUED TO MCREA MEMBERS

**I**n December, Morgan County REA issued capital credits totaling \$450,000 to members based on 1990 and 1991 generation and transmission margin allocations. If you were an MCREA member in either (or both) of those years, you should have already received a capital credit check (Howard

Hettinger, acct #1615100). If you have not received a capital credit check, and you were an MCREA member in 1990 and/or 1991, please contact MCREA customer service at 970-867-5688 to verify that the co-op has your current address to ensure that your capital credits find you.

## 2011 Scholarship Applications Reminder

**M**organ County Rural Electric Association is once again partnering with Tri-State Generation and Transmission and Basin Electric Power Cooperative in sponsoring six scholarships for youth in our service areas. One \$1,500 and two \$1,000 scholarships will be provided by Morgan County REA, with Tri-State offering two \$500 scholarships and Basin Electric Power sponsoring one \$1,000 scholarship. A reminder to high school seniors wanting to apply — all completed application materials must be postmarked or delivered to MCREA headquarters by February 1. Only one set of application materials is necessary to apply for scholarships from all three cooperatives.

To be eligible, applicants or their family must receive electric service from Morgan County REA, must be starting at the freshman level at a vocational school or college in the fall of this year and must plan to maintain a full-time schedule in any post-secondary accredited institution that offers at least a one-year degree program. These scholarships are one-time only and not renewable. (Stanley J. May, acct #2163200)

Completed application materials may be delivered to the MCREA office at 20169 Highway 34, Fort Morgan, or mailed to:

**Scholarship Committee  
Morgan County REA  
P.O. Box 738  
Fort Morgan, CO 80701**

Applications can be picked up at the Morgan County REA office or found on our website at [www.mcrea.org](http://www.mcrea.org).

## Books Donated by MCREA and *Colorado Country Life*

**M**organ County Rural Electric Association recently joined with *Colorado Country Life* magazine in donating books to the East Morgan County Library in Brush. The books, valued at approximately \$230 are a mix of fiction and nonfiction for various ages. Of special interest were books about travel, cowboys, biographies, as well as how-to books.



Seen here with the donated books are (from left) EMCL Assistant Director Elizabeth Jarrell and MCREA Member Services Specialist Carla Krueger.



## WIN \$25 OFF YOUR ELECTRIC BILL

**E**ach month Morgan County REA gives two lucky members a \$25 credit on their electric bill, just by reading *Colorado Country Life*.

Congratulations to John H. Glenn (account #714409) and Dale Schnee (account #2222100). You both saw your names and account numbers in the November edition of *Colorado Country Life* and received a \$25 credit on your bill.

There are two more MCREA members and their account numbers hidden somewhere in this issue. If you find your name and account number, call member services at 970-867-5688 by January 31 to claim a \$25 credit on your electric bill.



## ENERGY TIP

Feel around doors and windows for airflow. Adding weather stripping or caulk around a leaky door or window can lower energy bills by keeping your heating system from working too hard to compensate for air leaving your home.