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General Manager
Mark Hayden

MEC RATES ADJUSTED IN MAY

If you attended this year's Annual Meeting, you know that the Board and Employees of Missoula Electric Cooperative (MEC) have done an exceptional job at managing our local costs in recent years. As our auditor, Rick Matusiak reported, the cost we can control including operation, maintenance, administration and interest decreased again in 2016, and were below levels recorded in 2008. This effort has allowed our rates to remain relatively stable during those years.

During that same period however, Bonneville Power Administration (BPA) has implemented two significant power cost increases, with another planned for later this year. BPA's wholesale energy and transmission charges now account for more

than 46% of MECs annual operating expenses, and our 2017 budget includes approximately \$3.2 million more in purchased power than in 2008. BPA's rates are developed every two years through a formal rate-setting process involving utility customers and other stakeholders. The next wholesale increase is scheduled for later this year, with preliminary estimates ranging anywhere from 3 to more than 6 percent above today's levels.

According to BPA, the increase in wholesale rates stems from higher costs to operate and maintain the hydro system, higher long-term fish and wildlife costs, and upgrades to an aging transmission system. Ironically, an additional driver relates to lower prevailing energy prices. BPA frequently

has surplus power to sell, and the revenue generated from these sales directly reduces the price we pay for power. Lower market prices mean less revenue in surplus sales which drives up the cost of power to preference customers like MEC.

MEC contracted with ECI Engineering in Billings earlier this year to update our cost of service study and determine the timing and impact of any rate adjustments necessary to keep pace with our rising wholesale energy costs. The final results of this study are in, and while the exact amount of the adjustment vary depending upon your rate class, monthly usage, and load characteristics, the study called for an average increase of 5.2%. This represents the first adjustment to our residential members

MANAGER'S ARTICLE
Mark Hayden



since the spring of 2014.

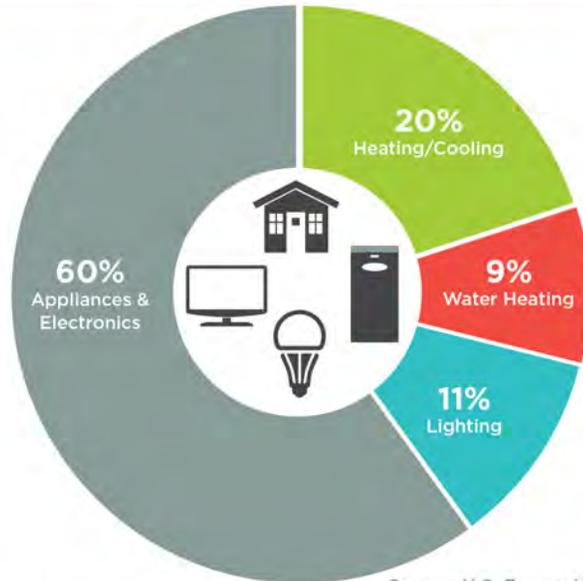
Given this continued upward pressure on rates, it is more important than ever for members to utilize the energy efficiency programs available here at MEC. Whether your account is residential, commercial or agricultural, we probably have a program in place to help you save energy. If you have any questions or comments on the rate adjustment or energy efficiency incentives available please contact our office at 406-541-4433 or visit our website at www.missoulaelectric.com.

KNOW WHERE TO SAVE

Auditing your home's energy usage is no magic trick. By knowing what to look for, you can readily lower your usage and your bill. Auditors often talk about low hanging fruit - these are opportunities for saving energy that require less investment. Lighting is a common area of attack to those new to energy efficiency. If you are still using incandescent bulbs, you are throwing money away every month. Changing to LEDs could reduce lighting expenses by 80%! If you are looking for the next level savings, look at your appliances. If you have refrigerators and freezers that are more than 20 years old - they could be costing you a lot. In addition, if you have multiple fridges and freezers that have moved to the basement or garage, consider updating and downsizing. Each unit could cost over \$100 a year compared to new models that run cool and quiet at half the price. However you choose to save, look for the ENERGY STAR logo to ensure savings.

How Americans Use Electricity

The latest data from the U.S. Energy Information Administration shows that appliances and electronics account for the largest amount of electricity consumption in American homes.



AMERICA'S ELECTRIC COOPERATIVES

Source: U.S. Energy Information Administration, 2015 Annual Energy Outlook. *U.S. residential sector electricity by major end uses.

HOW DO CAPITAL CREDITS WORK?

Because MEC operates at cost, excess revenue, called margins are returned to our members in the form of capital credits.

MEC tracks how much electricity you purchase and how much you pay for it throughout the year.

1

At the end of the year, we complete financial matters and determine whether there are excess revenues called margins

2

Nationwide, electric co-ops have returned over \$13 billion to members since 1988!

5

We notify you of how and when you'll receive your capital credit retirement.

4

When MEC's financial condition permits, your Board of Directors decides to retire, or pay, the capital credits.

3

MEC allocates the margins to members as capital credits based upon the amount of electricity they use during the year.

SUMMER IS HERE

Put electrical safety in the mix

For some, summer is a time for enjoying the great outdoors boating, swimming and hiking. For others, it is a time to complete all of those projects in and around the house. However you enjoy summer, make sure to make electrical safety a top priority.

On the Water

If weekends find you spending hours on the lake, make sure your boat's electrical systems are up to snuff. The last thing you want is to be stranded far from shore, or worse yet - have an electrical fire on your boat.

At home, pool and spa owners should make sure their equipment is ready for the season. If it has been more than a year since you have fired up your system, you may be surprised to find that the heater or pump is not working. Call a licensed electrician to troubleshoot any malfunctioning equipment.

While you're at it, take a look around your pool, spa or patio. Receptacles should have covers that seal outlets from exposure from water, and should be protected by a ground fault circuit interrupters.

Whether on the lake or in the pool, a lightning storm is never a good time to be in the water. Likewise, electric devices should not be used in water or handled when wet. Devices should be kept in a location where they are not likely to fall into the water.



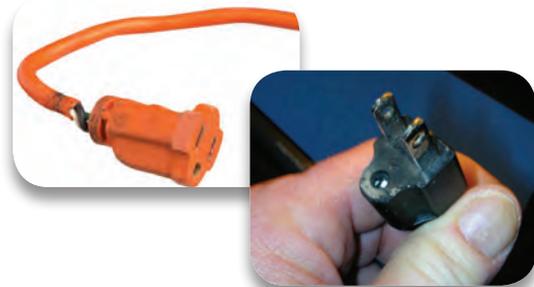
Around the House

Summers in Montana are short, which means all those projects you think up in the long winter months must be crammed into the handful of warm months in the summer. In your rush to get these items crossed off your list, make sure to take time to plan for safety. This planning should take account of any electric utilities, tools and devices that could cause an electric shock.

- Overhead power lines are an ever-present risk. Avoid contacting overhead lines when working outside. This means to avoid lines with equipment including ladders and irrigation pipes, but can also mean leaving tree trimming near power lines to professionals trained to work near energized lines. Be extra careful with large equipment near power lines - contact-

ing or pulling down a power line could spell disaster for your project.

- We all know about overhead lines because they are highly visible, but danger lies just below your feet when underground power lines run through your project site. But how will you know? Easy, with one call to 811, you can have underground utilities marked so you know what's below. Make sure to call 811 at least three business days before your planned start date for your excavation project.
- Electric power tools make life much easier, and can really speed up the completion of your project. Many tools these days are cordless running on powerful batteries that last for hours. In this ever wireless world, it is important to give those corded tools their due respect. Cutting through a power cord could end with a nasty shock. Make sure to inspect all cords on your tools before using them. Plugs with the grounding lug removed are considered a hazard and should be repaired or replaced before using. Likewise, inspect all extension cords before use. Keep in mind, cords present a tripping hazard and should be routed around high traffic areas whenever possible. Finally, be extra careful when drilling, and driving screws or nails into walls with wiring inside of them. If your project contacts wiring inside a finished wall, call a licensed electrician to fix the problem immediately.



- Summer is a great time to get out and sleep out under the stars, but if hot summer nights find you inside you may be thinking it is time to switch on the air conditioning. Like any seasonal appliance, care should be taken when firing up your A/C for the first time this year. If your systems is not operating as it should, call a professional to service it. Contact with electric current from air conditioners accounts for a significant number of electrocutions and electrical injuries each year. According to the Consumer Product Safety Commission, 15% of consumer-product related electrocutions are attributed to large appliances. These electrocutions occur most commonly while someone is attempting to service or repair the appliance. In 2006, air conditioning or related equipment was involved in an estimated 7,400 reported U.S. home structure fires, with associated losses of 270 civilian injuries and \$200 million indirect property damage.

ENERGY EFFICIENCY TIP OF THE MONTH

We all know about active cooling - in fact when was the last time you bought a car without air conditioning. In your home, passive cooling options can lend a helping hand to your air conditioner without spending money on electricity. At night, open windows to let cool air in and hot air out. In the morning, close up the house to trap the cool air. For an extra boost, install energy saving window treatments to keep rooms cooler longer. Finally, if you have to use a window air conditioner, make sure to purchase an Energy Star model to ensure the highest efficiency.



PAYMENT SCHEDULING

Members using SmartHub can now schedule payments in advance. If you have ever wanted to set up a payment to come out of your bank account at some future date, but didn't want to set up reoccurring automatic payments, now you can. Payments can be scheduled to come out on the due date, or another date of your choice. Scheduling a payment is easy with SmartHub. Once logged in, click on the maroon "Make Payment" button, enter the amount you want to pay and click Pay Now button. On the next screen you can choose to make the payment today or schedule it for a future date.



ENERGY EFFICIENCY REBATES

Effective 10/1/2016

Appliances (New)

ENERGY STAR Clothes Washers*	\$20.00-\$50.00
ENERGY STAR Clothes Dryers*	\$50.00
Thermostatic Shut-off Valves	\$14.00-\$17.00
Pipe Insulation	\$5.00-\$25.00

HVAC Measures*

Ductless Heat Pumps*	\$800.00-\$1,000.00
Air-Source Heat Pump Upgrade*	\$500.00-\$700.00
Air-Source Heat Pump Conversions*	\$1,400.00-\$1,600.00
Geothermal Heat Pump Systems (new)*	\$3,000.00
PTCS Duct Sealing*	\$250.00

New Construction*

New ENERGY STAR Manufactured Homes	\$1,200.00
Montana House (v 2. 0)*	\$1,500.00

Weatherization

Insulation*	Varies
ENERGY STAR Exterior Door*	\$40.00
Low-E Storm Windows*	\$2.00/Sq. Ft.
Prime Window Replacement*	\$2.00-\$8.00/Sq. Ft.

*Restrictions apply, make sure to contact an Energy Sense representative to find out how to obtain your rebate. In cases of HVAC measures, new construction and window replacement and weatherization, pre-approval by MEC is generally required. For a list of qualified ductless heat pump installers or PTCS technicians, please contact Dan at 406-541-6333.

ENERGY PARTNERS

Propane Fun Fact:

Propane is traditionally thought of as a petroleum product. Did you know propane can be produced from corn? In 2007, it was reported that Massachusetts Institute of Technology researchers had successfully converted sugars found in corn and sugarcane into compound that could be further refined to yield propane. The process was considered more economical than corn-based ethanol as propane has a higher energy density than ethanol.



When you support Energy Partners, you support MEC.