

HEARTBEAT

QUARTERLY NEWSLETTER



Issue #65

Fall 2017

Details of proposed rate changes given

Proposed changes to Heartland's current rate structure includes an increase to the service availability charge for most members, and the addition of a peak charge for businesses and industries in the Small Commercial Service rate.

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Pleasanton student travels to capital

Taylor George represented Heartland Rural Electric Cooperative and joined with other Kansas youth to meet our lawmakers in Washington DC this summer.

See page 4

Be safe with space heaters this winter

Space heaters are a convenient to warm up a chilly room in your home, but they need to be used with caution. Here are five tips to help you put your heater in the right place and use it in the proper manner to avoid disaster.

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Farm Safety

Heartland REC has teamed up with three other area rural electric cooperatives to build a high voltage safety demonstration trailer, which was recently on display at the Four States Farm Show. The exhibit demonstrates the danger present near powerlines.

KEEPING YOU INFORMED



DALE COOMES
HEARTLAND CEO

It's time for a change

Looking Out For You: It's Time For A Change
One of the most difficult duties of the board of directors is consideration and action on changes to electric rates. They know that any change or increase in rates will impact our members and they must be very careful in their deliberations before they take action.

For the past two years the board has been considering a few changes to electric rates. They know that the electric utility industry is undergoing changes with big jumps in the efficient use of electricity and major changes in how electricity is generated, namely wind and solar. We have seen the trend for our sales of electricity to be steady or declining for the past few years. This presents a daunting challenge for

the board. When sales aren't increasing each year it is difficult to maintain the financial health of the cooperative. Expenses continue to go up regardless of sales. The mainstream acceptance and utilization of solar power, that reduces our members usage, is another big challenge on the nearby horizon.

In 2016 we asked Power Systems Engineering, a rate consulting firm, to help us analyze our rate structure. They conducted a cost of service and rate study. With the study complete, they have been assisting us with strategies and options. The rate study indicates that our service availability charge is not adequately collecting the fixed costs of providing electric service

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to our members. The study also outlines the benefits of using a peak charge in the small commercial rate class. Prior to making any decision on changes to rates the board established their goals for the cooperative. They wanted a more accurate allocation of fixed costs included in the service availability charge; they wanted to increase revenue in future years to offset projected reductions to margins; and any additional revenue that may be realized by the changes would be offset by a decrease in the energy rates.

With those goals in mind two areas of rates have been identified for change – the service availability charge, and a peak charge for the small commercial rate class. An increase to the service availability charge would result in a small revenue increase for the cooperative. The peak charge for the small

commercial class would be a revenue-neutral change. The small revenue increase associated with the changes will help the cooperative maintain its financial health for the foreseeable future without the need for any other rate increase.

These changes will be discussed and voted on by the board at a meeting to be held November 20, 2017 at the cooperative's office in Girard. The meeting will begin at 10:00 a.m. and is open to any member that wishes to attend. If approved, the changes will take effect on January 1, 2018.

The board doesn't take the rate change lightly. They have carefully considered the impact of the changes on the members and believe they are in the best interests of the members and the cooperative. These changes will help us deal with the challenges identified above along with other unforeseen challenges that will come our way. Increasing the service availability charge while decreasing the energy charge is a big step that will make sure every service pays the actual cost of keeping electricity avail-

able. Our revenue becomes less dependent on how many kilowatt-hours are sold. Instead the cost of energy becomes closer to the actual cost of providing that energy. Using a peak charge for the small commercial class sends the proper signal to those members of the high cost of electricity during the peak times of summer.

We are a not-for-profit, member-owned cooperative and we strive every day to hold down costs while still providing the reliable, quality service you expect. As your cooperative, we are committed to minimizing the impact of increasing costs on your household. Contact us to learn about our programs that can help you to save more energy throughout your home and control the cost of your electric bill.

Look for the articles on the rate changes in this issue of Heartbeat. They do an excellent job of explaining the changes and how they may affect your bill. Don't hesitate to contact our office with any questions you may have.

Trump to end 'war on coal'

The head of the U.S. Environmental Protection Agency said this month he would sign a proposed rule to begin withdrawing from the Clean Power Plan, former President Barack Obama's centerpiece regulation to fight climate change.

"Here's the president's message: The war on coal is over," EPA Administrator Scott Pruitt told a gathering in the Kentucky coal-country town of Hazard.

Green groups criticized the announcement and praised the plan, a collection of emissions standards for U.S. states that the Obama administration imposed to reduce pollution from power plants—the largest emitters of greenhouse gases—by 32% below 2005 levels by 2030.

The effort to undo the plan is part of a broader target of the administration of President Donald Trump to revive the coal industry and boost domestic fossil fuels production. The EPA now says the Clean Power Plan introduced by Obama in 2015 was illegal.

Jim Matheson, chief executive of the National Rural Electric Cooperative Association, an electric utility group, agreed. He said ending the plan would take pressure off some cash-strapped utilities that still relied on coal-fired power plants. But he said market forces were already moving utilities away from coal.

Total power generation by coal among the NRECA's members fell from 71% in 2014 to 62% in 2016, Matheson said.

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Proposed rate change to raise monthly service fee

Heartland is looking at making several changes to the co-op's electric rates on January 1, 2018. The changes include a gradual increase to the monthly service availability charge over the next four years, and adding a new "peak charge" to members on the co-op's Small Commercial rate.

The proposed rate change will increase Heartland's revenue by \$112,806 in 2018. That's an increase of less than half of one percent of the co-op's total annual revenue of \$23 million. By 2021, when the service availability charge is \$38 for members in the General Service and Heat Pump rate, the revenue increase will be approximately \$451,224 which is a 1.9 percent revenue increase for Heartland.

An open meeting will be held at 10 a.m. Monday, Nov. 20 at Heartland's Girard office to explain the changes and answer any questions members have about their impact. Heartland's board of directors will make a final decision about the proposed rate changes after the open meeting.

General Service & Heat Pump Service:

The proposal increases the monthly service availability charge by \$2 on January 1, of each of the next four years, ending with a service availability charge of \$38 on January 1, 2021.

Of each \$2 increase, \$1 will be retained by the cooperative as additional revenue. This revenue is needed to sustain the financial health of the cooperative.

The other \$1 will be re-

turned to the members through a corresponding decrease in the energy charge. This is designed to properly allocate the cooperative's fixed costs in the service availability charge, and ensure that everyone pays the true cost of having service available.

The energy charge per kWh will drop from its current rate of 11.171 cents to 11.065 cents on January 1, 2018; 10.9595 cents in 2019; 10.8538 cents in 2020; and 10.7481 cents in 2021.

Members on our Heat Pump rate will see the same lowered energy charge, and will continue to receive a discounted energy charge during winter months.

Most members will see little change on their bill as a result of this rate change. Members with very little power use will see an increase of no more than \$2 each month. On average, Heartland members will see their monthly electric bills increase by about \$1.

Seasonal Service

Members on our seasonal rates, with recreational lots in Hidden Valley, Sugar Valley, Tanglewood and Lake Chaparral, will see an increase of \$1.25 in the Service Availability Charge on January 1 and over the next four years, ending on a service availability charge of \$35 on January 1, 2021.

Seasonal members will see the same decrease in the energy charge as members in the General Service rate.

The Service Availability Charge for these seasonal lots is lower than the regular

General Service rate because the co-op's cost to serve these members is lower. In many cases, several lots are served by a single transformer, which means infrastructure costs are low.

Small Commercial Service

Heartland's Small Commercial members will see a big change in how their monthly bill is calculated, with the addition of a monthly peak charge on June 1 of 2018.

The Small Commercial Rate's monthly service availability charge will get the same \$2 annual increase over the next four years as proposed for General Service, with the entire \$2 returned to the members through a decrease in

the energy charge. The energy charge per kWh will drop from its current rate of 11.071 cents to 10.990 cents on January 1, 2018; 10.8199 cents on June 1 of 2018 when the peak charge is added; 10.6388 in 2019; 10.4578 cents in 2020; and 10.2767 cents in 2021.

Starting in June, each month's bill will have a peak charge. For each of the months of June, July, August and September, the peak charge will be based on the member's one peak hour of use between 3 p.m. and 6 p.m. excluding weekends and holidays. The peak charge is \$3 per kW. For October through May, the peak charge will be 70 percent of the highest peak measured in the prior July or August.

There are two big benefits to adding a peak charge to the Small Commercial Rate.

First, it more closely reflects the way that Heartland pays for power. This billing structure properly sends cost signals to the members that peak power is expensive.

Second, it makes it possible for members to lower their power bill by shifting their power use to an off-peak time.

We have seen some of this at work through our Peak Savers program, which rewards members for reducing their use during peak hours. Giving this ability to those on the Small Commercial Service rate provides new opportunities for savings.

Rate changes aren't taken lightly

Because we are a cooperative, and the members are our owners, increasing electric rates is never something that Heartland takes lightly.

We are diligent about monitoring our costs, and look for opportunities for cost savings at the co-op.

Decisions on raising rates are made by our elected board of directors, all of whom are co-op members living in homes served by Heartland.

We currently have several programs in place designed to control power costs which have reduced our need for rate increases. Heartland runs generators during summer hours to reduce our peak costs.

We have also had great success with our Peak Savers program which pays members who are able to reduce their power use during peak hours in July and August. In 2017 we ran a small pilot program testing a residential peak demand rate, and also used smart thermostats and load control devices to reduce the cooperative's power use during peak hours.

We also work to help our members live efficiently by providing advice on energy use and conservation measures including insulation, efficient HVAC systems such as ground source and air source heat pumps and efficient water heaters. We also offer rebates on water heaters and heat pumps so that members who want to be more efficient can do it affordably.

Another valuable tool for members who want to take an active role in controlling how they use power is SmartHub, our online account portal.

SmartHub lets members examine power use, and break down consumption into monthly, daily and even hourly graphs. This data is also shown with temperature graphs, so that members can see if use is driven by weather or other factors. It's a valuable tool for anyone who wants to see how much can be saved by shifting power use off those critical peak hours.

For more information on our proposed rate changes call our office at 1-800-835-9586, or attend our open meeting on November 20.

Local student represents co-op in DC

Pleasanton's Tayler George is impressed with Kansas lawmakers

At first, Tayler George wasn't sure this was his crowd.

As a senior at Pleasanton High School, he's currently a very valuable member of the football team (listed in the roster as 6'0" and 200 pounds), and will once again use his talents on the court for the blu-jays when basketball season rolls around.

So when he walked into the hotel ballroom in Topeka earlier this summer, he was understandably apprehensive. These other 30 students from across Kansas were going to spend a week together in Washington DC to talk with politicians, learn about American history, and get a taste for the kind of civic participation that makes people valuable members of their community.

"I was wondering if these were my kind of people," said George. "Kids who only worried about their grades, and didn't get out much."

But of course he didn't need to worry.

"By the end of the trip I made lots of really good friends," said George. "We still talk every day."

George was representing Heartland REC on the annual Youth Tour, joining students from Kansas and from electric cooperatives across the United States to travel to our nation's capital in an effort to help build the community leaders of the future.



And because the Kansas students join up with students from Hawaii, and encounter students from across America, George made friends from all over.

"I still talk to kids from North Dakota, South Carolina and Texas," he said.

This year's delegation of 36 Kansas and four Hawaii youth began their trip with a banquet in Topeka, and a nighttime tour of our state's capitol.

After bucket truck rides, safety demonstrations and a co-op career panel questionnaire at FreeState Electric, Topeka, the group embarked on its way to Washington, D.C.

This year, with the assistance of Senator Jerry Moran's staff, the students had the privilege of touring the White House.

"The students were thrilled to be able to take the self-guided tour of this beautiful



Students from across Kansas stand on the steps of the US Supreme Court during their week-long tour of our nation's capital as representatives of Kansas rural electric cooperatives. The annual trip is an effort to foster civic leadership in our communities.

historical site," said Shana Read, director of communications at Kansas Electric Cooperatives, Inc. "As the tour was also on Flag Day, each student was given a flag while

on the tour, fostering a strong sense of patriotism."

The delegates also visited the many memorials; toured the Holocaust Memorial Museum, Smithsonian museums,

Mount Vernon, and Arlington National Cemetery; attended a major league baseball game at Nationals Park, and watched the production of The Sound of Music at the John F. Kennedy

Center for the Performing Arts.

The highlight for George was the visit to the Vietnam War Memorial, where he located the names of two fallen soldiers for his great uncle, who served in Vietnam.

“I found their names on the wall,” said George. “It was life changing for him and for me. I’ve really wanted to go there for a long time.”

George also learned a lot during his visit to George Washington’s Mount Vernon home.

“His house felt like you were stepping back into the South,” said George. “The house is awesome, and it was interesting to see how things were built back then, with the kitchen and cooking and food storage all outside of the house.”

George said he understood why the spot was special to our Founding Father.

“It was by a long stretch of river, with lots of trees,” said George. “It was really cool. I think the location was just beautiful.”

Perhaps most memorable for the group was the unprecedented access the students had to government officials. Students met with Congresswoman Lynn Jenkins and Congressmen Ron Estes and Roger Marshall. Delegates also had the opportunity to speak with Senators Jerry Moran and Pat Roberts.

“They knew Pleasanton,” said George. “They knew where everyone’s town was. They were really friendly and nice to talk to.”

Visiting with lawmakers who represent Kansas residents at the state and federal level is always a highlight for students on the youth tour.

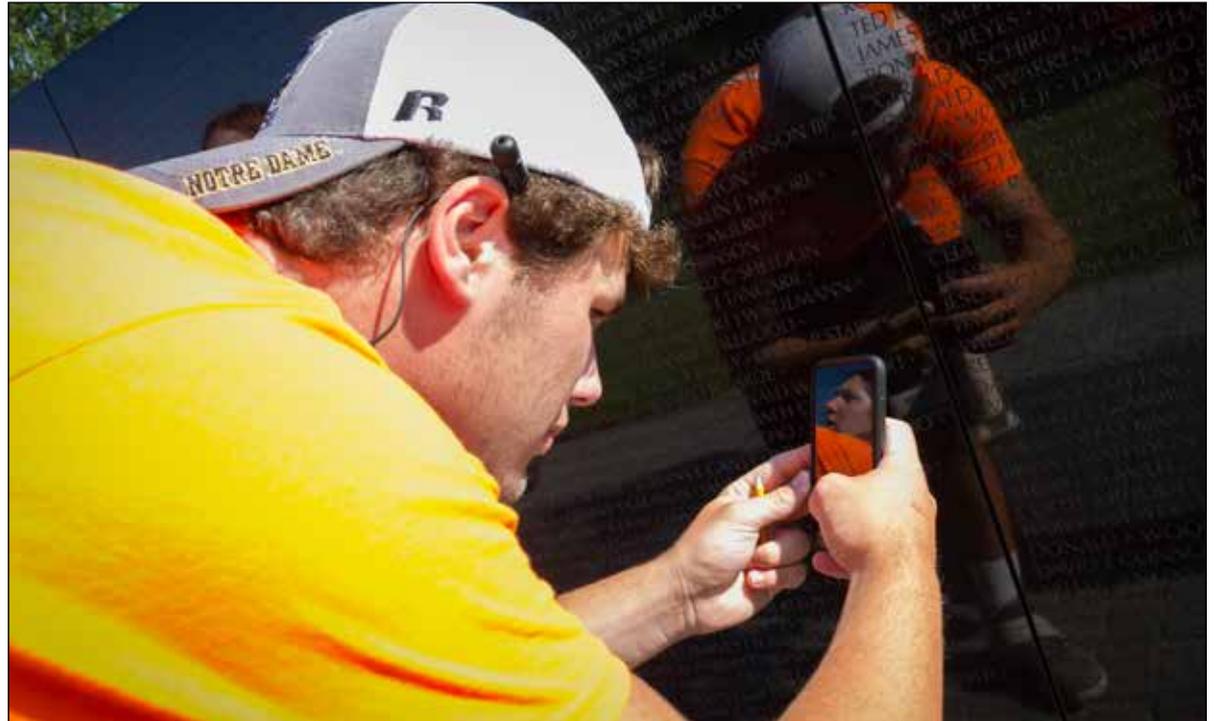
During this trip, students learn first-hand the importance

of being informed about the issues that impact rural America and being engaged in the political process, and it often opens the eyes of many students to future possibilities in leadership roles in our government, local communities and in our cooperative.

Each year, Heartland sponsors one area student to attend the Electric Cooperative Youth Tour in Washington, D.C., as a strong commitment to our community and our mission to inspire future generations to become leaders.

George said the trip will have an impact on how he participates in his government class at school this year.

“I see how DC works a little bit better now,” he says. “This is the heart of where everything runs.”



ABOVE: Tayler George uses his phone to photograph a name on the Vietnam War Memorial. **BELOW:** Kansas youth pose at the memorial to President Franklin Roosevelt.



Five tips for space heater safety

As temperatures drop this winter, many will look for supplemental heating sources for their homes. Space heaters can be a good alternative for those who want to warm one area of their home without turning up the thermostat on the central heating system. However, space heaters are also responsible for 32 percent of house fires, according to the National Fire Protection Association. If you are planning to use a space heater in your home this winter, review these tips to keep you, your family and your property safe.

Materials – What are the components of your space heater made of? Parts like metal grating can be hot to the touch and may burn anyone who gets too close. Make sure you purchase a heater that is cool to the touch and has guards over the coils just in case little fingers get too close.

Placement - While it can be tempting to place a small heater on a shelf so it is not in the way of pets and children, it is safest to leave the heater on a level floor on a nonflammable surface. Keeping the space heater on the floor can keep it from falling over, preventing fire hazards. Also, remember that space heaters and bathrooms are not a good combination, unless the heater

is designed for bathroom use. Moisture can damage the heater.

The most important rule about space heater placement is the three-foot rule. Whether you are using the heater in the bedroom, living room or kitchen, space heaters should always be kept three feet away from flammable materials and out of the way of children and pets.

Special Features – Does your space heater have an auto shutoff function if tipped over? Auto shutoff can be a lifesaver. If you currently own a space heater without auto shutoff, consider purchasing a heater with this important safety feature.

Cords – You should never use an extension cord when plugging in a space heater as it can cause overheating. The space heater should be plugged directly into a wall outlet, and should be the only thing plugged in to the wall outlet. Also make sure cords aren't in a high-traffic area so they are not a tripping hazard.

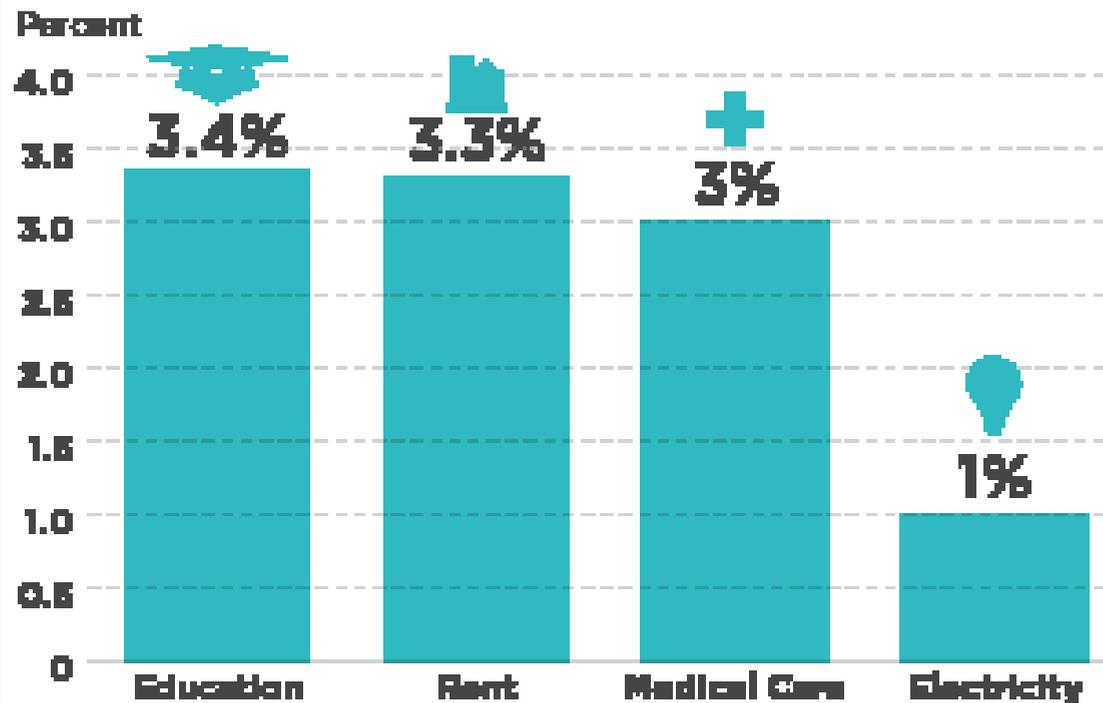
Use – Never leave a heater unattended while in use. If you are leaving your home or going to bed, make sure to unplug the heater.



ELECTRICITY REMAINS A GOOD VALUE

The cost of powering your home rises at a slower pace than many of your typical expenses. Compare the average price increase of these expenses each year over the last five years, and the value of electricity shines.

Average Annual Price Increase 2011-2016



Source: U.S. Bureau of Labor Statistics Consumer Price Index

Energy Efficiency Tip of the Month

Fall/Winter Energy Tip: When you are asleep or out of the house, turn your thermostat back 10° to 15° for eight hours and save around 10 percent a year on your heating and cooling bills. A programmable thermostat can make it easy to set back your temperature – set it and forget it!

Source: U.S. Dept. of Energy



Tweak your water heater to save

Dear Jim: My 80-gallon electric water heater is getting old, but it does not leak. Since it is old, I imagine there are some things I can do to make it operate more efficiently. What improvements do you recommend? - Ron H.

Dear Ron: Heating domestic hot water, especially with an electric water heater, is one of the greatest contributors to your monthly utility bills. For a typical family of four, it is not unusual for water heating to consume 20 to 25 percent of the total annual energy usage.

An electric water heater is a very simple device. It is basically a big insulated tank of water with an upper and a lower resistance heating element. The lower element is the main one used. When most of the hot water has been used, the lower one goes off. The upper one comes on then to supply hot water more quickly since the water is drawn from the tank top.

Even if you do not use any hot water, the lower element will cycle on at times to make up the heat lost (called standby losses) through the tank walls. Your older water heater likely just has a couple of inches of fiberglass insulation between the glass-lined metal tank and the external skin.

Place the back of your hand against the water heater tank near the top or on the top. If it feels warm, it is losing heat and adding an insulation wrap kit would be effective and save money. With a tall 80-gallon tank, the insulation wrap may not reach all the way down to the floor. This is okay because the majority of the heat loss is from the upper part of the tank.

If you have some old fiberglass wall insulation, just wrap that around the tank with the facing to the outside. Putting a layer of reflective radiant barrier over the insulation also helps some and looks

better than paper vapor barrier.

Several times a year, drain a gallon of water from the drain valve at the bottom of the tank. This will flush out sediment which collects there. Sediment insulates the water from the heating element. This is more important to do with a gas or propane water heater, but it also helps some on an electric one.

It is important to keep the water temperature as low as possible. A greater temperature difference between the hot water and the air in your basement or utility room increases the tank standby losses. During the summer, these losses heat up your house and make your air conditioner run longer creating a double energy expense.

Check the temperature of the hot water at a faucet where you use the most hot water. I keep the water temperature at my house at only 110 degrees. If you keep it so hot that you have to mix much cold with it to tolerate the temperature, it is too hot. Most laundry detergents work well in cold water and dishwashers have built in preheaters.

Feel the temperature of the hot water outlet and cold water inlet pipes. If they are fairly warm, it means hot water, because it is less dense, is naturally circulating upward and cooling off. Put tubular foam insulation on the water heater inlet and outlet water pipes to minimize the heat loss. Is it split on one side making it easy to install over the pipes.

If you are having some other plumbing work done, while the plumber is there, have him install heat trap fittings in the water heater to block this circulation in the pipes. Paying to have a plumber come just to install heat trap fittings will probably not make economic sense.

Installing a water heater timer can be effective if your work schedule means



This tall 80-gallon electric water heater is first wrapped with fiberglass insulation and then with construction foil to block radiant heat loss.

you typically do not use hot water during a longer regular time period. This keeps the heating elements from coming on. The temperature should not drop much on a well-insulated tank. Also, the resistance heating element will not come on during the peak afternoon electricity demand period which helps control generation expenses for the utility company.

Installing an add-on heat pump water heater can bring the overall water heating cost down. This is a small refrigeration device which draws heat from the utility room or basement and transfers

the heat into the water heater. When you are air-conditioning during summer, it is super-efficient because it is also helping to cool your house.

If you end up deciding to get a new electric water heater, a heat pump water heater will lower your utility bill significantly. If you want a traditional water heater, select a 12-year warranty model. These have higher R-value foam insulation in the tank walls than a cheaper 6-year model. Also, most of the 12-year models have electronic digital controls which simplify setting the hot water temperature.

Heartland's *Heartbeat* is published and distributed quarterly to all HREC members by Heartland Rural Electric Cooperative.

Subscriptions to *Heartbeat* are available by contacting Member Services at 1-800-835-9586. Subscription rates are \$3.95 per year.

For more information contact *Heartbeat* Editor Ron Graber at our Girard office or call 1-800-835-9586. He can also be reached at rong@heartland-rec.com



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Customer Web Services

At Heartland Propane, we continually strive to make improvements for our customers. We have recently added a Customer Web Services portal. This service provides our customers the ability to access their account from anywhere with an internet connection. They can now login at any time, 24 hours a day, 7 days a week, to manage their propane account.

With Customer Web Services, members have the ability to see account balances, invoices, past transactions and current contracted gallons. And of course customers can use the service to pay a propane bill. Payment options include Visa, MasterCard, or Discover, as well as checking and savings accounts.

Other online features include

requesting service work, or a propane delivery and seeing what the estimated tank level is. Account access is also very secure. Data is protected by an industry standard firewall, as well as an automatic logout after a period of inactivity to ensure no unauthorized access to customers' accounts.

Safe Appliance Installation Rebate program

Whether building a new house or considering buying a new appliance, it's a great time to think about propane.

In 2014, the Propane Foundation of Kansas implemented a Safe Appliance Installation Rebate Program for appliance replacement and new construction appliances. Rebate amounts are listed below. New funds have been allocated

to this program, but it works on a first come serve basis, so customers will need to contact Heartland Propane to reserve a rebate prior to purchase.

Heartland Propane will perform a leak test after the new appliance or appliances have been installed, and

we will submit the rebate paperwork. Then a check will be sent directly to the customer.

These two services are a part of the value of being a Heartland Propane customer. To sign up, or get more information call us at 1-800-211-9101.



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\$100 for a propane generator