

KEM Country LINES

KEM Electric Cooperative, Linton, N.D.

January 2011



John J. Knox
CEO/General Manager

Manager's report...by John Knox, CEO/General Manager

KEM Electric prepares for the future

Happy new year! As I write this monthly update, we are getting ready for our year-end reports, materials inventory, and other important behind-the-scene activities.

In retrospect, 2010 was a good year for KEM Electric Cooperative if you put behind the devastating ice storms that hit us in January and February. KEM managed to keep ahead of the difficult challenges we faced, such as rising power costs, environmental challenges, and other costs associated with providing you with safe, reliable electricity. This effort is done to keep your electric cooperative fiscally stable.

The new year will continue to be more of the same challenges, except these challenges will continue to put greater pressure on KEM, its financial benchmarks and requirements that are in place to make sure your cooperative is properly managed. Your board of directors and KEM's management take pride and commitment in meeting those needs.

Another important event that is coming up is the annual National Rural Electric Youth Tour, held in Washington, D.C., each year. This is a unique opportunity for stu-

dents to travel to our nation's capital and learn about how rural electric cooperatives helped make our way of life what it is today, and what electric cooperatives have in store for the future.

I have been in our electric cooperative family now for many years, and this is the one program that really sets us apart from other organizations: our commitment to our youth. I encourage you to get your child, or your grandchildren, involved in this opportunity. The dates for this year's Youth Tour are June 11-17, 2011. An essay will need to be sent to KEM Electric or can be submitted electronically to us. We need to receive it by Jan. 24, 2011. More information can be obtained on our Web site or by calling our office.

As I finish this month's manager column, I personally look back, as it was quite the year for me. I am very delighted to be part of the KEM family. As we begin this new year, we should all take a step back and reflect on what we are all thankful for and give a big thanks.

May you make many memorable memories in the new year!



PICTURE YOURSELF ATTENDING THE

NATIONAL RURAL ELECTRIC YOUTH TOUR

June 11 to 17, 2011

High School Juniors and Seniors...

WRITE A WINNING ESSAY AND WIN A TRIP OF A LIFETIME!

Here's your ticket for an all-expense-paid trip to Washington, D.C.

- ▶ To enter the essay-writing contest, you must be a junior or senior in high school in the fall of 2011.
- ▶ You and your parents or guardian must be served by KEM Electric Cooperative.
- ▶ Essay is not to exceed two standard 8½- by 11-inch typewritten, double-spaced pages on this topic: *Electric cooperatives are member-owned and controlled. As a member-owner and future decision maker for your cooperative, describe ways in which new technologies and social media can be used to connect and communicate with you and other young adults.*
- ▶ Submit your essay in hard copy or electronic format to KEM Electric. Electronic submissions should conform to the two-page, double-spaced guideline described above. Include a cover page with your name, date of birth, school and grade in 2011, parent or guardian's name, address and telephone number.
- ▶ The deadline is **Monday, Jan. 24, 2011**. E-mailed entries should be directed to bjacob@kemelectric.com, and hard-copy entries mailed to: Youth Tour Essay Contest, KEM Electric Cooperative, P.O. Box 790, Linton, ND 58552-0790.
- ▶ If you have a question, contact Brian Jacob at KEM Electric, at the address listed above, or call (701) 254-4666 during regular business hours.

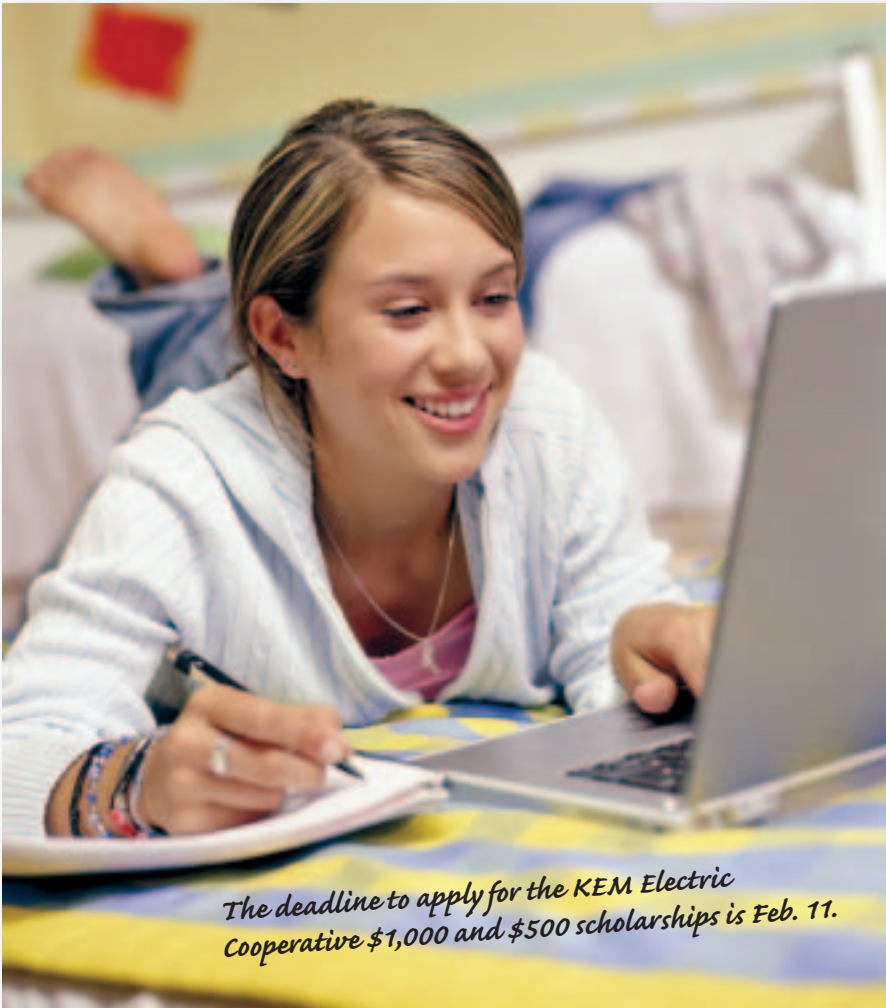
FLY! TOP 5 REASONS TO ENTER THE ESSAY-WRITING CONTEST

1. All-expense-paid trip to Washington, D.C., compliments of KEM Electric Cooperative
2. Get acquainted cruise along the mighty Potomac River, with about 1,500 students from all across the country
3. A whole week to visit unforgettable historic monuments, museums and the U.S. Capitol
4. Opportunity to share your ideas on how electric cooperatives can connect with young member-owners
5. A learning experience you'll never forget

Check it out at
<http://www.youthtour.coop>
and then write that winning essay
by Jan. 24. It's a trip of a lifetime,
one you'll be texting your
family and friends about!

Hey, students!

Win a scholarship from KEM Electric Cooperative



The deadline to apply for the KEM Electric Cooperative \$1,000 and \$500 scholarships is Feb. 11.

High school students Apply for a college scholarship!

- To help students prepare for their future journey, KEM Electric Cooperative will award two college scholarships for the 2011–2012 school year, one in the amount of \$1,000 and one for \$500.
- To qualify, students must be enrolled or planning to enroll in a full-time undergraduate or graduate course of study at an accredited two-year or four-year college, university or vocational/technical school. They must be U.S. citizens and be dependents of cooperative members.
- Recipients will be chosen on a combination of SAT/ACT scores and overall grade point average; work experience; participation in school and community activities; a statement by the student explaining his or her educational and career goals; and a written recommendation from a third party, such as a high school or college counselor or advisor, instructor or a work supervisor who knows the student well.

Why you should apply:

1. KEM Electric Cooperative will award two college scholarships for the 2011–2012 school year, one in the amount of \$1,000 and one for \$500.
2. The scholarships are awarded without regard to other awards, loans or financial assistance the applicant may have obtained.
3. The scholarship program, designed to encourage and recognize the achievements of area students, is administered through your local cooperative.

- Completed applications must be received in the cooperative office no later than Feb. 11, 2011. Applications can be brought to the KEM office or mailed to KEM Electric Cooperative, P.O. Box 790, Linton, ND 58552. They may also be emailed to kem@kemelectric.com.

Click on it

Applications have been distributed to area schools or you may request an application from KEM Electric Cooperative. You may also visit KEM Electric Cooperative's Web site at www.kemelectric.com, where you'll find more information and an application. Click on the "Community" section of the Web site.



Take CONTROL of your THERMOSTAT

Your home's thermostat is a simple device that can create impressive energy savings if it is properly managed.

You can save 1 percent for each degree you adjust your thermostat for eight hours at a time, according to the U.S. Department of Energy. Homeowners spend nearly half of their energy bill on heating and cooling, so managing the thermostat can result in significant savings. Remember two simple tips:

- The U.S. Department of Energy recommends a setting of 68 degrees in the winter and 78 degrees in the summer.
- When you are away from home during the day or asleep at night, adjust the temperature even more.

Q&A

Q. *I think the higher I set my thermostat when I return home, the faster my furnace will heat my house. Is that true?*

A. No. Most furnaces deliver heat at the same rate no matter how high the thermostat is set. So, just set your thermostat at the temperature you'd like, and your furnace will heat your home as fast as it can.

Q. *Does a furnace work harder than normal to heat a home to a comfortable temperature after the thermostat has been set back, resulting in little or no savings?*

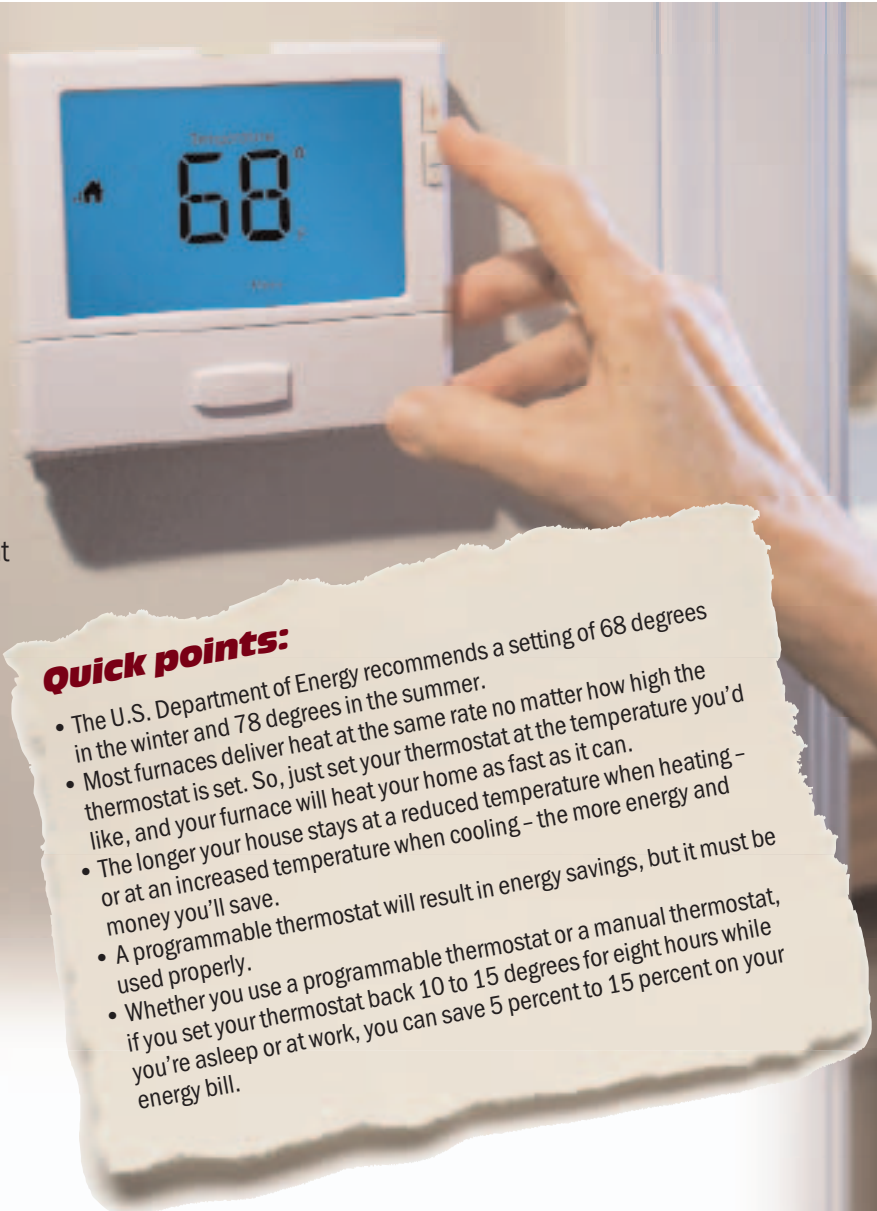
A. No. It has been proven by years of research and field observations that the longer your house stays at a reduced temperature when heating – or at an increased temperature when cooling – the more energy and money you'll save.

This is because your heating or cooling cost depends mostly on the temperature difference between indoors and outdoors. When you adjust your thermostat down in the winter – or up in the summer – you simply reduce this temperature difference. If you set your temperature back 10 to 15 degrees for eight hours while you're asleep

or at work, you can save 5 percent to 15 percent on your energy bill.

By the way, you can install a setback thermostat that automatically adjusts your home's temperature at preset times. You can achieve the same savings if you faithfully remember to change your thermostat whenever you leave home or go to bed.

To learn more about saving energy, visit www.togetherwesave.com.



Quick points:

- The U.S. Department of Energy recommends a setting of 68 degrees in the winter and 78 degrees in the summer.
- Most furnaces deliver heat at the same rate no matter how high the thermostat is set. So, just set your thermostat at the temperature you'd like, and your furnace will heat your home as fast as it can.
- The longer your house stays at a reduced temperature when heating – or at an increased temperature when cooling – the more energy and money you'll save.
- A programmable thermostat will result in energy savings, but it must be used properly.
- Whether you use a programmable thermostat or a manual thermostat, if you set your thermostat back 10 to 15 degrees for eight hours while you're asleep or at work, you can save 5 percent to 15 percent on your energy bill.



Electric rates are increasing

What's causing rates to rise

- For decades, KEM Electric Cooperative has been able to keep its purchase of power costs among the lowest in the nation.
- Costs of producing electricity are increasing due to the recession, resource development, environmental compliance, and uncertainty with comprehensive climate legislation and Environmental Protection Agency (EPA) regulations.
- In 2000, load forecasts showed significant need for more energy to satisfy membership growth, so one of KEM Electric's wholesale power suppliers, Basin Electric Power Cooperative, charted a course for new construction.
- In 2007, the nation sank into a recession. However, Basin Electric's membership managed to grow by 6.2 percent since that time.
- One of the biggest blows leading up to the recession and one that continues is the dramatic fluctuations in the cost of materials needed for constructing generation and transmission facilities. Commodity prices increased, in some cases, by more than 200 percent.
- Without a comprehensive climate bill, the EPA has proposed sweeping changes to the rules and regulations surrounding emissions from power plant facilities. The cost of these changes is more than monetary; it's jobs, energy development and reliability.
- Each EPA rulemaking is saddled with its own set of challenges, many of which are still unknown.

What co-ops are doing about it

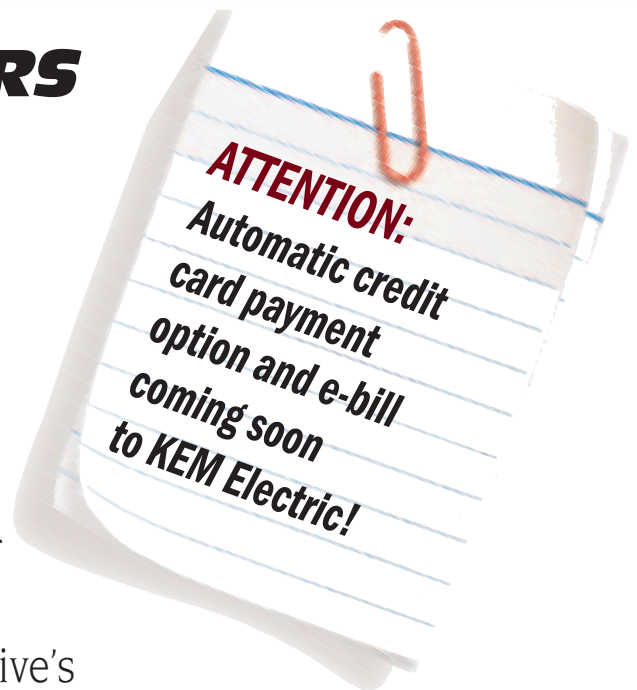
- For example, Basin Electric has installed newer, more efficient turbines at its Laramie River Station and on Unit 2 at Leland Olds Station. That's more megawatts without needing more fuel.
- Basin Electric has also installed geothermal heat pumps at several of its facilities.
- KEM Electric is always working to keep its expenses as low as possible while maintaining quality and reliable electric service to its members.
- From a policy perspective, KEM Electric is fully engaged with Basin Electric and its membership to ensure co-op members voices are heard on Capitol Hill.
- Concerning EPA, Basin Electric Chief Executive Officer and General Manager Ron Harper created a team to review current and proposed regulatory activities that could in any way impact the cooperative.
- Basin Electric and KEM Electric are engaged in a variety of conservation and energy efficiency programs to help consumers save energy. For example, we provide reduced rates for our off-peak programs and we keep members informed of any rebates available to them.
- Every little bit helps. For KEM Electric and Basin Electric, the ultimate goal is securing the reins on rising rates.



KEM ELECTRIC OFFERS PAYMENT OPTIONS TO MEMBERS

**PAYMENT OPTIONS WILL SAVE YOU
TIME AND MONEY!**

Are you tired of the hassle of paying your bill by check every month? You have options! Through KEM Electric Cooperative's pay-by-bank option, you can have your payment automatically deducted from our checking or savings account. You will receive your electric bill as usual. Then, KEM Electric will automatically deduct payment from your account.



**Take the hassle out of
paying your bills today!**

**For more information
or to enroll,
call KEM Electric
at (701) 254-4666 or
(800) 472-2673 or visit
www.kemelectric.com.**



Always follow the manufacturer's instructions for safe operation and maintenance of your portable electric generator.

Follow generator guidelines

KEM Electric Cooperative strives to provide you with reliable, uninterrupted service every day of the year, but sometimes Mother Nature creates unavoidable power outages. To combat the havoc wreaked by ice storms, thunderstorms or high winds, many homeowners turn to portable electric generators.

"Portable electric generators are a good source of power during electrical outages. However, generators that are improperly installed or operated can become deadly," noted Michael Clendenin, executive director of the Electrical Safety Foundation International (ESFI).

ESFI recommends following these portable electric generator safety precautions to avoid dangerous situations:

- Do not connect generators directly to household wiring. For everyone's sake—yours and the co-op's line crews—generators need to be isolated from the electric co-op's power lines. This means you should install a double-throw switch on your

generator. Otherwise, the generator could feed power back into utility lines as power crews work to restore your electric service, putting their lives at risk!

- Make sure your generator is properly grounded.
- Keep the generator dry.
- Plug appliances directly into the generator.
- Do not overload the generator. A portable generator should be used only when necessary and only to power essential equipment or appliances.
- Do not operate the generator in enclosed or partially enclosed spaces. Generators can produce high levels of carbon monoxide very quickly, which can be deadly.
- Use a ground-fault circuit interrupter (GFCI) to help prevent electrocutions and electrical shock injuries.
- Follow the manufacturer's instructions for safe operation and maintenance.

Board meeting highlights

KEM Electric Cooperative Inc.
Nov. 30



- Reviewed report from the Voucher Review Committee
- Approved the special equipment summary
- Approved capital credit retirement of some estates
- Reviewed the 2011 preliminary budget

Snowmobile with CAUTION



PHOTO COURTESY OF N.D. TOURISM/DAWN CHARGING

Trailing across the snow in a roadside ditch is how many snowmobilers find their fun. But remember, power lines and poles are located along those same roadside ditches.

Often, poles are reinforced with guy wires which extend some distance from the poles. They may not be easy to see from a speeding snowmobile, especially on a dark, winter night or when they are buried under snow.

While you are snowmobiling this winter, always ride at a speed at which you can stop quickly. Know your riding area, too. Watch for guy wires, underground cable junction boxes, pad mount transformers, fences and other hazards as you ride.

KEM Electric Cooperative cares about your safety.

THE MARATHON WATER HEATER

will be the last water heater you'll ever buy!



FEATURES:

- Polybutene tank that is guaranteed not to leak, rust or corrode for as long as you own your home.
- One of the most efficient water heaters on the market.
- To save money, ask about placing your Marathon water heater on one of KEM Electric Cooperative's load-management programs.

Call KEM Electric Cooperative
(701) 254-4666
(800) 472-2673

KEM ELECTRIC COOPERATIVE INC.

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John Knox, CEO/General Mgr.Linton

Report outages to the following toll-free number: (800) 472-2673

Hazleton, Linton and Strasburg exchanges' phone number: (701) 254-4666

OFFICE HOURS:

Monday through Friday,
8 a.m. to 4:30 p.m.

Web site: kemelectric.com
email address:

A Touchstone Energy[®] Cooperative