



“Lower Valley is **our** energy cooperative.”

Dori & Paul Cote / Buffalo Valley

energy**EDGE**

Buffalo Valley, Wyoming



your cooperative newsletter

fall 2011

rate redesign

As you are aware, Lower Valley Energy has only raised electric rates once in the past 17 years and that was a 7% increase in 2006. Due to continuing wholesale power increases from our electric provider, Bonneville Power Administration (BPA), we will pass through a 4% rate increase starting October 1st. At the same time we will be mitigating this increase by refunding a \$2.9 million settlement with BPA over the next two years (depending on usage) which effectively will make the true net impact of this rate increase only 1% (over approximately the next two years of the repayment).

Rate design and rate increases are taken very seriously at Lower Valley Energy. Your Board of Directors has spent a sizable amount of time and effort on the topic. Through research, evaluation and efficiency we were able to absorb a similar BPA rate increase two years ago. At every meeting this year, your Board of Directors has deliberated on the subject of rate design in an effort to most fairly guide its decision. The

core principles steering your Board of Directors on rates are:

- Revenue requirements – meeting our costs of providing service
- Rates should encourage efficient energy use
- Customer understanding and acceptance of rates
- Practical and cost effective to implement
- Rate and bill stability
- Avoidance of undue discrimination — each rate class should cover its own costs

The energy world is changing for Lower Valley Energy. In addition to the two rate increases from our power provider since 2009 (the first of which we absorbed), the rate BPA charges us will change from month to month and the amount of inexpensive federal BPA power Lower Valley Energy can purchase is becoming a fixed amount. This means that any growth to our system, and any increase in electric load to our system, will have to be served with much more expensive market-based energy.

BPA's rate paradigm shift takes effect October 1st, as mentioned. Because of the continued uncertainty of BPA's new rate structure, we are unable to fully deter-

mine the net effect to our customers. In an effort to better observe and act upon the new BPA rate structure, The Lower Valley Energy Board has agreed to leave our current rate structure unchanged at this time: we will provide electricity on a flat rate basis and will not move to seasonal rates or an inclining block structure. We intend to revisit our retail rate design in 2012 once we

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have a better understanding of the impact BPA's changes will have on our system.

You are much more than a customer of Lower Valley Energy. As a cooperative utility, you are an owner and member of Lower Valley Energy. We realize the impact any rate adjustment can have on you. As your energy provider, we want you to know that we are doing everything we can to keep your retail rates as low as possible. We appreciate the opportunity to be your utility company and to serve you.

transformers need to be left alone

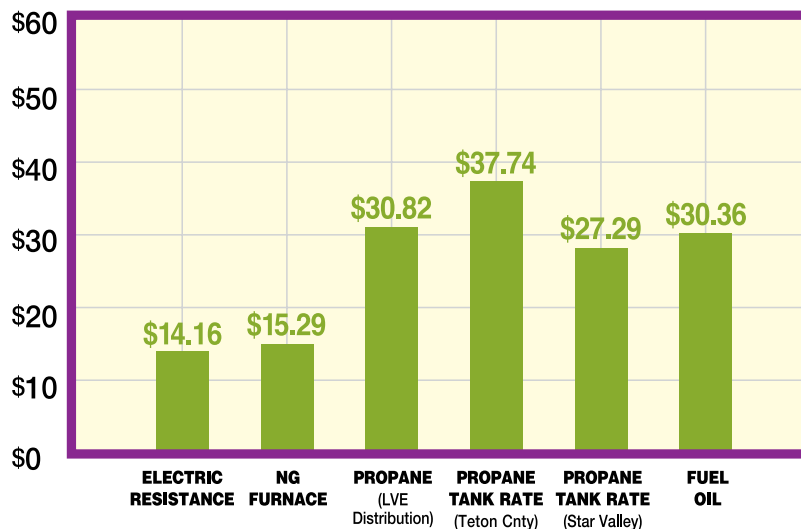
- Never let any tree or tall shrubs grow closer than 10 feet from a pad-mount transformer. (The access panel is marked by a handle, lock, and sticker on the front.)
- Never enclose a pad-mount transformer with fencing, shrubs, or anything else with less than a 10-foot-wide gate or opening.
- Never allow children to play near

pad-mount transformers.

- Never pour waste oils, chemicals, or other liquids on or near a pad-mount transformer. These liquids can seep into the ground and damage underground cables.

Visit www.LVEnergy.com for the full story

heating cost per MMBTU



All fuel type units converted to BTUs

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LOWER VALLEY ENERGY

the newsletter from your energy cooperative

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