

Capital Credit Allocations

Did you receive a 2021 Capital Credit Allocation notice in the mail lately? Here is a closer look at what the notice means. As a non-profit organization, Park Electric allocates its margins, revenue less expenses, to our members. Each year, members are “allocated” their portion of the previous year’s margin based on the amount of electricity they used from Park Electric Cooperative in relation to the total amount of electricity purchased by all the members. This amount is put into a “holding account” for a number of years (usually 15 years) and used by PEC to fund capital needs for items such as power line construction, transformers, trucks, inventory, and other equipment. After 15 years, the Board may approve the distribution of these allocations if the Cooperative is in good financial standing.

This is an underlying principle of the cooperative business model and is one more way to keep electric rates as low as possible. Each member has a capital credit “account”, which represents the member’s ownership in the Cooperative. When capital credits are allocated at the end of each year, all members who received electric service during that year will receive an allocation notice. The notice will show a discounted amount and an allocated amount.

The discounted amount is the current value of the allocation (calculated by inversely compounding a 6% rate over a 15 year period). This is the amount available to take as a bill credit or as a check if the amount is over \$100. If the member chooses to take the discounted amount, the form at the top of the letter must be signed and returned before the due date, which is July 24th. If the amount is over \$100 and the member wishes to receive a check, the form must be signed, and the box at the bottom of the form must be checked. Any amounts under \$100 will automatically be applied as a bill credit when a signed form is returned.

If the member takes no action, the 2021 allocation amount is the amount that will be distributed in 15 years, with board approval. If the member chooses to wait for the maturity of the allocation, they can ignore the letter. If a member does not receive the letter, returned the letter too late or forgot to respond, the funds are automatically left to mature and will be paid out in 15 years, with board approval, or when the member terminates service on our lines. If a member terminates service before the 15 year maturity date, all available funds will be offered at their current discounted maturity.



The money our members pay for electricity



The cost of electricity, line maintenance and running our cooperative



Margin

Money remaining at the end of the year after paying expenses is allocated as Capital Credits

ACSI SURVEY



We are sending out our next round of Customer satisfaction surveys this month. Each year, Park Electric has been sending

ACSI surveys to 1/4 of the membership. This year will be our third year of sending them. We appreciate your feedback and look forward to hearing your comments.



SHIELDS VALLEY FARMERS MARKET

Park Electric General Manager Matt Haggerty and guests will have a booth at the Shields Valley Farmers Market on Monday, August 1st. Stop by for free giveaways and to ask questions about your power supply.

Managers Comments

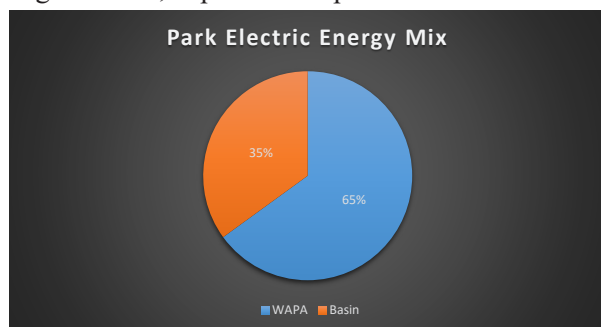
by Matt Haggerty

PARK SPARKS
JULY 2022

Each year I try to keep all of you up to date on our power supply. I believe it is extremely important to remind everyone about where your electricity comes from. Park Electric purchases power from Central Montana Electric Power Cooperative (CMEPC). CMEPC in turn has contracts with Basin Electric Power Cooperative (BEPC) and Western Area Power Administration (WAPA). Sixty-five percent of the energy we get from CMEPC is from WAPA-delivered non-carbon emitting hydroelectric power generated from dams along the Missouri River. The remaining 35% of the power we receive from CMEPC comes from Basin. (see the Park Electric pie chart below) The BEPC energy portfolio is more diverse. Basin has been working progressively over the last 20 years to amplify this diversity. In a recent press release, Basin shared that its members, comprised of 141 cooperatives throughout a nine-state region, began taking power and signing additional purchase power agreements for approximately 500 megawatts (MW) of new energy from wind and solar. Basin continues an all-of-the-above energy strategy based on energy diversity, reliability, and environmental stewardship.

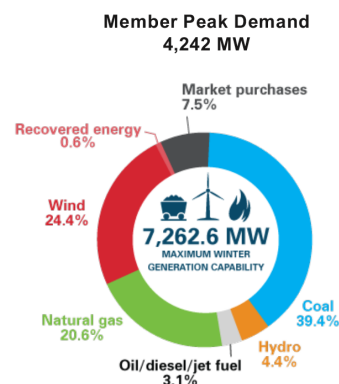
New project highlights include:

- Northern Divide Wind Energy Project (North Dakota) – 200 MW began operation in 2021.
- West River Solar Project (South Dakota) – Two projects totaling 20 MW, expected completion in 2022.
- Wild Springs Solar Project (South Dakota) – 128 MW, expected completion in 2022
- Cabin Creek Solar Project (Montana) – Two projects totaling 150 MW, expected completion late 2023.



What does this mean to Park Electric members? It means our power provider is making large steps towards increasing renewable generation, yet maintains other reliable base load generation to ensure power will be there when our members need it. Base load is the power generation that's 24 hours a day, 7 days a week, and 365 days a year. These base loads can be ramped up quickly if needed. With current technologies, if we lost base load generation like natural gas and coal, we would experience brownouts every time renewables did not keep up with demands. Often the wind is not consistently blowing, and the sun is not shining 24/7 for solar generation. If you remember from last year the news was filled with examples of this in the Midwest and Texas. Three times during February the transmission grid in that region reached or exceeded capacity. In turn, the transmission system had to shed load to prevent damaging the system. This is referred to as brownouts. In the February 2021 event, the well heads of natural gas pipelines froze stopping the natural gas generation, while at the same time wind turbines iced up. The combination of the two caused a massive reduction in power generation and left over two million customers without power when they needed it most. The reason I point all of this out is we all need to be aware of what keeps our lights on when it's minus 20 degrees outside. Currently, our base load generation of hydro, coal, and natural gas keeps us in constant power, whatever the weather.

2021 Basin Electric Power Cooperative Energy Mix



Park Electric Board of Trustees

District 1 - Alan Johnstone 406-220-2186
District 2 - Dan Skattum 406-223-0545
District 3 - Craig Yost 406-222-3008
District 4 - Brad Hanson 406-223-0470
District 5 - Bert Otis 406-333-4802
District 6 - Melanie Roe 406-932-4366
District 7 - Perry Anderson 406-537-4546
General Manager - Matt Haggerty 406-222-3100

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