



FEBRUARY 2020

PARK ELECTRIC COOPERATIVE, INC.



Park Electric Sends One of Our Own

As a cooperative, Park Electric is guided by the 7 cooperative principals. One of those principals is cooperation among cooperatives. In that effort, Park Electric is sending Lineman Josh Fatouros, who will be joining 13 other linemen from Cooperatives across the state of Montana, to Bolivia. Their task is to construct line that will bring power to Villa Cotoca in central Bolivia. In cooperation with NRECA (National Electrical Cooperatives Association) and MECA our statewide association, Josh is looking forward to being a part of this international mission.

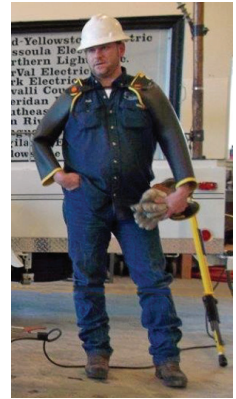
Situated in the middle of the Amazon rain forest, Josh will be traveling over 40 hours to reach the job site. Once there, he and his fellow linemen will begin construction on a distribution line to bring power to a town that has never had power before. When asked what interested him in the trip, Josh said it was a unique opportunity to see other parts of the world and a chance to give something to a community with

so little in today's standards. He also hopes his work will serve as a good

lesson to his kids about giving back to other communities in the world. Bringing power to the village school is something Josh is really looking forward to. He can't wait to see the look on the kids faces when the lights come on and the fans start turning.

The crew will certainly face many challenges during their work, anywhere from no bucket trucks and using ladders on concrete poles to snakes and other rain forest creatures. The weather may not entirely be on their side either. Even with the prospective obstacles, Josh and the crew from Montana are looking forward to helping out. Earlier in October, MECA sent the crew foreman to evaluate the project. He was greeted very warmly by the locals in the village. They are overjoyed at the thought of having full time power brought to them.

If you would like to stay up to date with this project, follow the Montana Electric Cooperatives Facebook page at www.facebook.com/mtmeca. Also, watch your Rural Montana magazine for a follow up story when they return!



The Park Electric office will be closed Monday, February 17th for Presidents Day



Park Electric welcomes Dan Skattum as our newest board trustee for District 2. Dan is a fifth generation Montanan who has spent most of his life in the Paradise Valley. Dan ran for the board seat in October because he wanted to be involved in the Coop that serves him and provides a vital service for rural America. Dan and his family have lived in the Paradise Valley for many generations. He remembers his grandfather telling him that in order to purchase his ranch, he had to sign up for electricity as well. Dan was a state representative a few years ago and worked with former Park Electric General Manager Doug Hardy learning the legislative side of electrical Coops. Dan has been pleasantly surprised at how well run and proactive the Park Electric Board is and is excited to learn more.

Managers Comments *by Matt Haggerty*

Park Electric's management team and board of trustees often talk about our Power Supply Chain in the board room. Part of these conversations are over our contracts and requirements to maintain our power supply 24/7/365 days a year. I would like to take the time to explain our All Requirements Contract and its inherent benefits and restrictions. I will start by explaining what it is.

An all Requirements Contract is simply a contract between a distribution co-op like Park Electric and its Generation & Transmission provider. The contract states that the G&T will provide all the necessary electric capacity required through the term of the contract and that the Distribution co-op will buy all of the energy needed through that G&T.

The benefits are stable power supply, low power rates and additional capacity for the co-op when load growth occurs. For the G&T it guarantees a revenue stream to build necessary infrastructure and generation. This infrastructure and generation will provide the current and future capacity needs to its members. Also, these contracts are required by the G&T's lenders to fund these projects.

The only restrictions of the contract are that the distribution co-op cannot buy power from anywhere else for the term of the contract.

One of the advantages that come with this contract are stable rates versus volatility and price spikes on the open market. At Park Electric our residential rate is \$.086 per kWh. If we did not have an All Requirements Contract through our G&T and chose to buy our energy on the open market, rates could spike as high as \$9.00 per kWh at peak times. At an average residential usage of 1100 kWh per month per household, you can see how these spikes would negatively affect our rate structure.

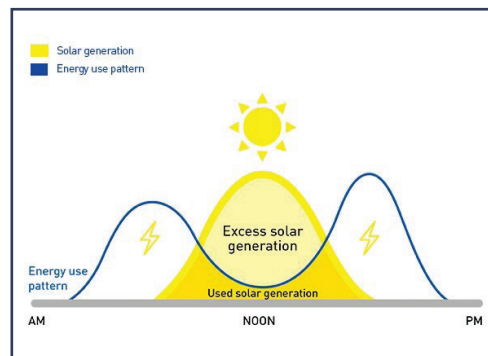
Park Electric buys its energy from Central Montana Electric Power Cooperative (CMEPC). CMEPC purchases 65% of its power from WAPA which is all hydro and 100% renewable. The remaining 35% is purchased through Basin. Basin has a blend of generation sources like coal, natural gas, wind, and hydro. For the last two decades Basin has been working diligently to provide new reliable sources of clean energy. In fact, in 2005 Basin was 97% coal, 2% wind, and 1% hydro. In 2018 Basin was 62% coal and by 2029 they expect to be at 36% coal, with wind, hydro, solar, natural gas filling in the rest of their portfolio.

We should all be very proud of the progress made by our providers towards providing more clean energy, continued

reliably and affordable rates. As we continue to pursue clean energy alternatives, we have to be mindful of our base loads, grid reliability, and that energy has to be used when it is generated.

We have two types of peaks on our system, 1. Daily peaks 2. Yearly peaks. Our daily peaks of energy fall between 6-9 am and 5-7:30 pm. These are the times of day that you are most likely at home cooking, doing laundry, or have lighting or other electrical equipment on. Our yearly peaks are 1. Winter 2. Summer. These peaks are caused by additional heating and air conditioner load during the hot and cold months.

Now if we want to compare our peak times of usage to the



peak times of generation of clean energy they don't match up. For example, the most popular clean energy alternatives are solar and wind generation. Solar produces its peak amount of energy mid-day, thus missing the peak times of usage of morning and night. Wind generation is the most constant in the spring and fall, thus missing our yearly peak usage seasons of winter and summer. To make this energy usable at our peak times, there

needs to be a way to store the energy that is generated until it is needed.

An effort is being made to bridge these gaps between when the energy is generated and when the energy is used. Large scale projects are being tested with the use of batteries to store the energy until it is needed. Like all new technologies there are headwinds to surmount like becoming cost effective and increasing the longevity of battery life. Until these things happen it's not a viable solution. I am not trying to take one side or the other on the subject, but simply want to provide you with the facts.

This is important for you to know because when you see articles saying 100% clean energy by X-date you can better form your own opinion. You will also be prepared to ask the right questions before making decisions. Like, will we still have 24/7/365 days a year reliably? What will the costs of these changes be if we vote to federally regulate it? How will these changes affect my rates? Will these generation sources work in all weather conditions? For example, when it's 30 below zero can I count on the energy being there? Would these changes require members to change their usage habits? We all need to know the potential risks as the industry moves towards 100% clean energy. These are all questions our management team, board of trustees, and our power providers discuss regularly as we continue providing affordable and reliable energy.