



The Feasibility of a Workable Climate Change Plan



Excerpts courtesy of "Plain English" Electric Co-op Today by Glenn English

Electric cooperatives, such as Mt. Wheeler Power, are facing a power crunch. We need to build new means of power generation, but the dispute over carbon dioxide emissions has hobbled utility planning.

Glenn English, CEO, NRECA It is difficult to finance new power plants (such as the proposed Ely Energy Center or White Pine Energy Station), when no one knows the future cost of carbon-intensive fuel options. More than ever, we need congress to step in with a workable plan. To date, all proposed climate change legislation plans involve putting a price, or tax, on national carbon dioxide emissions in order to achieve reductions. According to Glenn English, CEO of the National Rural Electric Cooperative Association, it's a way "of taxing electric bills as a means of forcing the American people into compliance."

But who will set the price of the carbon tax, how will it be determined and who will pay? The Obama administration and Congressional leaders are putting forward carbon "cap-and-trade" tax proposals. Some propose giving "carbon emission

allowances" to utilities to trade for free among themselves, others propose selling all the allowances in an open auction to the highest bidder, and still others have proposed a hybrid approach.

The problem with a full auction is that it would allow Wall Street traders to set the price of allowances, which down the road would determine electricity rates. Prices could vary greatly, and if this market were unregulated, it could spell disaster for cooperative members.

Where would the auction revenues go? More than likely they would be siphoned off for new government programs, yet some members of Congress are talking of returning the revenue to consumers.

If our political leaders are serious about climate change, they will ensure this revenue is used to help develop technology that will allow the use of carbon-emitting fuels, reduce the impact on consumers and not let other government programs consume the revenue.



LET'S KEEP OUR POWER RATES FROM GOING THROUGH THE ROOF

"Our members must ask their elected officials whether they will work with us on a straight forward approach or hide behind

schemes that raise revenue by letting Wall Street set the price of electricity in this country," states English. Or, more simply put, "Are you going to support Main Street or Wall Street?"

Mt. Wheeler Power member-owners can send messages directly to local officials by logging on to www.mwpower.com.

Buyer Beware – Counterfeit Electrical Products Can Kill

May is Electrical Safety Month

Every day, counterfeit electrical products are finding their way into our homes, businesses, and public institutions. These fraudulent products pose a serious financial and legal liability to the electrical industry, and they have become a grave safety crisis for our communities – a crisis that requires immediate action.

Counterfeit electrical products pose significant safety hazards, and can cause deaths, injuries and substantial property loss in the home and the workplace if left undetected. Unlike fake handbags, watches, or designer apparel, counterfeit electrical products such as circuit breakers, power strips, extension cords, batteries, hair dryers, and holiday lights can cause fire, explosion, shock, burns, and even deadly electrocutions. Education and recognition of counterfeit electrical products by consumers, families, and communities will help save lives and prevent devastation, injuries, and property damage.





Consumer Safety Tips: Counterfeit Electrical Products

The following guidelines can be used to help Mt. Wheeler Power member-owners protect against dangerous and defective counterfeit electrical products:

- 1 Use established vendors and authorized retailers.**
Purchase electrical products from reputable retailers who obtain products from authorized manufacturers.
- 2 Exercise caution in online transactions.**
Be wary of purchasing electrical products directly from unknown companies or unauthorized sellers, particularly in countries like China, where counterfeiting is a major problem.
- 3 Check for certification marks.**
Quality electrical products sold in the United States should be certified by nationally recognized testing laboratories for safety. Look for certification marks from laboratories such as UL, CSA, or ETL-SEMKO.
- 4 Scrutinize labels and packaging.**
Make sure that labels and packaging are free of grammatical errors, and that any information provided is consistent with information elsewhere on the package.
- 5 Avoid products that lack any identifying brand label or affiliation.**
Make sure the name and contact information of the product manufacturer is clearly displayed on the packaging and/or the product.
- 6 Trust your instincts.**
Beware of bargains that seem too good to be true. Counterfeiters often use inferior materials and avoid key manufacturing steps to reduce the cost of their products, allowing them to be sold at prices no genuine brand manufacturer can match.
- 7 Be proactive.**
Organizations such as the Consumer Product Safety Commission (CPSC) and Underwriters Laboratories (UL) provide up-to-date information about product recalls on their websites.

CAPITAL CREDITS EXPLAINED

WHAT ARE CAPITAL CREDITS?

Because Mt. Wheeler Power is a cooperative, owned by its members, it does not technically earn profits. Instead, any revenues over and above the cost of doing business are considered “margins”. These margins represent an interest-free loan of operating capital by the membership to the cooperative. This capital allows Mt. Wheeler Power to finance operations and to a certain extent construction, with the intent that this capital will be repaid to you in later years.

WHAT'S THE DIFFERENCE BETWEEN ALLOCATED AND RETIRED CAPITAL CREDITS?

Allocated capital credits appear as an entry on the permanent financial records of Mt. Wheeler Power and reflect your equity or ownership. When capital credits are retired, a check is issued to you and your equity in the association is reduced. Checks are generally issued 18-20 years after the year in which the margins were earned.

WHAT DO I HAVE TO DO TO START ACCUMULATING CAPITAL CREDITS?

Capital credits are calculated by Mt. Wheeler Power for everyone who purchased electricity during a year in which the utility earned margins. No special action is required to start a capital credits account. Your Mt. Wheeler Power membership activates your capital credits account.

HOW ARE CAPITAL CREDITS CALCULATED?

The amount of capital credits you earn in a given year is based upon the amount of capital you contribute to the association through payment of your monthly bills. The more electric services you buy, the greater your capital credits account – although the percentage will remain the same. The sum of your monthly bills for a year is multiplied by a percentage to determine your capital credits.

WHAT PERCENT OF MY BILL IS RETURNED AS CAPITAL CREDITS?

The percentage of your total payment that is allocated as capital credits varies from year to year, depending upon the success of the cooperative. Capital credits are only allocated for a year in which Mt. Wheeler Power earns margins. Since capital credits are a member's share of the margins, no credits are allocated for a year with no margins. For years in which MWP earned margins, the allocation generally ranged from 4 to 12 percent of annual bills.

DO I HAVE TO BE A CUSTOMER FOR AN ENTIRE YEAR TO EARN CAPITAL CREDITS?

No. Capital credits are calculated based upon a member's monthly bills. If you are billed for service for even one month, you will accumulate some capital credits, if MWP earned margins in that year.

WILL I RECEIVE A CAPITAL CREDITS CHECK EVERY YEAR?

Not necessarily. The Board of Directors must authorize a retirement before you receive a check. When considering a retirement, the Board analyzes the financial health of the association and will not authorize a retirement if Mt. Wheeler Power cannot afford it.

WHAT HAPPENS TO MY CAPITAL CREDITS WHEN I LEAVE THE MWP SERVICE AREA?

Your capital credits remain on the books in your name and member number until they are retired. Because payments are made approximately 18-20 years after credits are earned, you should ensure that Mt. Wheeler Power always has your current mailing address.

