

Meet the team...

Andy Cave

Information Technologies Coordinator



Hailing from Cordova, Alaska, Andy Cave came to Lane Electric in March of 2009.

Before coming to Lane Electric as the IT Coordinator, Andy worked with the University of Oregon providing the same kinds of services and benefits.

Andy and his wife, Megan, are new parents with their 3-month old daughter, Cora.

When asked, Andy says that his greatest accomplishment is, "Leaving a small Alaskan town of 2,000 and heading down to the "real world" to get a college degree in computer science programming, making a family and making a difference at LEC."

As if that's not enough, Andy enjoys hiking, home brewing, anything dealing with technology and, he's run a marathon.

He's excited about being at LEC and the possibilities of the future.

Thanks, Andy. Appreciate it!

LEC's Board And Staff Studying Optional Rate Designs

Rate design, an art or a science? Actually, it's both!

PLANNING FOR THE FUTURE



For the next six months or so, your board and staff will be evaluating a variety of different rate designs and

options as we look to the future.

This effort is to insure that Lane Electric's rates and rate designs are appropriate, consistent and that they are in the best interest of all LEC members.

They will be evaluating different rate design options designed to help motivate LEC members to conserve energy or modify their lifestyles by shifting the hours when they use the most energy.

The ultimate goal of this process is to produce a rate design that:

- Defers the need for LEC to purchase higher priced electricity in the future,
- Gives LEC some control over the power bill it receives from Bonneville Power,
- Provides rate stability over time
- Collects the necessary capital to properly maintain LEC's electric distribution system to insure safe and reliable electric service.

LOOKING AT THE PAST



As your board and staff looks at the landscape of the electric industry in the future, they've

learned that it doesn't look at all like the past.

The abundance of low-cost electricity that you and the entire northwest has enjoyed for over 60-years from the Bonneville Power Administration and the federal hydro-system is dwindling. It won't be the same in the future.

As Rick Crinklaw, general manager for LEC, mentioned at our District Meetings the last couple of years, Lane Electric worked toward and recently signed a 20-year power purchase contract with the Bonneville Power Administration. However, unlike the past, the inexpensive, never ending power supply of yesterday

will not be the same going forward.

Today, this great resource is limited and as a result, the Northwest will begin feeling the effects of those limits more and more and more.

You might ask, "How did or could a resource that for decades, was so plentiful, cheap, clean and renewable, become endangered and threatened?" There are many factors that contribute to it's decline: growth in the region, an aging federal hydro-system, the Endangered Species Act, fish-mitigation costs, increasing regulations and compliance requirements, to name just a few.

AS WE MOVE AHEAD



There are a number of things that LEC can do and is doing to prepare for this somewhat uncertain future.

Your board and staff are informed and educate themselves about the difficult issues that affect LEC members and the region. They continually work on your behalf at the local, state, regional and national levels. They have developed a keen bond with key legislators. They meet with BPA staff to look for ways to mitigate power supply issues and increasing rates. They look for new and innovative conservation and energy efficiency programs that bring value and comfort to our members. And, they oversee day-to-day operations insuring that a close watch is kept on the few costs that we are able to control, that we operate wisely and efficiently, and that we are good stewards of our member's money.

Your board and staff are ever-vigilant to ensure that our service is as safe, reliable, and as reasonably priced as possible. That is their mission. That is their commitment.

Developing a rate design to address these issues, and others, is not an easy task. It take time, energy and commitment to develop and deliver a product that is equitable and sustainable for all members.

KEEPING YOU INFORMED



Over the next six months, we will keep you in the loop. We will develop and provide educational

pieces on rates and rate design options as we move through this process.

In March, you will begin seeing monthly articles in the Ruralite Magazine and on our website, www.laneelectric.com. We intend to compliment these articles with bill inserts and bill messages as well.

Other topics to be addressed in the coming months include:

- The 7 Cooperative Principles: Principles developed many years ago as cornerstones for cooperatives.
- The Future of Electric Rates: How rates and day-to-day operations relate... today, tomorrow, and why.
- Controllable vs. Uncontrollable Costs:
- Challenges, Pressures and Threats: A look at the different components and influences on electric rates.
- Energy Conservation and Rates: Can they work together?

- Rate Design - An Art or A Science?: A look at what goes into the rate design process and why.

OUR COMMITMENT



As we look ahead at what the electric industry has in store, your board and staff remain committed to providing all LEC members with safe and reliable electric service at the lowest and sustainable cost possible.

RURALITE
Now Available Digitally

www.laneelectric.com

Beginning this month, you can receive the Ruralite magazine digitally!

Go to www.laneelectric.com and click on the button like the one above, and sign up!

Want To Pay Your Bill Online? Want a Paper Bill, Too? Okay!

Follow the simple instructions below and you can have both.

In the past, members have asked to pay their electric bills online and receive a paper copy for their records.

Now, they can. By visiting www.laneelectric.com and either signing up for, or logging into the *e-Bill* program, members can sign up to pay their bill online and get a paper copy each month, too.

Go to www.laneelectric.com and click on the button that best meets your needs. You can sign up as a new

e-Bill user or login to your existing *e-Bill* account.

As a new e-Bill user, you will need to enter some basic information to sign up. Have your LEC account number, an e-mail address, and a password ready. **NOTE:** If you would like to continue receiving a paper copy of your electric bill, **do not check** the box that says, *“Discontinue Mailing My Printed Statement”*. Okay, ready, set, go!



Scholarship Applicants Wanted

See www.laneelectric.com/scholarships for more information

Scholarships, scholarships and more scholarships...

Are you interested in attending college? Do you enjoy American history, U. S. government and the democratic process? If you said yes to any of these, you may want to check out Lane Electric's scholarship opportunities for 2011.

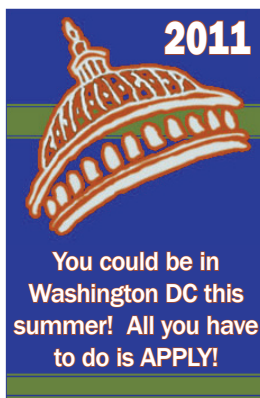


Are You College Bound? Want To Be?

Lane Community College (LCC)

Four \$1500 scholarships for qualifying, college bound students/ members are being offered this year. Two scholarships have been designated for graduating high school seniors and two have been designated as "at-large" scholarships, available to qualifying members interested in continuing their education (post high school), i.e., graduating seniors, single parents, senior citizens, college students, etc., who plan to attend Lane Community College (LCC). Go to: www.laneelectric.com/scholarships.

We Want A Great Junior To Represent Lane Electric In Washington D. C. In 2011!



2011 NRECA Youth Tour

Lane Electric will send one lucky high school junior to Washington D. C., for the 2011 NRECA Youth Tour.

Since the early 1960's, rural electric cooperatives across the United States have sent over 1,500 high school students annually to the Rural Electric Youth Tour in Washington, D.C. To date, nearly 50,000 students from rural areas and small towns all over America have participated in this chance-of-a-

lifetime program.

Students who accompany the tour learn about electric cooperatives, American history and U.S. government. More than a typical sight-seeing trip to Washington, DC., there is a strong educational component, teaching the importance of being an active participant in our democracy and an opportunity for students to meet and talk with their

representatives in the House and the Senate.

If you, or someone you know, wants to join this D.C. tradition, contact Lane Electric or your high school counselors or principal or for additional information. Or, you can visit our website, www.laneelectric.com/scholarships for program details and an application. Interested juniors can submit an essay and prepare for an interview... the final step in the selection process.

The resounding message at the Youth Tour is that political and civic involvement is at the core of electric cooperatives. Teaching the history of electric cooperatives and the values they represent is key as this next generation of leaders takes hold and follows their dreams — whether in a classroom, on a farm, at their local cooperative or in the halls of Congress.

For more information: Please visit the Youth Tour site, <http://youthtour.coop> about NRECA Youth Programs.

If You, Or Someone You Know Is Interested...

There are different ways to get an application packet. Packets are readily available through high school counselors, our website; www.laneelectric.com, e-mail, fax or standard mail delivery. Visit: www.laneelectric.com, e-mail: info@laneelectric.com or call: 541.484.1151 and ask for Dave or Brenda.

Deadline to apply: Tuesday, February 15, 2011, 5:00 P.M.



Interviews will take place between February 22 and 25.

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BOARD OF DIRECTORS

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- Chris Seubert, Vice-President**
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- Doug Stockdale**
Engineering Services
- Debi Wilson**
Office & Staff Services
- Dave D'Avanzo**
Member & Regional Affairs

BOARD MEETINGS

4th Monday of each month
(Unless otherwise noted)
Lane Electric's Office at 11 a.m.

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Down the line



Dear Member:

"This is like déjà vu all over again." Though great American philosopher, Yogi Berra, made this statement to emphasize the knack of Mickey Mantle and Roger

Maris to hit back-to-back home runs during the Yankees' seasons in the early 1960s, his proclamation aptly describes a situation that citizens of the Pacific Northwest may soon face. Once again a decades old idea to increase the rates charged by the Bonneville Power Administration (BPA) has emerged in Washington D.C. as a partial solution to our nation's budget dilemma.

Recently, the National Commission on Fiscal Responsibility and Reform delivered its report to the President and Congress. The Commission's mission was to come up with ideas that would balance the federal budget and improve the country's long-term fiscal outlook. From among 60 recommendations, the Commission proposed that federal power marketing agencies, like BPA, sell wholesale power based on market rates. If you are interested and would like to see the actual proposal, it can be found on page 41 of the Commission's report as Recommendation 4.8.

According to federal law, BPA must sell power to utilities like Lane Electric at cost. If the recommendation were to be implemented it would result in an increase in BPA's rates of at least 30 to 50 percent. This would be in addition to the increase that BPA has already proposed for later this year.

As I said earlier this is not a new idea. Under several previous Presidents, regardless of political party, a similar recommendation has been considered as a way to increase

revenue to the U.S. Treasury. Fortunately, the proposal has never gotten enough support that Congress required BPA to raise rates. Much credit for defeating past attempts go to the region's congressional delegation, especially the efforts of Con. Peter DeFazio and Sen. Ron Wyden. However, we may need to be prepared to once again make the case that as in the past, the Commission's recommendation would be counter-productive and harmful to the region's economic future.

The clean electricity produced at the three dozen federal dams located throughout the Pacific Northwest is truly a treasure. The rivers on which they are located are a public resource and the region's electricity consumers have and continue to pay every nickel of the operation and maintenance of those dams. There is not now or ever has been any federal subsidy associated with the Pacific Northwest hydropower system. As recommended by the Commission, it would be poor public policy to add a premium to the power BPA sells.

In addition to a compelling public policy defense, we have a long-term power purchase contract with BPA that should be a counter to the Commission's proposal. Approved and signed by Lane Electric's board of directors two years ago, the contract assures a 20-year supply of power from BPA at rates that explicitly are cost-based.

There is no question that our nation faces economic challenges. There is an expectation that everyone contribute in some way on behalf of future generations. But, we need to be sure we find solutions that will truly work. To emphasis this point, I once again refer to the wisdom of Yogi – *"You've got to be very careful if you don't know where you're going, because you might not get there."*

Rick Crinklaw
General Manager