

GCEA News



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Touchstone Energy®

A Cold Winter Proves Helpful in Boosting GCEA Energy Sales

BY MICHAEL V. WELLS, CHIEF EXECUTIVE OFFICER

As of the end of January 2011, it seems as though we have had a decent winter thus far. By the time you read this article it will be March, so it is hard to predict what the next couple of winter months will bring and I've been here too long to



Michael V. Wells

even wager a guess. What I do know is that January required more "Heating Degree Days" (HDD) than January last year. HDD is a measurement designed to reflect the amount of demand for energy that is required to heat a home or business. This becomes a useful tool for Gunnison County Electric Association to use as we try to predict our kilowatt-hour sales and is helpful when it becomes necessary to discuss a member's bill and usage.

We saw a 7.15 percent increase in HDD over last January and a 3 percent increase in sales. The average low was minus 9 degrees and the average high was 23 degrees this January. Thus far 2011 is on par with the average winter over the last five years; only January of 2008 was colder and it was a winter that we all remember. For that cold January of 2008 we saw the average low at minus 18 degrees and the average high at 13 degrees. Unfortunately for GCEA's budget, December 2010 saw a 31 percent decrease in HDD and kWh sales dropped by 26 percent. This is important as a large part of our margins are in the kWh sales and the kWh sales revenue is required to pay for our fixed operating costs since the service availability charge only covers a portion of the fixed costs.

This year our budget is based on an average winter so hopefully our sales will remain average over the course of the year. As evident in the HDD calculations, our

energy sales are based primarily on the weather. We receive a bonus when we have a large number of people in town for recreation, occupying second homes and filling motel rooms. These variables can combine to increase kWh sales. An increase in sales means that our revenue will exceed our budget projections.

On the flip side, warm weather and no snow can spell big problems for our budget. As I expressed to you in the January issue, we are running on an extremely tight budget this year and doing our best to avoid a rate increase for 2011. This will only be possible if we have winter temperatures that meet the average or are colder than average.

Some co-ops today are looking at putting all of their fixed cost into the service availability charge so that the cost of operations is derived primarily from the service availability charge. If GCEA were to follow this model, it would mean that we would need to charge approximately \$30 per month for a residential home to cover our operating cost. This may seem high but it is in line with charges for other services such as your telephone or cable television.

GCEA has recently completed a "Cost of Service Study" and will analyze whether we need to make adjustments in our revenue recovery methodology for future rates. At this time only the weather will determine if we can make it through the year without a rate adjustment; however, we know that there will be a wholesale cost of power increase from our power supplier effective January 2012. It will be necessary for GCEA to pass along any increase in our cost of purchased power at that time.

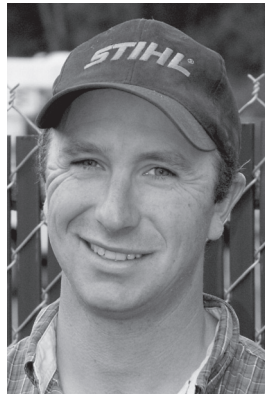
As a closing note, we will complete our building project and *[continued on page 9]*

Levi Littrell Named Journeyman Lineman

Gunnison County Electric Association is proud to announce that Levi Littrell has passed the journeyman certification test. Levi joins 11 other GCEA journeyman linemen.

At GCEA all apprentice linemen must complete a four-year course. The apprentice lineman is re-evaluated every six months, his course work must be current and he must maintain a B average. Failure to do so may cost the apprentice money, advancement in the program and even his job. At the end of each year, each lineman takes a comprehensive final exam.

The course work is only part of becoming a journeyman; the apprentice must also



Levi Littrell

demonstrate the physical ability to perform all job tasks in a safe manner. After compiling 8,500 hours on the job and completing the four-year course with a minimum B average, and with the recommendation of a supervisor, the lineman qualifies to take the journeyman test.

The first part of the journeyman test is writ-

ten and must be completed within four hours. This is difficult because the test is comprehensive, consisting of more than 300 questions. It includes true or false, multiple choice, short essay, equipment

identification, matching terms, identifying electrical schematics and transformer connection questions.

After completing the written test, the candidate must sit for an oral exam before a panel of five experts who ask 10 questions covering the broad spectrum of electric utility work and components. The oral exam is extremely challenging because the questions are selected at random. This allows the testing board to determine whether the candidate really knows what he is talking about. The results are delivered the same day with a pass or fail.

Qualification as a journeyman lineman is an accomplishment well worth celebrating. GCEA extends its congratulations to Levi Littrell for his hard work and success.

EMPLOYEE ANNIVERSARIES

- Sherry Booth**.....operations assistant
5 years
- Alantha Garrison**.....member services
representative 4 years
- Erica Sorensen**.....billing supervisor
16 years
- Carol Townsend**.....line locator technician
9 years
- Tracy Wheeler**.....cashier and receptionist
1 year

CONGRATULATIONS!

FOCUS ON SAVING ENERGY

GCEA's commercial and residential energy audits can identify low-cost ways to help you save energy. Call 970-641-3520 to schedule your audit today.



Energy Efficiency

Helping you take a bite out of your electric bill

BY VICKI SPENCER, ENERGY USE/COMMUNICATION SPECIALIST

When I go to the grocery store, I carry a list with me. Otherwise, I'm bound to forget something.

The same goes for the hardware store when I want to undertake some projects around the house. What materials do I need? And if the work involves weatherization, will it really help me save money on my electric bill?

Generally, the answer to that last question is a resounding "yes." Even small energy efficiency measures will save money. For as little as \$2, the cost of an outlet and switch plate insulator kit, you can begin to drastically improve comfort around your residence.

What areas should you focus on first? Start with the basics: applying weather stripping and caulk around doors and windows; replacing traditional incandescent lightbulbs with compact fluorescent lightbulbs known as CFLs; and

insulating your water heater. Then look at some bigger expenditures: adding insulation to your attic, installing a programmable thermostat and sealing ductwork.

You can find even more ways to save on the U.S. Department of Energy's www.energysavers.gov or visit www.togetherwesave.com to find out how little changes around the house add up to big savings.

We at Gunnison County Electric Association are committed to doing everything possible to keep your electric bills affordable.

And we're controlling costs through innovation — our energy efficiency programs are just one way we can help you manage your energy use.

For more information about the projects mentioned in this article and other energy efficiency programs, visit GCEA at www.gcea.coop or call 970-641-3520. It's just one more way your co-op is looking out for you.



Touchstone Energy[®]
Cooperatives

TOGETHER WE SAVE



Out With the Old, In With the New

Although many consumers have heard of compact fluorescent lightbulbs and other energy-efficient lighting options, traditional incandescent bulbs still represent the bulk of the residential lighting market. That may soon change.

Under the federal Energy Independence and Security Act of 2007, new standards will require lightbulbs to generate more light with less power. All general purpose lightbulbs that produce 310 lumens to 2,600 lumens of light must be 30 percent more energy efficient than 2007 incandescent models.

As a result, incandescent bulbs, starting with 100-watt varieties, will most likely be phased out beginning in 2012. While there are exemptions, most bulbs will be required to produce 45 lumens per watt by 2020, according to current legislation. As a result, more efficient bulbs will replace today's 40-watt, 60-watt, 75-watt and 100-watt general service incandescent bulbs.

"Up to 12 percent of your monthly electric bill pays for lighting, so removing energy-wasting bulbs from the market will have a big impact on America's energy use," explains Erik Sorenson, a project manager with the National Electrical Manufacturers Association, which represents companies that fashion products used in the generation, transmission, distribution, control and end use of electricity.

A 60-watt to 100-watt incandescent bulb produces around 15 lumens per watt,

What's Watt

Power Consumption Comparisons of Equivalent Lighting (in watts)

Incandescent	Halogen	CFL	LED
100 W	70-72 W	23-26 W	N/A
75 W	53 W	18-20 W	N/A
60 W	43 W	13-15 W	12 W
40 W	28-29 W	10-11 W	8-9 W

Source: National Electrical Manufacturers Association, Enlighten America

with much of the energy wasted as heat. A standard CFL, however, can produce as much as 100 lumens per watt. CFLs aren't the only lighting alternative — consumers can also save energy by using halogen bulbs and solid-state bulbs, commonly referred to as light-emitting diodes or LEDs. LEDs are beginning to pull ahead of CFLs in lighting output. Cree (www.cree.com), a leading manufacturer of LEDs, announced a year ago that a laboratory prototype achieved 208 lumens per watt.

The transition to more energy-efficient lightbulbs will take place over the course of three years. California residents have a head start, since the manufacturing of 100-watt bulbs ended in January 2011. In 2012, other states join the transition, with the manufacturing of 75-watt bulbs ending in 2013 and their 60-watt and 40-watt cousins disappearing a year later. As an added

bonus, the replacement bulbs will be required to last longer.

"For the first time, federal law sets a minimum rated life of 1,000 hours for bulbs — the amount of time at least half of all tested bulbs operate successfully," notes Sorenson.

Some consumers have already made the switch. Since 2000, incandescent lamp shipments dropped from 1.7 billion to less than 1.2 billion annually, while Energy Star estimates CFL shipments reached 400 million last year. Currently, CFLs have captured 30 percent of the lighting market. (Responding to continuing

consumer resistance against CFLs, Congress is considering repealing the incandescent ban.)

"New bulbs use less energy while providing the same amount of light," emphasizes Sorenson. "Consumers should start shopping for bulbs based on the amount of light or brightness needed." For example, a 43-watt halogen bulb, 15-watt CFL or 12-watt LED offers comparable light to a 60-watt incandescent bulb.

To find out more about lighting changes, visit NEMA at www.nemasavesenergy.org.

Sources: National Electrical Manufacturers Association, Energy Star CFL Market Profile, Department of Energy EERE Energy Efficiency Trends in Residential and Commercial Buildings (2010)

A Cold Winter Proves Helpful

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remodel around the first of March. We were able to move into the majority of the building starting just after Christmas and now have settled into a very comfortable work space that makes us all very proud. I am very pleased and thankful to all of the subcontractors who worked on this project and would like to give a special thanks to Bob Williams with Williams Engineering for providing the design and architectural aspects, Asset

Engineering for the construction management and performing the duties of general contractor and Kristine Pivarnik with kPd Studios for the interior design.

On June 28 we will have our Annual Meeting of the membership and an open house. Please mark your calendar and come spend an evening with the board of directors and employees of the Association.

EFFICIENCY TAX CREDITS DROP BUT DON'T DISAPPEAR

Benefit reverts to \$500 lifetime cap for upgrades

BY MEGAN MCKOY-NOE, CCC

Energy efficiency improvements are great for lowering electric bills. But sometimes the up-front cost can be a drawback.

Since 2005, Congress has enacted a series of tax breaks for consumers who take steps to make their homes more energy efficient. In December, the outgoing 111th Congress approved extending some popular efficiency tax credits through December 31, 2011, although at greatly reduced levels.

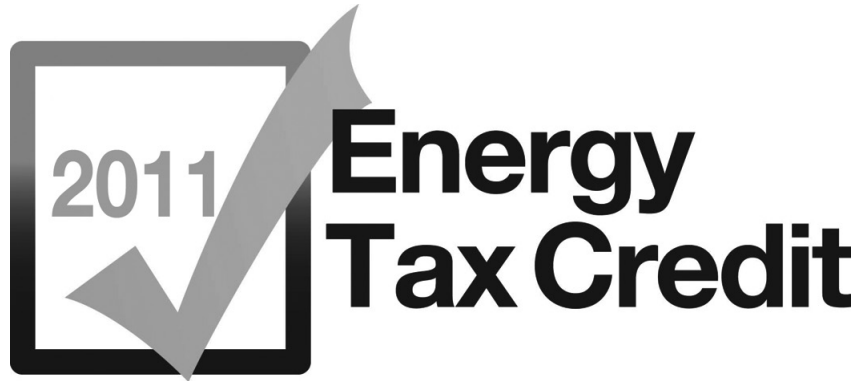
“While we were hopeful that the tax credits would be higher than what was approved, we are encouraged that this valuable incentive for home owner investment was retained,” says Michael V. Wells, chief executive officer.

The federal Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 reduces the total lifetime credit that can be claimed on energy efficiency improvements made between 2006 and 2011 (excluding 2008, when no credit was available) from \$1,500 to \$500. It also lowers the percentage of efficiency upgrade costs consumers may recover, from 30 percent in 2009-2010 to 10 percent in 2011.

Basically, energy efficiency tax credits revert to levels approved for 2006 and 2007, before the federal stimulus bill pumped up the program. There’s also a lifetime cap of \$500 for any work that’s done. But if you haven’t applied for an energy efficiency tax credit before, this extension gives you a chance to recoup some of the costs needed to make your home more efficient.

There are also maximum allowances for different upgrades. For installing more efficient windows, the tax credit is limited to \$200, and there’s a \$300 cap for “any item of energy-efficient building property.” Other restrictions include:

- **Furnace (\$150)** — Must have at least 95 percent (up from 90 percent) annual fuel utilization efficiency (AFUE). Oil furnaces and boilers were returned to the single furnace category at 95 percent AFUE.



- **Advanced main air circulating fan (\$50)** — Must utilize less than 2 percent of a furnace’s total energy consumption.
- **Central air conditioner (\$300)** — Must have a seasonal energy efficiency ratio (SEER) of at least 16 and an energy efficiency rating (EER) of at least 13.
- **Air source heat pump (\$300)** — Must have at least a heating seasonal performance factor (HSPF) of 9, SEER of 16 and EER of 13.
- **Biomass fuel stove (\$300)** — Must have a thermal efficiency rating of at least 75 percent.

Builders and manufacturers benefit, too

The bill reinstates a credit of up to \$2,000 for builders (during 2010 and 2011) of energy-efficient residences that use no more than half the energy of a 2003 national model energy code home (the credit had expired in 2009). In addition, U.S.-based manufacturers of clothes washers, dishwashers and refrigerators will receive credits ranging from \$25 to \$200 for efficient appliance models produced in America during 2008, 2009 and 2010.

“While consumers cannot take these types of credits directly, these units may be promoted by manufacturers, or by state or utility efficiency programs, during the next two years,” notes the Tax Incentives Assistance Project. The group operates a website, www.energytaxincentives.org, devoted to tracking efficiency incentives.

Renewable tax credits remain active

Renewable energy tax credits created by the federal stimulus bill don’t expire until December 31, 2016. These credits cover 30 percent of the cost of materials and installation for residential solar panels, solar water heaters, small wind turbines and geothermal heat pumps. Details are available at www.energystar.gov/taxcredits.

Claiming tax credits

Tax credits are beneficial because they directly reduce, dollar for dollar, any taxes you owe. Be sure to keep your receipts and your Manufacturer’s Certification Statement (a signed statement from the manufacturer certifying that the product or component qualifies for the tax credit) for your records. Then claim the credit on your taxes using Internal Revenue Service Form 5695.

Megan McKoy-Noe, CCC, writes for the National Rural Electric Cooperative Association, the Arlington, Virginia-based service arm of the nation’s electric cooperatives.

TIP OF THE MONTH

By replacing your five most-used lightbulbs with Energy Star-qualified bulbs, you could save \$70 a year.



Source: U.S. Environmental Protection Agency