

The Value of Electric Cooperatives

Why being a member of a co-op saves you money



MESSAGE FROM GENERAL MANAGER LEROY T. SKLOSS

THERE ARE THREE MAIN TYPES OF electricity providers in the United States. Investor-owned utilities, also known as IOUs, primarily serve densely populated areas. Municipal-owned utilities, or MOUs, serve cities from the very large, such as Dallas, to the very small, such as Goldsmith (population 270). And of course, there are electric cooperatives, such as Karnes Electric Cooperative, that primarily serve less populated parts of the country.

In the utility business, population matters. Because the costs are similar to serve any given area, more customers means more people to share the cost, keeping rates lower. At least that is the theory.

The density of service recipients is distributed this way, according to the National Rural Electric Cooperative Association: MOUs, which operate in cities and towns, have the greatest density at 48.3 customers per mile of line, generating an average of \$113,301 of revenue per mile of line annually. IOUs follow with 34 customers per mile of line, generating average revenues of \$75,498. Finally, electric co-ops average 7.4

members (not customers, but members) per mile of line, bringing in an average of \$14,938 in revenue per mile.

Karnes EC serves 4.34 members per mile each year, generating \$15,769 of revenue per mile.

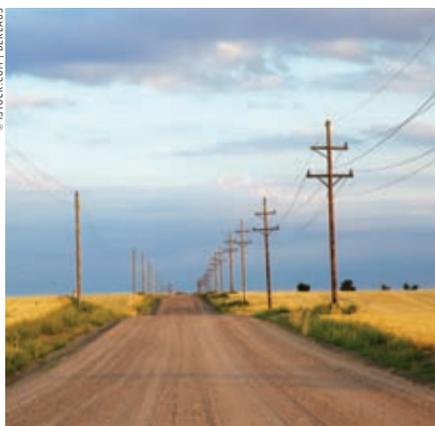
If I were to give this data to any business school in the country and ask, based on this information, what the rates should be for each of the utilities, the answer would likely be that electric co-ops should have a rate 7.5 times greater than MOUs and 5 times higher than IOUs.

However, that is not the case. Why not? It has to do with the respective business models. IOUs are owned by outside investors who may or may not be users of

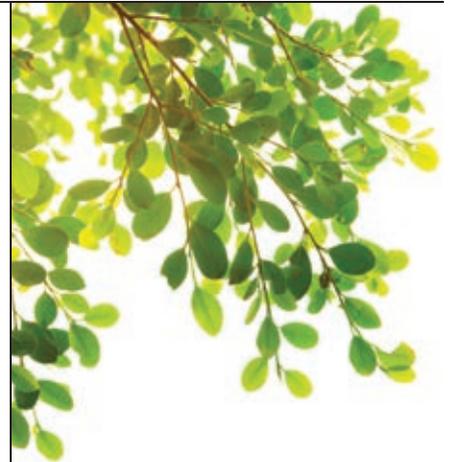
the electric utility they own. These companies' stocks are traded on Wall Street, and those investors demand a return on their investment. This drives up the price that their customers pay. Many municipal systems charge rates that generate a "profit" for their cities to help pay for other services.

Karnes EC operates on a nonprofit basis. Of course, we must generate enough revenue to cover costs (the largest being wholesale power), but we don't have to charge rates high enough to turn a profit for outside stockholders.

Because our members are our owners, we can provide safe, reliable and affordable power to you. That is just another way your co-op brings you value.



The cooperative business model helps keep electric rates reasonable for members, who often live in the less-populated areas of Texas.



Landscaping for Savings

AS FLOWERS BLOOM AND TREES fill out with leaves, many Texas homeowners think about landscaping projects in spring.

A well-designed landscape can save enough energy to pay for itself in less than eight years by lowering maintenance costs, reducing water use, protecting the home from extreme temperatures, and helping to lower noise and air pollution.

Shading is the most cost-effective way to reduce solar heat gain in your home and cut air-conditioning costs.

An effective landscape can reduce an unshaded home's air-conditioning costs by 15–50 percent.

Deciduous trees planted south of a home can screen 70–90 percent of sunlight. Shorter trees planted on the west side help shade windows from afternoon sun. Bushes and shrubs or climbing vines on a trellis can shade patio areas. And low shrubs and groundcover plants help cool air before it reaches your home.

If you determine how much water your plants need, you won't overwater. Group plants with similar watering needs together, and water in the early morning hours when water evaporates less.

Aerate your soil to improve water flow to roots and reduce runoff. Use mulch to keep plant roots cool, minimize evaporation and reduce weed growth. And during warmer months, raise the cutting height of your lawn mower blade. Longer blades of grass help shade each other and retain water.

MARK YOUR CALENDAR!



Please plan to join us for the
KARNES ELECTRIC COOPERATIVE

ANNUAL MEETING

Monday, June 1

Next month's issue will contain important information about the meeting.



Karnes Electric Cooperative

P.O. Box 7, Karnes City, TX 78118

GENERAL MANAGER

Leroy T. Skloss

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COOPERATIVE OFFICES

Main Office

1007 N. Highway 123, Karnes City

District Office

1824 W. Goodwin, Pleasanton

Pay your bill, submit meter readings and view your account summary at karnesec.org.



Contact Us

For information and outages during office hours

(830) 780-3952 Karnes City

(830) 569-5538 Pleasanton

1-888-807-3952 Toll-free

To report a power outage after 5 p.m. and on weekends and holidays

(830) 780-3952

Coy City, Ecleto, Floresville, Gillette, Goliad, Karnes City, Kenedy, Runge, Three Rivers, Tilden and surrounding areas

(830) 569-5538

Charlotte, Christine, Pleasanton, Poteet, Verdi and surrounding areas

FIND US ON THE WEB
karnesec.org

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RV travel can be fun, but be sure to keep it safe by following proper procedures for generator use.

Safe RV Camping With Generators

AT THIS TIME OF YEAR, many head out for sun and fun in nature. For some, that means “roughing it” in a well-appointed recreational vehicle. If you use a portable generator for lights, TV or heat in your RV, it is imperative that you take safety precautions against carbon monoxide poisoning, including these recommendations:

- ▶ Take a carbon monoxide detector with you. If you own the RV, mount it permanently inside the vehicle and regularly check to see that it is working. If you are renting the RV, take a detector with you to warn you of elevated carbon monoxide levels.
- ▶ Inspect your RV’s chassis and generator exhaust system before each outing and also after bottoming out or any other incident that could cause damage.
- ▶ Inspect the RV for openings in the floor or walls. If you locate a hole, seal it with a silicone adhesive or have it repaired before using your generator again.
- ▶ Inspect windows and door seals to ensure that they are sealing properly.
- ▶ Do not operate your generator if the exhaust system is damaged in any way or if an unusual noise is present.
- ▶ Park your RV so that the exhaust can easily dissipate away from the vehicle. Do not park next to high grass or weeds, buildings or other obstructions that might prevent exhaust gases from dissipating as they should.
- ▶ Keep in mind that shifting winds may cause exhaust to blow away from the coach one moment and under the coach the next.
- ▶ When stopping for long periods of time, be aware of other vehicles around you, such as tractor-trailers at rest stops, that may have their engines and refrigerators running, potentially exposing you to carbon monoxide.
- ▶ Do not sleep with the generator operating.
- ▶ Leave a roof vent open anytime the generator is running, even during the winter.
- ▶ If you start feeling ill, be aware that it could be carbon monoxide poisoning. Shut off the generator and step outside for some fresh air, just to be sure.

If you fear that you are being overcome by carbon monoxide while on the road, stop driving, get to fresh air immediately and seek medical attention.



KARNES EC
WISHES YOU A HAPPY
**MEMORIAL
DAY**

MONDAY, MAY 25

OUR OFFICES WILL BE
CLOSED IN OBSERVANCE
OF THE HOLIDAY



**HAPPY
MOTHER’S DAY**

FROM KARNES EC
SUNDAY, MAY 10

Electrical Safety During and After Storms

SEVERE STORMS CAN CAUSE MANY electrical safety hazards in and around our homes. To protect yourself and your family from storm-related electrical dangers, Karnes Electric Cooperative provides answers to common storm-safety questions.

Indoor Safety

How can I keep my family safe inside while it's storming?

- ▶ Stay away from windows and doors.
- ▶ Unplug electronic equipment before the storm arrives. During the storm, avoid contact with electrical equipment, cords and plumbing (including sinks, bathtubs and faucets).
- ▶ Limit the use of corded telephones to emergencies only. You can use cordless or cellphones safely.
- ▶ You should bring your pets inside to protect them. Doghouses are not lightning-safe, and chained animals can easily become victims of lightning strikes.

Outdoor Safety

What should I do if I am caught outside during a thunderstorm or lightning storm?

- ▶ Don't stand close to other people. Spread out.
- ▶ Lightning strikes the tallest available object, so if you are in an exposed area, crouch low, tuck your head and cover your ears. Do not lie down.
- ▶ Stay away from trees and metal. Don't hold on to metal items like bats, golf clubs, fishing rods, tennis rackets or tools. Avoid metal sheds, clotheslines, poles and fences.
- ▶ Stay away from water, including pools, lakes, puddles and anything damp—like grass or even wet towels.

What should I do if I encounter a lightning storm while driving?

Slow down and use extra caution. If possible, pull off the road into a safe area. Do not leave your vehicle and do not use electronic devices inside the car.

Power Lines

What do I do if I encounter a downed power line?

- ▶ Move at least 10 feet away from the line and anything touching it.
- ▶ Do not attempt to move a downed power line or anything in contact with the line. Even nonconductive materials like wood or cloth, if slightly wet, can conduct electricity and electrocute you.
- ▶ If you see someone who is in direct or indirect contact with



Severe storms can take down power poles and lines, creating a dangerous risk of electrocution. If you come across a downed power line, stay away and keep others away until help arrives.

a downed line, do not touch the person—you could become the next victim. Call 911 instead.

What if my car contacts a downed line?

Do not drive over downed power lines. But if you are in a car that has come into contact with a downed line, stay in your car. Tell others to stay away.

If you must leave your car because it's on fire, jump out with both feet together and avoid contact with the car and the ground at the same time. Shuffle away with small steps, keeping your feet together and on the ground at all times.

Flooded Areas

What should I look out for when my home is flooded?

Use extreme care when stepping into flooded areas indoors. Submerged outlets or electrical cords can energize water, posing a lethal situation.

Do not use electrical appliances that have gotten wet until a qualified service repairperson can examine them. Electrical equipment exposed to water can be extremely dangerous if re-energized without proper reconditioning or replacement.

Does a flood affect my home's electrical system?

Electrical system elements such as circuit breakers, ground-fault circuit interrupters and receptacles can malfunction when water and silt get inside. If they have been submerged, have a licensed, qualified professional replace them.

Can flooded outside areas be dangerous, too?

Yes. Downed power lines or submerged outlets from adjacent homes could energize the water. Use extreme caution when entering any flooded area.

How To Buy an Energy-Efficient Appliance

YOU GO SHOPPING FOR a new refrigerator, and you're on a budget. Naturally, the best buy is the fridge with the lowest sales price, right?

Not necessarily. If you buy the lowest-priced refrigerator, you may end up spending more over time than if you buy a more expensive one. The reason? The cost of owning a home appliance has three components: the initial purchase price, the cost of repairs and maintenance, and the cost to operate it.

Suppose you're in the market for a new refrigerator-freezer. Different models with the same capacity can vary dramatically in the amount of electricity they use. For one popular size and configuration, for example, the annual electricity consumption varies from a low of about 600 kilowatt-hours a year to a high of more than 800 kWh a year. Based on average electricity prices, the annual cost to operate this refrigerator can range from \$50 to \$70, depending on the model.

A \$20 difference in annual operating costs might not sound like much. But remember that you will enjoy these savings year after year for the life of the appliance, while you pay any difference in purchase price only once. As a result, you may save money by buying the more expensive, more energy-efficient model.

You can learn about the energy efficiency of an appliance through the yellow-and-black EnergyGuide label. The labels are required on refrigerators, freezers, dishwashers, clothes washers, water heaters, furnaces, boilers, central air conditioners, room air conditioners, heat pumps and pool heaters.

Some appliances also may feature the Energy Star logo, which means that the appliance is significantly more energy efficient than the average comparable model.

Shopping Strategy

1. Select the appliance's size and style. Measure the space the appliance will occupy to be sure your new purchase will fit, with enough room to open the doors or lids fully and enough clearance for ventilation. This may help you narrow your choices as you settle on the best capacity and style.

2. Know where to shop. Appliance outlets, electronics stores and local retailers carry different brands and models. Dealers also sell appliances through print catalogs and the Internet.

3. Compare the performance of different brands and models. Ask questions about how the different models operate: Are they noisy? What safety features do they have? What about repair histories? How much water do they use? How energy efficient are they?

4. Estimate how much the appliance will cost to operate. The more energy an appliance uses, the more it will cost to run. Consult the EnergyGuide label to compare the energy use of various models. The difference on your monthly electric bill can be significant, especially when considered over the 10- to 20-year life span of the appliance.

5. Ask your salesperson or electric cooperative about special energy-efficiency offers—cash rebates, low-interest loans or other incentive programs in your area for energy-efficient product purchases—and how you can qualify.



Make the Connection

Shop online, pay bills, download music, watch movies— faster!

HIGH-SPEED INTERNET FOR THE KARNES COMMUNITY

Call **800.699.4832** or visit **www.karnesec.net** to get connected today.

karnesec.net



Understanding Power Outages

ALTHOUGH KARNES ELECTRIC COOPERATIVE does everything it can to reduce the possibility of outages at your home or business, they still do occur. There are a variety of reasons for power outages, including severe storms causing mass destruction, tree limbs coming into contact with power lines, vehicles crashing into utility poles, and animals such as squirrels causing short circuits while climbing electrical equipment.

Whatever the reason, rest assured that your co-op is working as fast as it can to get your power restored quickly and safely.

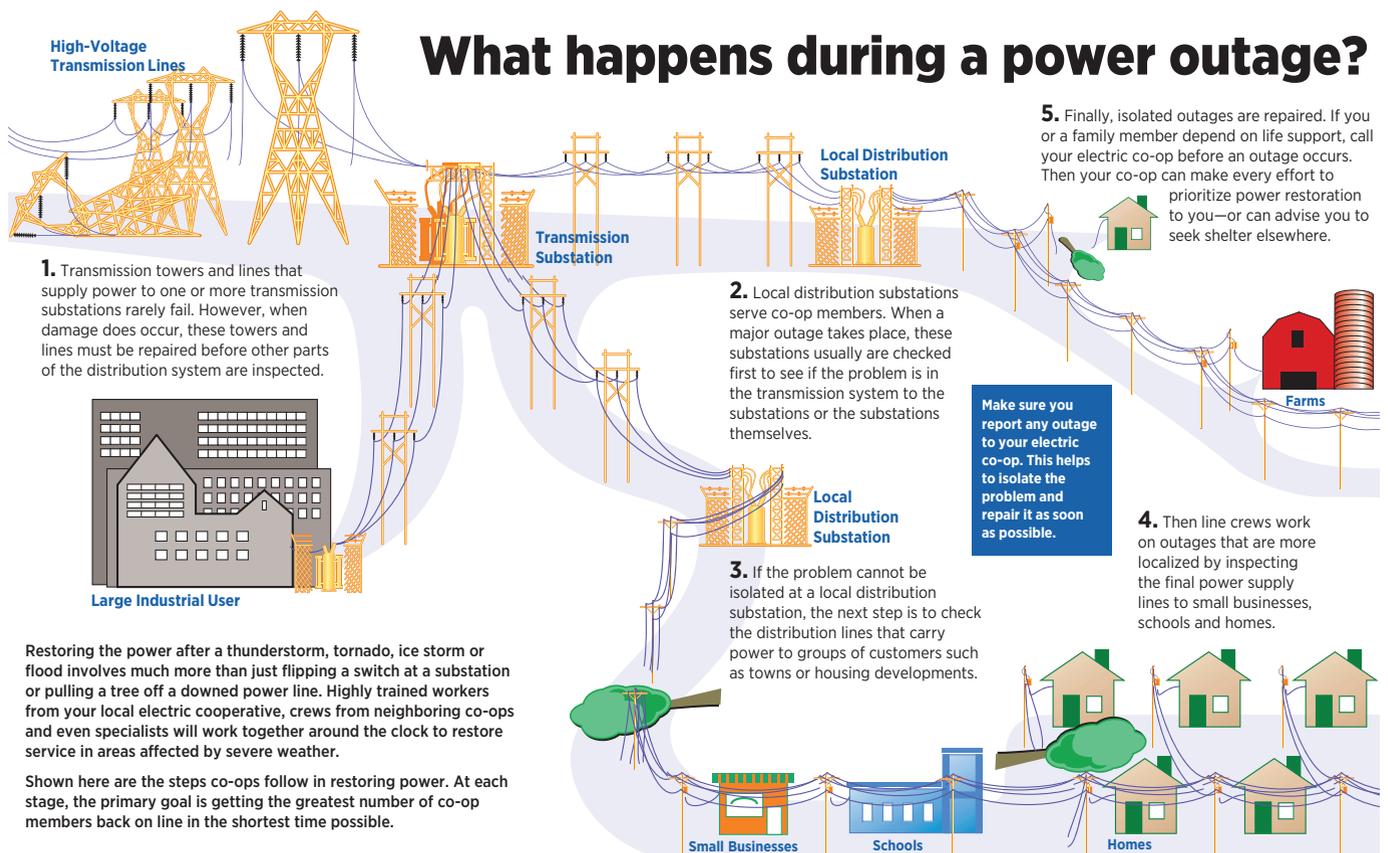
Our No. 1 focus will always be public safety. This means that first in an outage, our crews will clear lines and equipment that could pose safety hazards to the public. Next, they will turn their attention to generation facilities that provide the actual electricity to power your home or business. After that come transmission lines and substation equipment repairs. Subsequently, your co-op will focus on feeder lines that can serve one to 3,000 customers, then tap lines that provide power to 20 to 30 homes or businesses, and then connections to individual customers.

During this process, crews will generally first make repairs to facilities that are critical to public health and safety—like

hospitals, police and fire stations, water treatment plants and communication systems. How long it takes to get your power restored depends on the extent of the storm’s destruction, the number of outages and when it becomes safe for co-op personnel to access the damaged areas.

Whether the outage is long or short, it pays to know what to do when the power goes out so you can keep your family safe. Follow these suggestions:

- ▶ Call Karnes EC immediately to report the outage.
- ▶ Use safe alternative food preparations. A barbecue grill is an excellent way to prepare food, but always grill outside.
- ▶ Have a storm kit (with items like flashlights, a battery-operated radio, batteries and first-aid supplies) prepared for use during power outages.
- ▶ Turn off electrical appliances and unplug major electronics, including computers and televisions. Power sometimes comes back in surges, which can damage electronics. Your circuits could overload when power returns if all your electronics are still plugged in and turned on. Leave one light on to indicate when power has been restored. Once it has, wait a few minutes and then turn on other appliances, one at a time.



Restoring the power after a thunderstorm, tornado, ice storm or flood involves much more than just flipping a switch at a substation or pulling a tree off a downed power line. Highly trained workers from your local electric cooperative, crews from neighboring co-ops and even specialists will work together around the clock to restore service in areas affected by severe weather.

Shown here are the steps co-ops follow in restoring power. At each stage, the primary goal is getting the greatest number of co-op members back on line in the shortest time possible.