

## **Questions & Answers from the 2008 Annual Meeting**

### **Do Members have a share in Websters' Subdivision?**

All Hawkeye members have a share in the Websters' Subdivision through our subsidiary organization called HTC Development. All investments (curb/gutter, sewer, electricity etc.) were funded through this subsidiary. HTC Development was created to protect Hawkeye members against any liabilities and to secure finances in the housing subdivision.

### **Will members get dividend checks for the lots sold in Websters' Subdivision and where is the money going?**

When there are profits generated from lots sold therefore bringing more electric usage to Hawkeye's system, it is reflected in your rates.

### **Did employees get a raise or cut in pay (referring to the recent rate increase)?**

Yes, Hawkeye employees received a raise in their wages in the fall of 2007. It is common practice to research the current wage median throughout the electric cooperative family across the nation, on a regional level (Iowa, Illinois and Wisconsin) as well as the state average for each position. Hawkeye also has a number of employees that belong to a collective bargaining unit, Local IBEW 288, that negotiate wages every three years.

### **Why are REC rebates less than Alliant Energy rebates?**

Since we are a not-for-profit organization, giving rebates to individual members essentially takes money from the membership as a whole. In other words, it is taking money from a fellow member's pocket through the rates and giving it to another. This is not a fair and just situation. Some members may never take advantage of the rebates therefore never getting their fair share. Alliant Energy is able to provide their customers with large rebates because they are an investor-owned company. Rates are also lower because they have more members per mile of line than rural electric cooperatives.

### **Why is the access charge for the "All Electric" rate less than the access charge for the rural residential rate?**

The monthly access charge for members on the "All Electric" rate is lower for a number of reasons. Most importantly, they are exclusively using electricity for heating/cooling and water heater usage which means they qualify for special all-electric rates.

**Why didn't REC put money away to use now for storm damage (referring to the recent rate increase)?**

Hawkeye REC does not have a cash reserve, there is a financial reserve on the balance sheet to use against negative margins if necessary.

**What day are meters read (referring to the automated meter reading system)?**

The automated meters (AMR) are read on the first day of each month enabling a 30-31 day cycle each month depending on the month. The reason some members may have had a larger bill when their AMR meter was installed was because of the length of the billing period. Often times when members had to read their own meter, it was never on the same day each month therefore causing usage to fluctuate.

**How much line loss is there in the transmission system?**

According to US Dept of Energy Office Electricity and Delivery Reliability, "transmission and distribution losses are related to how heavily the system is loaded. US wide transmission and distribution losses were about 5% in 1970 and grew to 9.5% in 2001, due to heavier utilization and more frequent congestion. Congested transmission paths, or "bottlenecks," now affect many parts of the grid across the country."

Another source from the US Climate Change Technology Program states that "energy losses in the US T&D system were 7.2% in 1995, accounting for 2.5 quads of primary energy and 36.5 MtC. Losses are divided such that about 60% are from lines and 40% are from transformers (most of which are for distribution). "If we assume for this case that 60% of the losses are from lines, then the answer to your inquiry is in the range of 4-5% line losses for a transmission system.

### **What is more efficient, overhead or underground conductor (referring to line loss)?**

The underground conductor is more efficient. There are fewer line losses on an underground circuit due to the tight spacing of the conductors. On an overhead line, the bare wires are spaced far apart. This additional spacing creates extra reactance losses (X). The wider the conductor spacing, the higher the X. The conductor resistance (R) and the reactance are combined into an overall impedance, and it is the overall impedance that determines line losses. Therefore, the overhead conductor will have slightly higher losses than the underground system. However, the underground system is in the range of 5 to 10 times the cost of an overhead system, depending on the specific terrain and other local conditions.

### **What is the status of nuclear power in the energy discussions?**

In order to reduce our carbon footprint and help meet our nation's future energy needs, nuclear power plants will be the way of the future because it is the only power plant with zero emissions. U.S. nuclear plants generated approximately 807 billion kilowatt-hours (kWh) of electricity last year.

### **Is REC a collection sight for the disposal of CFL's (compact fluorescent light bulbs)?**

Yes, members can bring burned-out or broken CFL's to the REC office. Please put them in a sealed plastic bag and we will dispose of them according to the Energy Star guidelines. The benefits of CFLs greatly outweigh the risks. "There is only a very small amount of mercury in CFLs, hardly enough to worry about," said Jim Stine, Senior Principal, Environmental Policy Department for the National Rural Electric Cooperative Association. "On average, the bulbs contain five milligrams of mercury. Compare that to 3,000 milligrams of mercury in older thermostats and 500 milligrams of mercury in a mercury thermometer." Switching from traditional light bulbs to CFLs is an effective, accessible change every American can make to save energy and help the environment.

**NOTE:** We do not accept tube fluorescent lights, just the compact fluorescent light bulbs (CFL's).