

December 11, 2014

Dear BVEA member,

The Board of Directors has approved an increase to the monthly facility charge (previously called the Customer Charge) for all rate classes. The charge will be reflected on your February 2015 billing. For most rate classes the current facility charge is \$22 per month and will increase to \$34 per month. For changes on other rate classes, feel free to contact our office.

The purpose of the facility charge is to pay for the infrastructure required to provide power at your home or business. BVEA has 177 miles of transmission line, 967 miles of distribution line, 13 substations, and thousands of transformers and related apparatuses. All of these are required to bring electrical power from the generator to the point of use. This infrastructure must be in place whether you use no electricity or thousands of kilowatt hours per month.

Bridger Valley Electric was organized more than 75 years ago. It is unlikely that we still have anything in use from that era, but our oldest transmission line is approximately 50 years old. We have made many improvements and upgrades over that period, but the system is aging and in need of a substantial investment to maintain reliability. The approved increase in the monthly facility charge will help pay for this investment. The Board of Directors elected to increase the facility charge rather than the rate per kilowatt usage because every class and every member will bear the added costs equitably and the additional funds raised will be directed to system maintenance and improvements.

The Board recognizes that all cost increases cause hardships and the decision to increase the facility charge is a difficult one. However, in our current world nearly everything depends upon electricity. The Board feels they must maintain the reliability of our system to fulfill their fiduciary duty to the membership. A recent cost of service study shows that the facility charge should actually be more than the approved increase to cover all the fixed charges related to our infrastructure.

For our Utah members, we are required to hold a public meeting. That will be held January 13, 2015 at 6:30 p.m. at the Daggett County Courthouse in Manila, Utah. There we will receive comments and answer questions. Of course we welcome comments or questions from any of our members at any time.

Sincerely,

Jud Redden

General Manager, Bridger Valley Electric Association