



A Touchstone Energy® Cooperative 

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**TWIN VALLEY
ELECTRIC CO-OP**

NEWS

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FROM THE MANAGER

A Threat to Co-ops' Tax-Exempt Status



Angie Erickson

Due to an unintended consequence of current federal tax law, many electric co-ops are finding themselves in a precarious position, which could have a negative

impact on rates to members.

Imagine working hard to secure funding for an important local project only to unexpectedly have to give a large chunk of that money back in taxes.

That's the situation many cooperatives, including Twin Valley Electric, may face because of recent tax law changes. And it could jeopardize the not-for-profit tax status of cooperatives that receive federal or state government funding of any kind, including Federal Emergency Management Agency (FEMA)

funding to repair storm damage to the electric system, and funding to support local economic development.

To maintain tax-exempt status, an electric cooperative must receive at least 85 percent of all revenue from its members through rates. However, an unintended consequence of a 2017 change to federal tax law modified the calculation for some contributions by a government entity or civic group.

Now, grants and other contributions may be considered non-member revenue and could threaten a co-op's tax-exempt status. This would have a profound impact on co-ops and their members. Here are two examples:

► Otsego Electric Cooperative received a \$10 million broadband grant from the state of New York, which will put the co-op well over the 15% limit for non-member revenue in 2019. Otsego will lose its tax-exempt status if the

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Energy Efficiency Tip of the Month

Trim your holiday energy costs by choosing energy-efficient LED lights! LED holiday lights use less energy and can last up to 40 seasons. They're also easier to install – you can connect up to 25 LED strings without overloading a wall socket! **Source: energy.gov**



What are GFCIs and are They Required Outdoors?

Did you know ground-fault circuit interrupter or GFCI protection is required for all outdoor outlets, which are also known as outdoor receptacles?

The National

Electric Code (NEC) began requiring GFCI installation on all outdoor outlets in 1975. Today, that rule stands with one uncommon exception — when homeowners have a dedicated branch circuit for outdoor outlets.

GFCIs serve as important electrical system protection since they automatically trip as soon as anything goes wrong in a circuit. When working properly, they keep us from getting shocked or electrocuted. This is especially important around the home where water and electricity have the chance to mix, such as bathrooms, basements, kitchens, garages, and of course, outdoors.

If you are planning a new outdoor space (or a remodel in any area of your home) that requires additional outlets, consult a licensed electrician. Outdoor outlets must be installed in outdoor-rated electrical boxes and must have special covers based on type and location, among other requirements.

If you are still not convinced about the importance of GFCIs, consider this easy-to-understand explanation by “This Old House,” a home-improvement TV series:

A ground fault happens whenever electricity escapes the confines of the wiring in an appliance, light fixture, or power tool and takes a shortcut

to the ground. When that shortcut is through a human, the results can be deadly. About 200 people in the U.S. alone die of ground faults each year, accounting for two-thirds of all electrocutions occurring in homes.

The ground-fault circuit interrupter was invented in 1961. Most of the time, it does nothing and just monitors the difference in the current flowing into and out of a tool or appliance. But when that difference exceeds 5 milliamps, an indication that a ground fault may be occurring, the GFCI shuts off the flow of electricity in an instant — as little as 0.025 seconds.

So with the advent of the GFCI, how do people become electrocuted by ground faults? Probably for one of several reasons:

- ▶ Their GFCIs are not working properly. Test GFCIs monthly to make sure they are working and if not, have new ones installed.
- ▶ They live in an older home built prior to GFCI requirements or in a dwelling that is not up to code.
- ▶ They took on an electrical DIY project and were not qualified to do so.

“Take GFCIs seriously. Oftentimes, they are only as reliable as the person who installs, services and tests them,” said Energy Education Council Board Member Sam Adair.

For more information about electrical safety, visit SafeElectricity.org.

GFCIs serve as important electrical system protection since they automatically trip as soon as anything goes wrong in a circuit.

Fall Back on Nov. 3

On Sunday, Nov. 3, remember to turn your clocks back one hour.



Happy Thanksgiving

Our offices will be closed Thursday, Nov. 28, and Friday, Nov. 29, in observance of the holiday. Happy Thanksgiving!



A Threat to Co-ops' Tax-Exempt Status

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Revitalizing Underdeveloped Rural Areas and Lands (RURAL) Act is not passed this year, CEO Tim Johnson said in April. Twenty-one percent of the grant money will have to be used to pay taxes, leaving the coop short the funding required to complete the project.

► West Florida Electric Cooperative Association has received \$24 million from the FEMA this year for storm recovery work in the wake of Hurricane Michael in 2018. That's about 40% of the co-op's projected annual revenue. Gulf Coast Electric Cooperative to the south is in the same tax position, and three other Florida co-ops could surpass the 15% threshold by year's end. It's unfair to classify the FEMA reimbursement as revenue — it was for expenses West Florida incurred to restore service to a large swath of its members after the Category 5 hurricane pounded the Florida panhandle.

Encouraging Congress to fix the tax code to exempt government grants from being defined as non-member revenue is one of the highest priorities of the National Rural Electric Cooperative Association, the service organization representing America's electric co-ops. Legislation called the RURAL Act has been introduced in both the House and the Senate, attracting large groups of bipartisan cosponsors. However, getting it enacted into law will be a heavy lift, given the political sensitivity of tax issues on Capitol Hill.

Congress must act now to correct this unintended consequence and protect the tax status of electric co-ops. In doing so, Congress would preserve the full value of government grants that deliver societal benefits to our communities.

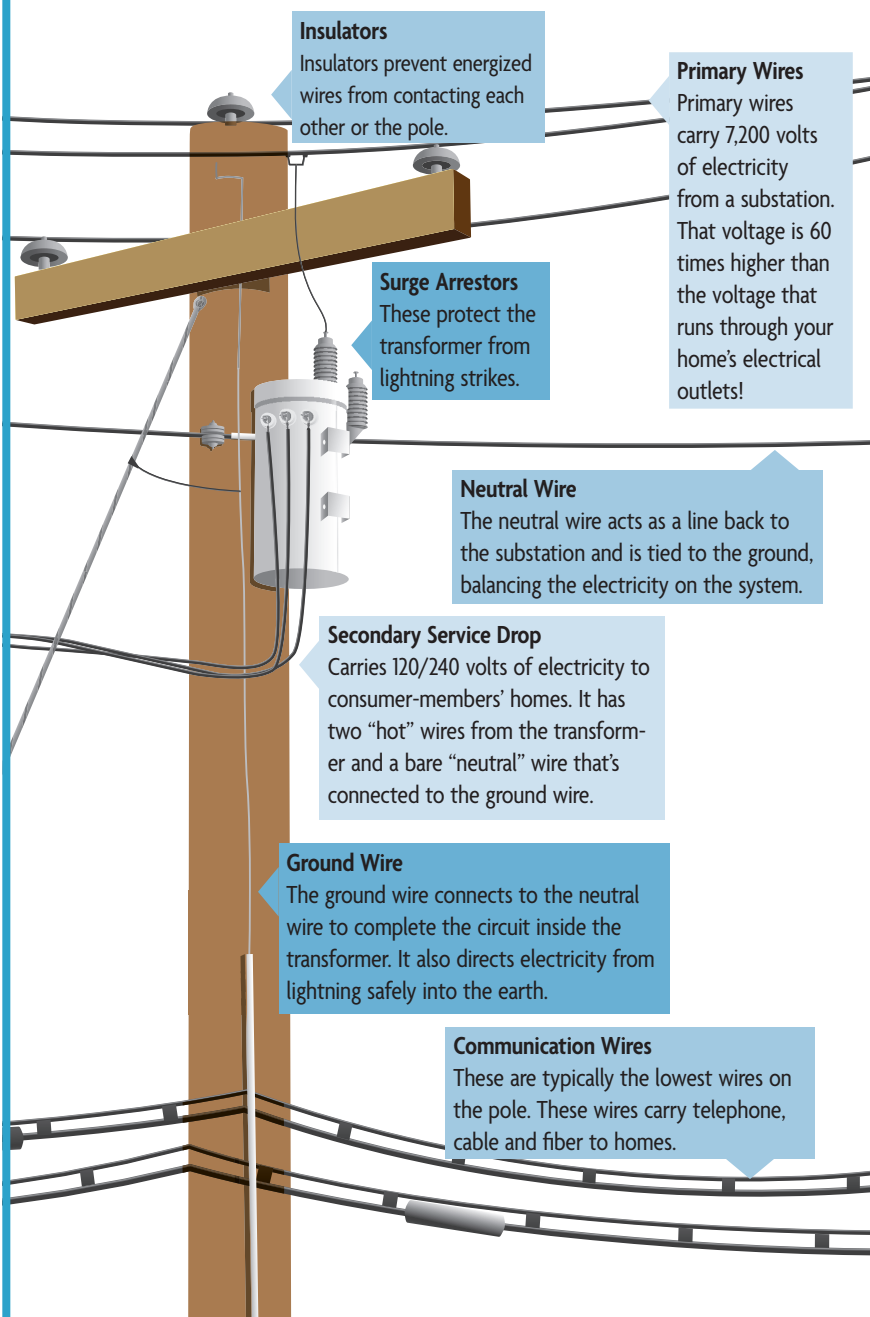
You can play an important role in encouraging Congress to act. Voice your support for the RURAL Act by visiting www.action.coop/ruralact.

WHAT'S ON THAT POLE?

Ever pass an electric utility pole and wonder what all that equipment is for?

This illustration shows the basic equipment found on electric utility poles.

The equipment may vary according to location and the service they provide.



NEVER NAIL POSTERS OR OTHER ITEMS TO UTILITY POLES.
THESE CREATE SAFETY HAZARDS FOR LINEWORKERS.

OUTDOOR HOLIDAY LIGHTING SAFETY



When using extension cords, make sure they are rated for outdoor use.



Use outlets with GFCI protection when decorating outdoors.



Never hang lights using tacks, nails or screws; instead use insulated or plastic hooks.



Only use outdoor-rated lights. Strands designed for indoor use cannot withstand the elements.



Avoid using aluminum ladders when hanging lights outdoors and always steer clear of power lines.

Cold Weather Rule

Effective Nov. 1 to March 31



The Cold Weather Rule ensures you will have electric service for your home during the winter. You must make pay arrangements with Twin Valley Electric to use the Cold Weather Rule.

To avoid disconnection during the cold weather period, Nov. 1 to March 31, and qualify for the benefits of the Cold Weather Rule, the member must meet and follow the Good Faith Test requirements:

- ▶ Inform the cooperative of the member's inability to pay the bill in full;
- ▶ Give sufficient information to allow the cooperative to make a payment agreement;
- ▶ Enter a payment plan agreement for past, current and future charges for electric service with arrears paid in installments over the next three months.
- ▶ Apply for federal, state, local or

other funds for which the member is eligible;

- ▶ Not obtain electric service by tampering; and
- ▶ Not default on a payment plan.

If a member misses making a payment outlined in their agreed-upon payment plan, or they fail to meet any other requirement, they will no longer be protected by the Cold Weather Rule.

As long as members are fulfilling these requirements, they are protected by the Cold Weather Rule and will not be disconnected when the National Weather Service forecasts the temperature to be below 35 degrees in the next 48 hours.

Winter Rate in Effect on November Billing

Please note, Twin Valley Electric's Winter Rate went into effect with October usage and will show on your November billing.