



Lyon-Coffey Events

Lyon-Coffey Electric Cooperative, Inc.

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Letter From The Manager: *Preparing for Power Outages*

After the ice storm on December 11, 2007, Lyon-Coffey experienced 470 outages. In just two days, all power was restored to our members.

We prepare as best we can for weather problems, but a serious storm is hard on our system. Power lines are vulnerable to falling trees, heavy winds, ice accumulation and other severe conditions. When these conditions occur, such as during the recent ice storm, poles and lines break causing outages.

Below is a summary of what we do to prepare for outages before storms and how we proceed during power outages:

- We monitor the weather via the Internet to help us predict where the severe weather will be and how serious it may become.
- When we know a storm is on the way, we call in all available personnel and make sure that our equipment is in working order. We also check to be sure that we have an ample amount of restoration supplies on hand.
- Once the storm arrives we use key line personnel to assess the damage, identify necessary resources needed to restore

power. Your calls, as well as other outside information, help us diagnose problems. All of this information is fed back to our storm center headquarters at our office in Burlington.

- After gathering as much information as possible I will make a determination as to whether or not to implement the Major Power Outage Plan.

For major storms such as those that affected Lyon-Coffey in 2002 and 2005, we call on sister cooperatives from across Kansas to send additional crews to assist us. We will hire contractors to help clear the right-of-ways of fallen trees and brush. We do our best to get as much help as we need in order to restore your power quickly and safely.

Our policy is to get your power restored as quickly and as safely as possible. That generally means dealing with major problems first. During widespread outages, we have to start from the substation and work our way down the lines that serve your homes and businesses.

For example, if the problem is in the substation transformer, it wouldn't do us any good to

fix a line running to a single home before we repair the substation. If the substation is not

working the lines coming out of it won't be working either.

The more extensive the outage, the longer it will take to complete the restoration. Let me assure you that we will not stop until all of the services have been restored.

I also want to point out that we will never compromise our line crews' safety by "rushing" a job. Working with electricity is dangerous, especially in bad weather. Safety is of highest importance at Lyon-Coffey, and we pride ourselves in working in a safe manner.

- We will do our part in getting your life back to normal as soon as possible. We hope you are understanding when the electricity goes out and know that we are taking all the steps needed to restore power to your homes and businesses.



Scott Whittington

Payment of Capital Credit Accounts

The Board of Directors of Lyon-Coffey Electric has decided to retire capital credit accounts on a 30-year rotation as long as the financial condition of the cooperative will not be impaired.

The goal is to retire all capital credit accounts older than 30 years within the next two-year period. Because if this decision, effective January 1, 2008, the Lyon-Coffey Electric Board of Directors has changed the procedure for payment of capital credit accounts to estates. To the extent such action does not conflict with the provisions of the cooperative's bylaws or long-term debt instruments, the cooperative will pay capital credits to the estates of deceased member-owners under the following conditions:

(1) The deceased member-owner must have been a natural person;

(2) The deceased member-owner must have been the sole owner of the capital credits to be retired. Capital credits will not be paid to estates when the account was owned jointly with a surviving member-owner;

(3) For applications for payment of capital credit accounts received from the personal representative of a deceased member (Executor, Trustee, spouse or family member), the personal representative shall have the choice of having the capital credits paid out upon such a rotation (meaning that a payment will be received each year until paid out in full-rather than receiving presently the net value of the account), or, if the personal representative requests, the net present value of the decedent's capital credit account will be determined

30-Year Net Present Value Table				
Year	Capital Credit Age	Factor	Allocation by Year	Net Present Value
2006	1	0.269882	117.75	31.78
2005	2	0.282350	194.90	55.03
2004	3	0.295395	4.38	1.29
2003	4	0.309042	190.67	58.93
2002	5	0.323320	126.17	40.79
2001	6	0.338257	12.18	4.12
2000	7	0.353884	50.44	17.85
1999	8	0.370234	91.47	33.87
1998	9	0.387339	197.38	76.45
1997	10	0.405234	157.80	63.95
1996	11	0.423956	175.82	74.54
1995	12	0.443542	174.23	77.28
1994	13	0.464034	159.31	73.93
1993	14	0.485472	72.75	35.32
1992	15	0.507901	45.91	23.32
1991	16	0.531366	56.05	29.78
1990	17	0.555915	115.46	64.19
1989	18	0.581599	80.65	46.91
1988	19	0.608469	95.41	58.05
1987	20	0.636580	0.00	0.00
1986	21	0.665990	14.00	9.32
1985	22	0.696758	33.55	23.38
1984	23	0.728949	83.58	60.93
1983	24	0.762626	73.94	56.39
1982	25	0.797860	12.95	10.33
1981	26	0.834721	0.00	0.00
1980	27	0.873285	35.30	30.83
1979	28	0.913630	15.00	13.70
1978	29	0.955840	0.00	0.00
1977	30	1.000000	0.00	0.00
		Total	2,387.05	1,072.24

In this example, the total allocated capital credits are \$2,387.05. If the Personal Representative of the deceased patron chose to take the Net Present Value payment, he would receive \$1,072.24.

using a discount factor equal to the average T-Bill rate for the 12 months preceding the date of the application applied to each year's capital credit and further multiplied by the number of years until the retirement would be paid out in time pursuant to the schedule for retirement of capital credits.

The concept is to pay out an amount today that, if invested at the average T-Bill rate for the previous twelve 12 months,

would equal the amount that would be paid out in time pursuant to the 30 year schedule for retirement of capital credits;

(4) Electric accounts in the deceased patrons' name must be inactive and the final bill paid before capital credits will be paid;

Above is an example of how a capital credit account would be paid to an estate at Net Present Value using the actual T-Bill average for the past 12 months of 4.62%.