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Lincoln Electric
Cooperative, Inc.

Press Release

Lincoln Electric Cooperative to implement rate increase

New rates to boost Co-op's annual revenues by 12 percent

Eureka, MT June 2, 2008

At their last board meeting, Lincoln Electric Cooperative trustees approved new rate schedules that will provide the Co-op with an average 12 percent increase in annual revenues beginning later this summer. The increase, the first for Lincoln Electric members in over 2 years, comes as a result of increased operating costs and higher debt service expense. The vast majority of Co-op members, who are residential and small commercial customers, will see their monthly basic charge increase \$3, from \$17 to \$20; and their energy charge increase from 4.87 cents per kilowatt-hour to 5.38 cents. The average LEC residential member who uses 1,330 kWh's per month will see their monthly bill increase \$9.78, and an average small commercial user will see their bill go up \$12.95. The new rates are effective after the July 20th meter readings and will first appear on bills received around the first of September.

Maintaining an electrical distribution plant is a capital intensive endeavor according to manager Mike Henry, "the primary drivers of the increase are escalating operating costs such as taxes, insurance, vehicles, and labor, as well as materials and supplies. At the same time, debt service is increasing as we borrow more money to complete needed system improvements to continue to supply reliable electricity for our members. In the last two years we have invested more than \$1.6 million in system upgrades alone."

For example, last year the Co-op replaced 10 miles of aging underground cable in the Farm to Market Road area north of Bissell. That project alone cost \$805,000. Material price increases in the last two years include: transformers up 36-56%, poles up 34% and underground cable up 25%.

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Co-op members will continue to enjoy some of the lowest energy rates in the state, and nation, with the new rates still about one-half the cost of the national average in 2007 of 10.4 cents. In addition, electric heat will remain a relative bargain compared to other common heating fuels,” said Henry.

See the table for rate changes by rate class. In addition, common street lights and security lights with monthly charges will go up about \$1-2/month depending on the size and wattage. The Cooperative's 10 percent discount for low-income seniors and low-income disabled members will remain in effect for their primary service.

Rate Class	Basic Charge		Energy/kWh		Demand/kW		Ave. increase by rate class
	Existing \$/mo.	New \$/mo.	Existing \$/kWh	New \$/kWh	Existing \$/kW	New \$/kW	
Residential	\$17	\$20	\$.0487	\$.0538	n/a	n/a	12%
Small Comm.	\$17	\$20	\$.0487	\$.0538	n/a	n/a	11.6%
Irrigation	\$33	\$39	\$.0451	\$.0493	n/a	n/a	12%
Large Comm.	\$33	\$37	\$.0386 *	\$.0432 *	\$4.70	\$5.26	11.8%
Industrial	\$188	\$210	\$.0386 *	\$.0432 *	\$4.70	\$5.26	12.2%
Total System							11.96%

* Includes Line and Transmission Charge

Lincoln Electric Cooperative's serves over 3,800 members scattered over 1,125 square miles in northeast Lincoln County and northwest Flathead County, including the communities of Bissell, Olney, Stryker, Trego, Fortine, Eureka, Rexford and the West Kootenai.

**Residential Electric Bill Comparison with Neighboring Utilities
(based on average LEC usage of 1,330 kWhs/ month)**

