

A Year in Reflection, Looking back at 2016

By William L. Caynor Sr., Price Electric CEO

As we embrace 2017 with open arms, we reflect on the twelve months belonging to 2016 with eyes of wisdom. The past year has come and gone but the achievements were another step on the ladder of success. Within a small utility with limited resources goals become more long term, and although you work towards them routinely, it sometimes takes years to accomplish. Staying the course and patience and discipline are a must. The membership has grown to a record high of 9,118, but the sales and operating revenue have dwindled as unseasonably warm temperatures continue to linger into December. This past summer's average temperatures were lower than 2014 and 2015 and trended with 2013. As of this writing, the winter thus far has been warmer than the past three years. With a membership of 96% residential and seasonal, mild temperatures manufacture lower sales. In fact, the sales in 2016 are a mere quarter of a percent less than 2015 (lowest year in past three) and the Cooperative purchased and sold 5M less kWh's in 2015 than in 2014 because of milder temperatures.

Thus far the continual rainfall has postponed our larger construction projects outlined in the five-year workplan. The rain caused heavy soil saturation delaying the Glidden and Phillips substations projects until the ground freezes up.

The new metering deployment is coming closer and closer to fruition. We only have 23% or 2,377 meters in the Butternut, Catawba and Ogema areas left to changeout. The project will be fully deployed by early spring. This was a monumental undertaking and the over ten thousand meters are being replaced with the use of Cooperative personnel.

The 2.5MW solar project at the Crane Chase substation on Short Cut road is finally underway. If you drive out there you will notice the fence posts have been installed to give you a full-scale picture of this massive undertaking encompassing 20 acres, one of the largest utility scale solar projects in the state. The ribbon cutting will be in June. I hope you will come out and join us.

We continue to work towards the purchase of 37 acres on Springs Drive, south of Phillips. The property will be utilized for the Cooperative's new Headquarters, but two contingencies must first be met. One, the properties must be rezoned commercial, which has been done, and two, road weight restrictions must be removed in order to access the property during spring break up. The Cooperative is currently working with the Town of Worcester to negotiate an agreement.

Good news on the litigation front. Dairyland Power Cooperative, our energy provider, was awarded \$73.5M from the Federal Government for breach of contract in relation to the nuclear spent fuel project at their Genoa facility in La Crosse. Some of this money will most probably be coming back to PEC's membership in some form of rate relief, but the final distributions have not yet been determined.

We have been fortunate enough to sustain the energy rate over the last three years by maintaining expenses and reevaluating the larger capital projects. More metrics have been instituted to better identify where the limited dollars are best spent and a new five-year workplan was created. Presently, a Cost of Service Study is being conducted to evaluate the cost of providing service to the different rate classes (residential, seasonal, commercial). This is the common utility method to determine what the facility charge and energy rate should be.

As we begin a new year of serving you, our members, I would like to once again pledge that we will do everything within our powers to increase reliability to you, to maintain reasonable energy rates, and to ensure the safety of you, the public, and the employees of the Cooperative. Did you know that as of November, the employees have worked 167,426 hours without a lost-time injury and have driven 577,533 miles without a vehicle accident? That's pretty remarkable and we are very proud of their achievement.