



William L. Caynor Sr.,
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Cooperative CEO

DOLLARS AND CENTS

The true cost of electricity

How to surmise the actual expense of energy to set a rate is sometimes objective, rather than absolute. There are training courses, seminars, and books written on the subject and thus I'll attempt to condense and articulate the best that I can some of the factors affecting your rates and the progression to set a rate.

The process starts with a Rate and Cost of Service Study being performed, which calculates a rate design to achieve revenue requirements that assist in reimbursing operating expenses and plant investments needed to maintain your distribution system. Now, that's a mouthful. This study also addresses revenue recovery requirements for new line extensions and your load management program. We are currently in the beginning process of this undertaking, with a scheduled completion date of the beginning of next year. Rest assured that any rate adjustment requirements noted will be fully communicated to you beforehand with an understanding of why.

Outside of the study, I would like to draw your attention to some obvious challenges that have affected your energy rates for some time. A membership base of 96 percent residential, farms and seasonal, and 45 percent of this being seasonal, automatically places rate pressure on the membership. Seasonal members account for 25 percent of the operating revenue, whereas the residential members are credited with 58 percent. Overall monthly usage for PEC residential members is last in comparison to other state cooperatives and second to last for seasonal member consumption. This is attributed to members utilizing alternative energies such as propane and natural gas. If PEC rates are higher than these alternatives, one might purchase a heating system, water heater, or dryer that operates with these fuels as opposed to electricity.

Farms are the largest consumer in the residential classification, but they have dwindled over the years to just 163 accounts. The big consumers on any distribution system are your commercial and industrial loads, but because PEC was incorporated in 1940, your cooperative built its power lines after the investor-owned utility carved out the urban and concentrated industrial locations, and thus PEC's territory encompasses more of the rural regions. Given this, PEC's 292 commercial customers are associated with dairy, and wood products, which are smaller loads than the manufacturing you might see in the City of Phillips.

PEC has also experienced minimal or flat growth in sales for numerous years with a net increase of only 152 accounts over the last six, and 134 of these are seasonal accounts. Last year, most of utilities in the state, along with PEC, saw a

decrease in sales and the most recent report approved by the Wisconsin Public Service Commission states Wisconsin's average electric rates are the highest among eight Midwest states for the first time since 2006. This is somewhat attributed to the increased cost to meet the emission regulatory requirements. Of the 50 states, Wisconsin is ranked 17th among the highest average energy rates. This could potentially affect future manufacturing possibilities in the state where a minor difference in the rate amounts to a significant difference in annual energy costs, because of the large amount of consumption utilized by a large consumer.

Another consideration is PEC's load factor is low, typically between 60 to 70 percent. This is a measurement of how steady the load is on our system. Increasing this factor could reduce our overall demand charge. Without more industrial

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loads, increasing is difficult. We are presently reviewing options to potentially shift energy consumption periods.

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Wisconsin and is used to pay the expense of the infrastructure (lines, poles, transformers, substations) as well as maintaining that infrastructure. This is spread across all the members, but with only five members per mile, this expense is higher than it is for an investor-owned utility, which could have seven to 10 times the number of customers per mile.

What are we doing? First, we are performing a Rate and Cost of Service Study that will take all the affecting elements into consideration. The outcome of this study will dictate a direction going forward. We have been successful in sustaining your energy rate over the last three years and slowed the increase on long-term debt. We created a new five-year work-plan and decreased capitalization by \$1 million, yet increased reliability and safety. New bidding procedures, guidelines, agreements, and metrics have decreased expenses for line construction and right-of-way clearing, which keeps us on course in ensuring that we are maintaining the 1,805 miles of your rural distribution system. We have also been fortunate enough to be able to retire approximately \$360k to you, our members, every year.

One thing's clear: If we can't work through our obvious challenges, we must recognize them and find ways to work around or augment them or enhance other parts of the operation to serve you, our members, to the best of our abilities.



SOLAR PROJECT UPDATE

Some of you have asked and thus I felt we should provide an update on the large solar project being connected to our Crane Chase substation. There have been some delays attributed to the interconnection agreement between Dairyland Power Cooperative (DPC), Price Electric's energy provider, and the solar energy generation provider, groSolar. The system impact assessment has recently been completed and the agreement is scheduled to be signed. All the other conditions and prerequisites are scheduled to be completed by the end of September. This being the case, a site mobilization date is slated for September 29, 2016, with a commercial operational date of June 21 of next year.

Given the opportunity, I wish to clarify that the interconnection and the power purchase agreements are between DPC and groSolar, not Price Electric Cooperative. The ownership and future maintenance rests exclusively with groSolar as well as any requirements associated with the leased land the project is constructed on, which is between the landowner and groSolar. I should emphasize that as a member of DPC, we will benefit from having access to local renewable energy and wholeheartedly support the project. During the summer months, at peak generation, all 1,764 PEC members connected to the Crane Chase substation shall receive clean solar energy from this array. The generation not consumed by PEC members will be pushed back into the transmission system and as of today, this will be the largest utility-scale solar project in Wisconsin. — *William L. Caynor Sr., Price Electric CEO*



THANKS for participating in our school supply drive

Price Electric would like to thank all of our members who contributed to the school supply drive in August. We were able to collect a good amount of school supplies to benefit local students! The winner of the \$25 bill credit drawing was Laura Bocock.

Congratulations, (first name)!

Join Price Electric Cooperative for BREAKFAST IN THE NORTHLAND!

Mark your calendar for Saturday, October 15!



Price Electric will be hosting the fourth annual Breakfast in the Northland, a free breakfast for PEC members.

This year's breakfast will be held at the Butternut Park Pavilion (one block west of Highway 13 on Michigan Street in Butternut) from 7–10 a.m. and will feature pancakes, sausage links, applesauce, biscuits and gravy, juice, milk, and coffee. Members who attend can enter a door prize drawing.

As part of the breakfast, PEC will also be holding a food drive for a local food pantry. Attendees are asked to bring non-perishable food items to donate to the food pantry.



Bring the whole family!

DON'T LET YOUR WINTER EFFICIENCY FALL BEHIND

Take time this fall to make improvements around the home that will boost energy efficiency. Winter tends to bring increased expenses from hosting holiday celebrations, buying gifts, and warming the home through frigid temperatures. While it can be the most wonderful time of the year, it can also be the most costly and least efficient. Fortunately, there are ways you can prepare your home now to help cut back on those winter energy costs.

“Before winter hits, consider scheduling an energy audit,” suggests Molly Hall, executive director of the Energy Education Council (EEC). “It will reveal the biggest sources of inefficiencies around the home so that you’re able to identify how best to cut back on energy loss.”

Start the season off with a fresh filter and a thorough cleaning of your furnace. The filter should be checked every month. If you find it dirty during this check, EnergyStar.gov advises that you change it. At a minimum, it should be changed every three months. A dirty filter forces your heating system to work harder and waste energy. You may also want to have a technician verify that the furnace will heat the home at peak efficiency.

Once your heating system is working as efficiently as possible, take the time to ensure that you are not losing energy through air leaks around the home. Check for drafts around windows, doors, fireplaces, electrical boxes, outlets, and

light switches. Use caulk and weather stripping to fill in gaps and leaks. Also check your attic insulation level. According to EnergyStar.gov, if it is just level with or below the floor joists, more insulation should be added to help prevent heat loss and save energy.

Before you crank on your heater, switch out window and door screens with storm windows and doors to form a stronger barrier from the elements.

When temperatures drop, it takes

“Before winter hits, consider scheduling an energy audit.”

—Molly Hall, EEC

more energy to heat water in the home. Prepare by insulating your hot water heater so that it can stay warm longer without wasting energy. If your water heater is warm to the touch, it should be covered by a blanket. According to the U.S. Environmental Protection Agency, you can lower the temperature of the water heater to 120 degrees Fahrenheit and still enjoy comfortable hot water—with lowered heating costs. For every 10 degrees that you reduce the temperature, you can save between 3 and 5 percent on water heating costs.

Other small changes in the home can also help reduce energy costs for the upcoming seasonal drops in

temperature. Before you begin to heat the home, check that vents are not blocked by furniture or curtains. Make sure that radiators or baseboards are also clean and unobstructed so that they can distribute heat more efficiently. If you have a fireplace, be sure to keep the damper closed when it is not being used. If you do not foresee use of the fireplace, plug and seal the flue.

Do not heat rooms that aren’t being used. Let sun shine in throughout the day. Close drapes on north-facing windows, but keep them open on southern and eastern windows. Be sure to close your window coverings on cloudy days and at night to reduce heat loss. The U.S. Department of Energy estimates that draperies can reduce up to 10 percent of heat loss. Adding area rugs can help insulate the floor of your room, using less heat when temperatures drop.

If you have a schedule where you are regularly away from home for part of the day, consider installing a programmable thermostat, which can help you save money. Also, if you’re looking to replace an older appliance, consider Energy Star labeled products, which can save you money over the life of the appliance.

“By preparing before cold weather hits, you’ll be able to make improvements that will help you cut back on energy waste so that the first cold snap doesn’t take you by surprise,” says Hall.

To learn more about energy efficiency, please visit EnergyEdCouncil.org.



Changing your furnace filter and caulking around windows and doors in the fall will help you save on your energy costs in the winter.



Price Electric Puzzler

How closely are you reading your issue of *WEC News*? Each month, we will present a question whose answer can be found in the issue. Return the answer, and you could receive a \$25 bill credit!

Please drop off or mail your answer to Price Electric or email your answer to info@price-electric.com. A winner will be drawn from all correct entries on October 31.

The winner of the August PEC Puzzler was Dennis Vesely. Congratulations!

How much could someone save on water heating costs by lowering the water heater temperature by 10 degrees?

Answer

Name

Account Number

Phone

Please return to Price Electric Cooperative,
508 N. Lake Ave., P.O. Box 110, Phillips, WI, 54555



ENERGY EFFICIENCY REBATES AVAILABLE


Don't forget—Price Electric offers bill credit rebates for members who purchase energy-efficient appliances, lighting solutions, water heaters, and more. Residential rebates include:


- Energy Star Clothes Washers & Dryers
- Energy Star Refrigerators
- Energy Star Dishwashers
- Appliance Recycling: Freezers, Refrigerators, or Room Air Conditioners
- LED & CFL Lightbulbs
- LED & CFL Light Fixtures
- Occupancy Sensors
- T5 & T8 Light Fixtures
- Flow Restrictors for Faucets or Showers
- Water Heaters
- Central AC & Ductless MiniSplit Systems
- Heat Pumps
- New Furnace with ECM Blower Motor

Please visit www.price-electric.com, contact Price Electric, or stop at the PEC office for more information on available rebates.

UPCOMING PRICE ELECTRIC EVENTS

November:

- **Holiday Food Drive**—Enter our drawing to win a Thanksgiving turkey when you bring items for local food pantries between November 1–11!
- **WEC News Turkey Drawing**—Enter to win a Thanksgiving turkey by returning the entry form in the November issue of *WEC News*. Entries due November 14. 

- **Kids' Coloring Contest**—Kids whose parents/guardians are PEC members can complete a coloring sheet (available at the PEC office or in the *WEC News*) and enter to win movie passes! Entries due November 30. 

December:

- **Santa's Elves Giving Tree at PEC office**—Stop in to pick a name off the tree and brighten a local child's holiday! 

CAN WE HAVE YOUR NUMBER?

If you have a new or updated phone number, please be sure to let Price Electric know. In order for PEC to contact you regarding your account or service information, it is important that the contact information in your account is accurate. PEC thanks you for your assistance.



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Greg Bortz, Editor



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