



William L. Caynor Sr.,  
Price Electric  
Cooperative CEO

## LET'S TALK RATES

Recently, a Rate and Cost of Service Study was conducted by the engineering firm of Power Systems Engineering (PSE). This study is used to evaluate the financial recovery required for the different rate classifications and is the first such study conducted for PEC since 2012. This was a cost-based rate

design, which recovers costs by rate class, being: farm, home, seasonal, small commercial, and large power. The cost-based rate design ensures that no one class is subsidizing another and equal sharing occurs in the cost to provide service. The fundamental requirement of a Rate and Cost of Service Study is to establish a rate design that determines the minimum revenue needed to conduct business and to meet your cooperative's financial obligations.

The study examines both the Service Availability charge (customer/facility) and the energy rate by rate class. The Service Availability charge accounts for approximately 70 percent of the fixed costs associated with providing energy to your home or business. Essentially, this 70 percent encompasses the expenses of maintenance and operations; the annual depreciation of these lines and equipment; the expenses related to customer accounting, billing, and meter reading; and principal and interest payments of the primary lines, poles, and equipment. This is fundamentally the cost to ensure that energy is available at your residence so that when you arrive, you can flip the switch to turn on the lights and then would be billed for consumption based on the energy rate. PEC's current Service Availability charge is on the low end in comparison with other Wisconsin cooperatives. A good rule of thumb is, "the higher the density, the lower the Service Availability charge." Density is defined as members per mile. In turn, the energy rate collects the remaining costs, to include the cost of purchasing this energy from Dairyland Power Cooperative (DPC), which is 47 percent of operating expenses.

### What makes us a little different than the norm

Given there are 1,807 miles of distribution line and only 9,126 accounts, your cooperative collected \$6,595 in 2015 to maintain a mile of line, as opposed to the average cooperative, which collected \$15,000, or an investor-owned utility (IOU), which collected \$75,500 for an equivalent mile. This is attributed to both the amount of energy consumed and the density of members per mile. PEC has five members per mile, whereas an average cooperative has 7.4 and an investor-owned utility 34. Municipalities have 40 consumers per mile and amass \$113,000 for that mile. Just imagine the possibilities of accumulating an additional \$106,405 of revenue per mile when comparing your cooperative to a municipality.

Another factor to consider is your cooperative's aging infrastructure and the costs to replace conductor, poles, and equipment that have exceeded their life expectancy. To build just one mile of three-phase overhead primary line is \$83,500. This number has increased by 46 percent over the last 11 years. If you need to increase the voltage, conductor size for ampacity, or wish to install this line underground, the cost goes up vastly. Just by placing the same ampacity, conductor underground increases expense by 25 percent and the life expectancy declines to less than half that of overhead. These estimates don't account for the need to transfer and remove old lines and poles but rather to build anew, and the expenditures continue to increase every year.

Another factor that sets your cooperative apart is our average residential and seasonal energy consumption is less than average in comparisons to other utilities. You would think that it would be higher, given the colder temperatures in the Northwoods, but many of the cooperative's members are using alternative home heating, water heating, and clothes

**The cost-based rate design ensures that no one class is subsidizing another and equal sharing occurs in the cost to provide service.**

drying options as opposed to electrical modes. In fact, your cooperative is one of the lowest in the state among cooperatives for average monthly residential energy consumption, which was 787 kWhs in 2015. The average

consumption is 384 kWhs less than the national median when compared to over 300 other cooperatives.

Also, 45 percent of your membership is seasonal, whose average monthly usage was 218 kWhs in 2015, ranking second to last among cooperatives responding to a cooperative survey. In addition, the milder weather conditions over the past two years have deteriorated total energy sales to the second and third lowest sales over the last 15 years. The decline in sales was not only in our region, but throughout the state.

The demographics of your membership is yet another factor that constrains sales. Having a make-up of 96 percent residential and seasonal means that our sales will be predominately driven by weather. A diverse portfolio with more industrial and commercial could help balance the non-predictabilities of weather. Interesting enough, 61 cents of every dollar of your cooperative's operating revenue in 1959 came from farmers whereas 58 cents of that inflated dollar valued today at \$8.25 comes from a residential customer with a small dash of farmers intermixed within.

Flat to minimal growth is another factor. PEC has netted



a total of 83 new accounts in four years, and large consumers such as commercial accounts have decreased to 295 from 300 in 2012. In 1999, there were 80 dairy producers on the system, and last year there were about half that number. Minimal growth of approximately 20 additional meters a year, and primarily within the seasonal membership, does not allow the cooperative the ability to even absorb the increased annual expenses such as the U.S. inflation rate of 1.7 percent at the end of 2016 or the predicted climb above 2 percent in 2017.

## Conclusion

The results of the Cost of Service Study were presented to your board of directors at a special meeting in January of this year to evaluate and approve any changes required to recover the cost of providing service to you, our members. The conclusion, after much review and discussion, was that an increase would be required in order to achieve the revenue requirements, and thus a rate increase was approved by the board to take effect on April 1, 2017.

The increase amounts to 4.3 percent, but depends on the individual's consumption as the 3 mil Power Cost Adjustment (PCA) was rolled into the energy rate. Large energy users will see a smaller percentage increase to their monthly bill than the members who use little energy. This is attributed to the

increase in the Service Availability charge and a subsequent decrease in the energy rate. The Service Availability charge will increase on the residential, farm, small commercial, and seasonal accounts from \$30 to \$35. These dollars will recover the fixed costs needed and assist in stabilizing the operating revenue in mild climatic years where energy sales are low, such as 2015 and 2016, which were 3 million kWhs and 2 million kWhs under budget respectively. The rate increase amounts to an additional \$4.84 on an average residential monthly bill that consumes 787 kWhs and \$4.06 on an average seasonal account consuming 218 kWhs. It is also projected that slightly less of an increase will be required in 2018.

These increases are consistent with historical rate increases from 2003 to 2013, although your cooperative has been absorbing annual increases and budgeting flat for the last three years with just a 3 mil PCA in 2015, which amounted to a little over \$2 per month for the average residential consumer. As mentioned before, this was rolled into your new rate increase, which accounted for 1.7 percent. The last time the Service Availability charge increased was 2008.

In the future, you will still see the PCA on your bill because DPC debits or credits your cooperative each month depending on whether DPC is plus or minus 10 percent of its budget. This is a straight pass through which amounted to an approximately 27 additional dollars to the average member last year.

There has also been some discussion related to the construction of your cooperative's new member service center and office on the land purchased on Springs Drive, south of Phillips. The discussion is related to the potential of increasing rates, its impact and reasoning. The benefits of a new member service center and office are countless to the daily operations and efficiencies. The impact to the financial condition is in debt, depreciation, interest, and principal expenses. Waiting only increases interest rates and construction expenses as the financial forecast for your cooperative is consistent and not anticipated to change.

The present office complex was constructed in 1951 with an addition of a boardroom and a couple of offices in the early 1970s. A thorough review of this project was approved by both the member committeepersons and your PEC board of directors for the future needs of the cooperative. Given this is the largest capital expense a cooperative can make, the decision to proceed was not taken lightly, but rather evaluated and decided upon for the future of the cooperative. The costs associated with the new member service center and office will account for roughly half of the rate increases mentioned previously.

Most recently, DPC was awarded a \$73.5 million settlement from the federal government in response to costs related to an ongoing breach of contract with the La Crosse Boiling Water Nuclear Reactor (LACBWR), DPC's shut-down nuclear facility. The Nuclear Waste Policy Act (NWPA) of 1982 gave the government responsibility for storage of the nation's used nuclear fuel, and without an authorized

Price Electric Rates Effective April 1, 2017	
Farm, Home, & Small Commercial And Seasonal Home, Schools, Halls, & Churches	
Service Availability Charge	
Single-Phase	\$35/month
Three-Phase	\$48/month
Energy Charge	
Summer (June-August)	\$0.1550/kWh
Non-Summer (September-May)	\$0.1365/kWh
Dual Fuel Heat	
Service Availability Charge	\$5/month
Energy Charge (Heat Only)	
Summer (June-August)	\$0.1070/kWh
Non-Summer (September-May)	\$0.08250/kWh
Dual Fuel Heat & Controlled Air Conditioning	
Service Availability Charge	\$5/month
AC Control Credit (June-August)	\$6/month
Energy Charge (Heat & AC)	
Summer (June-August)	\$0.1550/kWh
Non-Summer (September-May)	\$0.08250/kWh

repository, the government was in breach and thus DPC and the cooperatives it serves incurred continual expense to store the spent fuel. DPC's board approved the return of \$47.6 million of this settlement to the cooperatives affected. PEC received \$796,087.87 in which your cooperative board elected to allocate to the cost of the new building. This decision will assist with decreasing the amount of borrowing needed and the quarterly interest and principal payments.

Rest assured that we will do everything within our power to find ways to enhance the items identified that make us different than the norm, but at present there are no forecasted

projections that change our financial condition; thus finding ways to increase energy loads, consumption, membership and possible diversity, along with good data and metric collection and evaluation to make good choices going forward, is essential to maximizing our service and reliability and minimizing rate increases to you, our members.

We at your cooperative encourage you to contact us if you have any questions regarding the rate changes or your electric bill. Please contact Greg Bortz (manager of member services) or myself at 715-339-2155. We look forward to speaking with you.



### Concern for Community

PEC President/CEO Bill Caynor participated in a Touchstone Energy community service project, which was a precursor to the recent 2017 NRECA Annual Meeting in San Diego. A group of 125 volunteers from the nation's cooperatives pitched in to make improvements in a San Diego neighborhood that was in need of sprucing up. The group was assigned to teams, which then painted, landscaped, and repaired houses for homeowners in the area. Caynor is pictured above with members of his team and this home's owner, and at left (center) with fellow volunteers.



Price Electric's delegates to the 2016 YLC were (back row, L-R): Hariharan Jayaprakash, Mitchell Roberts, Matthew Griesel, Emilee Kress, and (front row) Michaela Ericksen.

## PRICE ELECTRIC COOPERATIVE SPONSORS YOUTH LEADERSHIP CONGRESS

Summer will be here before we know it, and that means the annual WECA Youth Leadership Congress (YLC) is coming! Each year PEC sponsors local high school students to attend this fun-filled, educational, three-day event that gives students the opportunity to learn more about the cooperative business model while honing their own leadership skills.

The 2017 YLC will be held at UW-River Falls on July 26–28, 2017. Here's what student delegates can look forward to:

- A by-teens, for-teens cooperative leadership conference that is planned and developed by a youth board elected at the previous year's event
- The opportunity to identify and develop your own leadership skills
- Entertaining and motivational speakers
- Meeting other students from around Wisconsin
- Staying in a dorm and experiencing life on a college campus

Here's what past local delegates have had to say about the YLC:

*"I learned what makes a good leader and how to be a better leader. I learned how important cooperatives are to the community and how they work."*

*"I was surprised how much fun it was. I'd like to go again!"*

*"My favorite part was making new friends from around the state. The people that go to this are awesome."*

For more information, please contact your school's guidance counselor or Laura Palzkill at Price Electric, 715-339-2155 or (800) 884-0881.

## PEC SCHOLARSHIP DEADLINE IS APRIL 28!

High school seniors whose parents/guardians are active PEC members are eligible to apply for \$500 scholarships from Price Electric. More information is available in the February 2017 issue of *WEC News*, from guidance counselors at local schools (Butternut, Chequamegon, Phillips, Prentice, and Rib Lake), and on the Price Electric website at [www.price-electric.com](http://www.price-electric.com). Applications must be received by 4 p.m. on Friday, April 28, 2017.



## PHONE NUMBER/ ADDRESS UPDATES

If your phone number has changed or your billing address should be updated, please 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.

## REBATE UPDATE

So far in 2017, PEC members have received **\$985** in energy efficiency rebates from Price Electric and Dairyland Power Cooperative, and **\$6,159** in incentives and savings from Focus on Energy initiatives. Please contact Price Electric or visit [www.price-electric.com](http://www.price-electric.com) for more information on how you can take advantage of energy efficiency incentives available for PEC members!



# REBATES AVAILABLE!

**Price Electric Cooperative** offers **REBATES** on energy efficient appliances, lighting, HVAC, water heaters, and more! If you install energy efficient products at your property, just submit a rebate form, receipt and any other applicable documentation to the PEC office. Please see the individual rebate form for specific requirements for each rebate. **Rebate forms must be submitted within three months of purchase.** Forms are available from the PEC office or on the PEC website: [www.price-electric.com](http://www.price-electric.com). Please contact Price Electric at 715-339-2155 or 800-884-0881 with any questions.

APPLIANCES	
<i>New Appliances Must be Energy Star Certified</i>	
Refrigerator	\$25 each
Dishwasher	\$25 each
Dehumidifier	\$25 each
Clothes Washer	\$25 each
Clothes Dryer	\$25 each
Heat Pump Clothes Dryer	\$50 each
APPLIANCE RECYCLING	
Refrigerator	\$25 each
Freezer	\$25 each
Room Air Conditioner	\$25 each

LIGHTING	
<i>Lighting Rebates are Capped at 50% of Cost</i>	
LED Lightbulbs	\$2 each
CFL Lightbulbs	\$1 each
LED Fixture	\$1 per 400 lumens
Occupancy Sensor	\$5 each
T5 Fixture	\$6 per lamp
T8 Fixture (Retrofit Only)	\$4 per lamp
LED Exit Sign	\$5 per sign

WATER HEATING	
Residential Water Heater 50-74 gallons, .90 Energy Factor	\$50 each
Residential Water Heater 75-99 gallons, .90 Energy Factor	\$350 each
Residential Water Heater 100+ gallons, .85 Energy Factor	\$400 each
Commercial Water Heater 75-99 gallons	\$350 each
Commercial Water Heater 100+ gallons	\$400 each
Heat Pump Water Heater Integrated (all-in-one) Units 2.00+ Energy Factor	\$300 each
Solar Storage Water Heater with Electric Auxiliary Tank	\$300 each

HVAC	
Central AC & Ductless Mini-Split	\$40-80/ton (Varies based on Energy Efficiency Rating)
Heat Pump: Air Source & Mini-Split	\$150/ton (Subject to Energy Efficiency Ratings)
Geothermal Heat Pump	\$300/ton
New Furnace with ECM Blower Motor	\$35 each
Wi-Fi Thermostat	\$25 each

AGRICULTURAL/COMMERCIAL/INDUSTRIAL	
Circulation Fan	\$1 per inch
Exhaust Fan	\$1 per inch
Dairy Plate Cooler/ Water Well Pre-Cooler	\$500 each
Dairy Refrigeration Heat Recovery with Electric Backup	\$300 each
Low/Zero Energy Livestock Waterer (500 watts or less)	\$50 each
Scroll Refrigerant Compressor	\$30 per HP (\$1000 cap)
Variable Frequency Drive (VFD) (Minimum of 1 HP)	\$30 per HP (\$1000 cap)
Commercial Vending Machine Controls	\$25 each

AUDITS/ASSESSMENTS	
Audit Recommended Improvements	50% of cost of measures implemented, \$500 cap
Compressed Air Audit	50% of cost of audit, \$500 cap

OTHER	
Touchstone Energy Home Program (New Home)	\$500 (Program Requirements Apply)
Electric Vehicle Charging Station	\$100 each
Flow Restrictor-Faucet	\$1 each
Flow Restrictor-Shower	\$5 each



PEC Line Crew — Front row, L–R: Andrew Reuterskiold (apprentice lineman), Jerel Polacek (journeyman lineman), Chris Burnis (apprentice lineman), Jesse Heinz (journeyman lineman), Colten Cummings (apprentice lineman). Back row, L–R: Ben Orysen (manager of operations), David Pisca (crew foreman), Tom Valiga (crew foreman), Roy Kirchmeyer (journeyman lineman), Mark Pomeroy (journeyman lineman), Jon Ocker (meter and load management specialist).

## LINEMAN APPRECIATION DAY

Price Electric will celebrate Lineman Appreciation Day on Monday, April 10. PEC CEO William Caynor shared the following thoughts to mark the occasion:

“When I think of the linemen that serve you, our cooperative members, I think of what it takes to just be a lineman. Leadership abilities, grit, determination and a strong work ethic, along with four years of education and training. Not anyone can be or wants to work on the distribution voltages up

to 35,000 volts or climb tall wooden poles with nothing more than small metal gaffs holding your entire body weight. These men are unique and thus I salute them on their chosen day of appreciation. President Kennedy exemplified it best when he said, ‘Efforts and courage are not enough without purpose and direction.’ These gentlemen have both purpose and direction.”

Thank you to all of Price Electric’s hard-working line crew!

## WELCOME TO PEC’S NEWEST APPRENTICE

In March, we welcomed Colten Cummings as our newest apprentice lineman. Colten is a native of Ogema. He comes to us with experience from the transmission side of linework, as well as clearing and construction. His experience with contractors has allowed him to develop many skills that are complementary to line work. We are excited to welcome Colten to the Price Electric Cooperative family, and are looking forward to this future journeyman lineman’s apprenticeship with us.



## PEC PROMOTES HEINZ

PEC is pleased to congratulate Jesse Heinz on his recent promotion to journeyman lineman. Jesse has been with PEC for nearly three years, and is a valued member of the line crew. Jesse’s promotion provides him with additional opportunities to serve the membership on outages, troubleshooting, and line maintenance. Jesse’s promotion is a testament to not only the effectiveness of the PEC-State of Wisconsin apprentice partnership in training and substantiating lineman-journeyman qualifications, but also the work he’s invested in his own preparation for this achievement.



As spring arrives and projects begin, Price Electric reminds you to call Diggers Hotline at 811 at least three days before beginning any digging on your property. Diggers Hotline will help determine the locations of underground lines to help you stay safe.



# AUTO PAY AVAILABLE

Did you know that PEC offers automatic bill pay for your monthly electric bill? Funds can be automatically withdrawn from your checking account or credit card on the 20th of each month, saving you time. There is

no additional charge for this service. A copy of the form for checking accounts is below, or you can visit [www.price-electric.com](http://www.price-electric.com) or call 1-888-222-2135 to set up auto pay with your credit card.



## AUTOMATIC PAYMENT PLAN AUTHORIZATION

Electric Account Number: \_\_\_\_\_

Name on Electric Account: \_\_\_\_\_

Billing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_

To initiate automatic payments, I \_\_\_\_\_  
(Name of Price Electric Account Holder)

authorize Price Electric Cooperative to instruct my bank to make my monthly electric utility payments from the checking account listed below.

### Checking / Savings Account Authorization

Name of Financial Institution: \_\_\_\_\_

Telephone number for Financial Institution: \_\_\_\_\_

Bank Routing Number: \_\_\_\_\_ Bank Account Number: \_\_\_\_\_

**IMPORTANT: PLEASE ATTACH A VOIDED CHECK FOR BANK RECORD VERIFICATION.**

In accordance with payment card industry standards and to provide maximum protection of member credit card information, Price Electric Cooperative does not accept written credit card authorizations. If you would like to sign up for auto pay using your debit or credit card, please visit [www.price-electric.com](http://www.price-electric.com).

Price Electric Cooperative has the right to cancel my use of the automatic payment plan. I understand that I am in full control of Price Electric Cooperative's automatic payment processing. If at any time I decide to discontinue the automatic payment service, I will notify Price Electric Cooperative in writing. I also understand this information will be used only for the purpose of the automatic payment service.

Signature

Date

715.339.2155  
1.800.884.0881

508 N Lake Avenue • PO Box 110  
Phillips, WI 54555

[www.price-electric.com](http://www.price-electric.com)

MY CO-OP



# 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](mailto:info@price-electric.com). A winner will be drawn from all correct entries on April 28.

The winner of the February PEC Puzzler was Ludwig Miller. Congratulations!

**What number should you call before doing any digging on your property?**

Answer

Name

Account Number

Phone

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

## 2017 MEMBER PHOTO CONTEST

Introducing Price Electric's 2018 member photo contest! Members are invited to submit photos for inclusion in our 2018 calendar. Winning photos may be used in future newsletters or cooperative publications.



### Photo Contest Criteria:

- Photos must be taken within the Price Electric Cooperative service area.
- Photos should capture life in northern Wisconsin (seasons, wildlife, landscape, people, etc.).
- Photos must have a horizontal (landscape) orientation.
- Photos can be in color or black and white.
- Photos must be high resolution—at least 300 dpi and 8"x10".

### Photo Contest Rules and Details:

- Photos must be submitted by July 31, 2017.
- Three (3) photos per member will be accepted.
- All PEC members 18 years and up are eligible to submit photos.
- A PEC member under 18 is eligible to participate, but must submit a parent/guardian form with entry.
- A completed entry form must accompany each photo.
- Member must own rights to photo.
- PEC employees will determine the winning photos.

### Photo Contest Entry Options:

- Email: [info@price-electric.com](mailto:info@price-electric.com)
- Mail: P.O. Box 110, Phillips, WI 54555
- Drop Off: Price Electric Cooperative Office—508 N Lake Avenue, Phillips

Entry forms and photo release forms can be downloaded from PEC's website at [www.price-electric.com](http://www.price-electric.com), picked up at the PEC office, or emailed upon request.



### MARK YOUR CALENDAR!

The Price Electric Cooperative  
**77<sup>th</sup> Annual Member Meeting**  
will be held on  
**Thursday, June 8, 2017**  
at Phillips High School.

Join us for dinner starting at 5 p.m. followed by the member meeting at 6 p.m.

### William L. Caynor Sr., President/CEO

508 N. Lake Ave., P.O. Box 110, Phillips, WI 54555  
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[www.price-electric.com](http://www.price-electric.com)

Office Hours: Monday–Friday, 7:30 a.m.–4 p.m.

### Greg Bortz, Editor



Price Electric  
Cooperative

Your Touchstone Energy<sup>®</sup> Partner