

## **Our Chosen Path is a New Trail of Possibilities**

### Letter to the Members

One cannot progress as a business entity without goals and objectives, along with our personnel with the leadership, prowess, and skill attributes, to advance the initiatives. In a flat to minimal growth market it is essential to progress as opposed to maintain. That means the employment of assessments to make financial and impactful decisions, as well as metrics to evaluate its performance as anticipated is paramount.

Who are we? We are you. We are managing your business as if you were personally making every decision, with your interest in mind. We are here to serve you in the most economical and efficient way possible. That statement goes beyond safety, reliability, and the most challenging one, rates and costs. Once the objectives of the first two are implemented, and a procedure instituted to reach the end goal, measurements (metrics) to ensure the Cooperative stays on course, is mainly what's required unless something changes operations, or in the industry (regulatory, new technology, etc.). The staff has instituted numerous metrics that have shown the improvement of these facets based on imposed objectives and procedures, but the cost is the grander challenge and is affected by many factors. Legislative and regulatory impacts and requirements are two large components affecting costs, but there is also inflation on labor, equipment, and materials to maintain existing infrastructure or to build new power lines. These costs not only apply pressure to your distribution cooperative but also your energy provider, Dairyland Power Cooperative (DPC). It requires a certain amount of funding just to support annual maintenance expenses of 1,808 miles of power line or the equipment needed to do so. Over the last fifteen years, your Cooperative has added 635 new accounts, but the total energy sales have decreased by over 1M kWh's when comparing 2003 to 2017. Alternative energy sources to operate home heating, water heaters, and drying, as well as energy conservation with more efficient water heaters, LED lighting, and five-star energy appliances account for some of this, and weather is certainly a primary influencer.

Even with financial constraints your board and cooperative staff have somehow found a way to make significant strides in the past year to achieve objectives on a historical scale. Your new metering deployment was completed in February. Cooperative employees set over 10,000 meters that will provide real-time data for metering, outages, voltage checks, and the list goes on. We are also getting ever so close to the completion of the Cooperative's first seven-year cycle of right-of-way clearing, which should occur by June of this year. You can already see the results, in reduced outage occurrences and restoration times. The new 2.5MW utility-scale solar array was brought online in August, and it currently maintains its status as the largest in Wisconsin; it can generate enough energy at peak to power all the homes connected to the Crane Chase substation. DPC received \$73.5 million in a settlement with the U.S. Department of Energy, and \$796k of this settlement was returned to our Cooperative, which is being utilized towards the construction costs of the new member service center.

Both the assessment for your new member service center, and a cost of service study to evaluate energy rates to recover costs were performed this past year and brought before your Board of

Directors. The determination of a rate increase to recover costs and the approval to build the new service center for the Cooperative's future were both approved by your Board. We have continually done everything within our power to minimize rate impacts to you. This year, the decision was made to not increase rates, and over the last five years, the rates have only increased by 5%. That's less than both the cost of living index or the consumer's price index. Although, this does require some discipline on the part of the staff and flat budgeting every year to accomplish.

We were also able to give back almost \$500k in capital credits this past year and donated a total of \$140k to 33 local non-profit organizations to assist with getting currency back into the community, for the benefit of the community. Let's not forget about future generations, as the Cooperative awarded 14 scholarships to our graduating youths.

What a year! All I say is thank you for the opportunity as it is a true pleasure to serve you.

Sincerely,

William L. Caynor Sr.

CEO & President

*"Our mission is to provide access to safe, reliable, and affordable electric services."*