



**Price Electric  
Cooperative**

Your Touchstone Energy® Partner



William L. Caynor Sr.,  
Price Electric  
Cooperative CEO

## ELECTRIC RATES: WHAT DOES IT ALL COST?

As the trees shed their colorful foliage acknowledging another autumn season is unfolding, the management staff of your Cooperative has begun the annual process of evaluating next year's required revenue to meet expenses needed to formulate a budget for Board approval. The most difficult part of this analysis is the duty to preserve the impact of the electric rates while still acquiring the operating revenue needed to fulfill the annual work plan to maintain the system's integrity and achieve the required return of equity, growth in utility plant, and return of capital credits to you, our member/owners. The dilemma we continually face is that it requires a certain amount of growth in sales to absorb the natural inflationary up surging costs associated with: materials, contractor expenses, equipment, and wages and benefits. With a meek growth of approximately sixty new accounts a year and declining sales for 2015–17 because of milder weather conditions, the operating revenue has been less than historical averages annual budget projections. On a positive note, this year's sales are hitting budget for an average year of 67M kWhs sold.

It's instrumental to not only convey why there's a potential of a rate increase but also how we are performing to maintain the existing rate. A careful examination of energy rates over the last fifteen years clearly illustrates what we have accomplished in the last five, which is reducing rate increases to you, our member/owners. Rate increases for a residential member (49% of the membership) over the past five years, utilizing 763 kWh a month usage basis, has been only 5%, whereas it is 82% for the previous ten years. That's an 87% increase over fifteen years. Our objective the last five years was to reevaluate expenses, as well as the process and procedure to increase efficiencies and streamline procedures to decrease expenses. Given this, we have been successful in maintaining the rate for three of the last five years. During this time, we have also been able to achieve a stellar

safety record and reduce outage occurrences and minutes that affect you without hindering expenses. That's two of the three objectives in our mission statement: safe and reliable. The third is the affordability that we are presently discussing.

The twenty-year sales forecast is a continuation of our current state. Minimal growth with average electric sales unless we experience a dreadfully cold winter or an extremely warm summer. The wholesale power purchasing is a little more uncertain, but Dairyland Power CEO Barb Nick, would like to keep all annual increases under 2%.

We are hoping she will attain her goal. There has also been some question as to whether an increase in the new year would be attributed to the construction of your new Member Service Center. The answer to this question is yes, a small portion would be. The cost of service survey conducted in 2016 indicated that a 4% increase in operating revenue was required to account for the increase to principal, interest and depreciation. Two percent of this was applied to the

2017 rate increase, but there was no increase in 2018, and thus there is another 2% still needed, if approved by your Board of Directors. Two percent equates to a little more than \$2 a month for a residential member consuming 763 kWhs. More or less consumption would alter this amount. Any additional rate increases would be associated with our wholesale power purchases. A comparison of the Consumer Price Index (CPI) and Cost of Living Adjustment (COLA) to Price Electric's energy rate increases during the last five years show that the 5% energy rate increases were much less than the inflationary CPI and COLA total of 13.3%.

The reason I mention all of this is that there is a need for a rate increase which will be brought before the Board within the 2019 budget presentation at the end of 2018. If approved, a change in the electric rate would occur on January 1, 2019. This would only be the third annual rate increase in six years and twelfth in sixteen years.

It's important for me to communicate that we are truly applying every effort to minimize costs to do so.

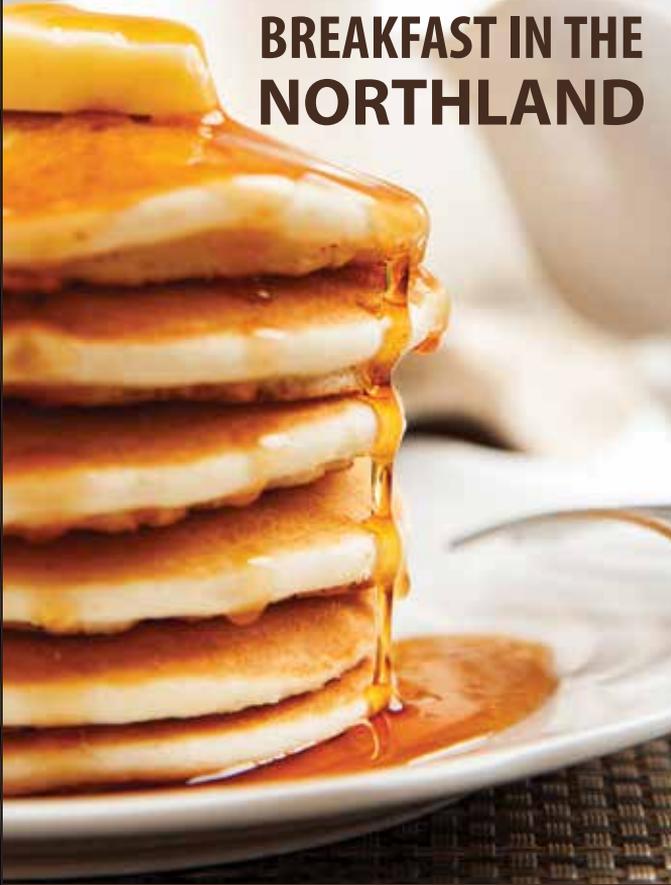




*You're invited!*

**6th Annual Price Electric Cooperative**

## **BREAKFAST IN THE NORTHLAND**



***At the new PEC  
Member Service Center  
W6803 Springs Drive in Phillips***

**Free breakfast for PEC members**  
Featuring pancakes, sausage links, biscuits  
and gravy, applesauce, milk, juice, & coffee

**Saturday, October 13, 2018**

**7-10 a.m.**

***Door prize drawings! Giveaways!  
Tours of the new PEC Member Service Center!***

***Bring nonperishable items to benefit  
a local food pantry!***

***E-recycling will be available!***

## **RECYCLING EVENT FOR BREAKFAST IN THE NORTHLAND**

Price Electric will sponsor an electronics recycling event at the annual Breakfast in the Northland. Each membership will be able to dispose of one TV or one computer monitor, as well as any number of these items, free of charge:

### **Computer Equipment:**

- Desktops, laptops, servers, tablets, gaming devices, cell phones
- Keyboards, mice, computer speaker cables, power cords
- Network equipment such as routers, switches, UPS battery backup devices
- Data center racks and cabinets
- Business phone systems
- Projectors
- Circuit boards and computer components such as hard drives, memory, and USB drives
- Toner and inkjet cartridges
- Printers, scanners, copiers, fax machines
- Audio-visual equipment
- Network and telephone cabling, household wiring

### **Household Electronics:**

- Cable and satellite TV boxes
- Remote controls
- VCR and DVD players
- Stereo equipment and speakers
- Satellite dishes, scrap metal, electrical wiring
- Extension cords, Christmas light strings, power adaptors, phone cords
- Video game consoles and controllers
- Ballasts (MUST be labeled "electronic ballast" or "No PCBs")
- Rechargeable batteries

### **Items that will NOT be accepted:**

- Smoke detectors
- Household telephone sets
- Electric razors
- Electric toothbrushes
- Small electronic toys
- Coffee makers, bread makers, mixers, vacuum cleaners
- Microwave ovens, refrigerators, stoves, washers, dryers
- Bulk alkaline batteries
- Thermostats containing mercury
- Unlabeled ballasts

Hard drives will be wiped and/or disassembled at the recycling facility. Members wishing to receive a certificate of data destruction may choose to provide their contact information and pay a \$10 fee for the service.

NO construction refuse will be accepted. PEC reserves the right to reject any item that does not meet the requirements of this list. Please contact PEC with any questions prior to the event at 715-339-2155.

## CO-OP MONTH FUN FACTS

- Minnesota was the first state to declare an official Co-op Month proclamation in 1948.
- Co-op Month has been a nationally recognized celebration since 1964, when U.S. Secretary of Agriculture Orville Freeman, a former Minnesota governor, proclaimed October Co-op Month.
- The first national theme in 1964 was “Cooperatives: USDA Helps Build a Better America.”
- The U.S. Government sponsored Co-op Month from 1964–70.
- Since 1971, cooperatives, statewide associations, and the National Cooperative Business Association have fueled their own events and promotions to celebrate October Co-op Month.



- Electric cooperatives:
  - own and maintain 2.6 million miles—or 42 percent of the nation’s electric distribution lines, covering three-quarters of the nation’s landmass
  - power more than 19 million businesses, homes, schools, and farms
  - serve an estimated 42 million people in 47 states
  - employ 70,000 people in the United States
  - invest \$12 billion annually in local economies

—Source: NRECA



## SCHOOL SUPPLY DRIVE

Price Electric would like to thank all of our members who contributed to the school supply drive held in August. The winner of the \$25 bill credit drawing was Anna Miller. Congratulations, Anna!

Madison, Beatrice, and Edward, whose parents are PEC employees, are pictured with Member Services Assistant Laura Palzkill (far left) as they present the donated items to Phillips Elementary School Principal Dave Scholz. The donated supplies are given to a different school in PEC’s service area each year.



# 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 October 31.

The winners of the August PEC Puzzler were Darrell and Linda Anderson. Congratulations!

**What is the date of PEC's 2018 Member Appreciation Breakfast?**

Answer

Name

Account Number

Phone

Please return to Price Electric Cooperative,  
W6803 Springs Drive, P.O. Box 110,  
Phillips, WI, 54555

## UPCOMING PRICE ELECTRIC EVENTS

### November:

- **Holiday Food Drive**—enter our drawing to win a \$25 bill credit when you bring items for local food pantries in the month of November!
- **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 12.
- **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!

## CONSTRUCTION DEADLINE NEARS

Just a reminder, any members considering new services, pole sets, line moves, or service changes are encouraged to contact Price Electric as soon as possible to avoid any winter construction charges.

Winter construction charges may apply for any digging or plowing once the ground is frozen.



### We are 0 "fish" ally Open!

The winner of this "fishing"-themed gift basket to celebrate the grand opening of PEC's Member Service Center was Sue Calkins. Thanks to everyone who stopped by to say hello! Congratulations, Sue!

## REBATE UPDATE

So far in 2018, PEC members have received **\$3,668** in energy efficiency rebates from Price Electric and Dairyland Power Cooperative, and **\$14,098** in incentives and savings from Focus on Energy programs. 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!



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

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

### Theresa Raleigh, Editor



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