



# RATE CHANGES FOR 2023

Kenneth Ceaglske, President/CEO

As with many industries, we have been seeing increases across all our operating expenses. For example, the cost of transformers is up almost 30%, and the cost of poles has more than doubled. We received notice that our power costs from Dairyland Power are going up as well. We are anticipating the need to increase our revenue about 3-5%.

Way back in history, it was very common to generate more revenue through the energy charge than the base fee. Slowly both sides have increased, the energy charge a little more so, not an uncommon trend with cooperatives. From the “sales pitch” side, a \$1 increase in the fixed charge looks much more intimidating than \$0.001 increase per kWh. So, increasing the fixed charge is an easier sell for the same revenue on a location that uses 1,000 kWh, slightly below the TEC average. This method creates a fixed charge that is below where it should be, and bigger swings in our revenue and your bill, depending on the weather and other factors that drive usage.

With this year’s milder summer months, our revenue was down about \$50,000-\$60,000 compared to the last two years. However, many of the costs for things we are responsible for do not change based on usage. The poles, wires, transformers, buildings, trucks, and employees all have base expenses that do not vary with the sales of energy. About the only costs that vary are the energy itself, energy consumed to deliver the power, and some variance in the cost of equipment that has to be installed for high demand/usage locations.

With changes to the technology in the energy world, it is becoming more important to be sure that we are charging rates that are consistent with the costs. As we look to the future, more and more options for self-generation through solar, wind, and battery storage are becoming available, as well as new or expanded uses for electric energy including heat pumps, electric vehicles, and so many more small electronic devices.

Looking specifically at the self-generation/battery storage combination, it is possible to see a time where a homeowner can be fully self sufficient in supplying their own energy most days. Like the range anxiety that folks have with EVs, people may have the same questions on becoming independent from the utility lines. We have similar costs to serve as either a primary source, or a backup to the independent house.

Ideally over time we could separate the components that are involved into possibly three categories: fixed charges that happen no matter what, energy costs for those who

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choose to use utility power, and demand that looks at how much any service stresses the system at any given time. Your bill currently displays the demand component for informational purposes only, with no charge associated. Look to future articles for more discussion on the demand component.

The board and staff have considered the revenue needs for 2023 and are looking at an increase of 3-5%, with specific details to come in the following months, for a rate change in January of 2023. Initial discussions have focused on putting much of the change in the fixed charge portion of the bill and limiting the increases in the energy portion. We have some direction from a cost-of-service study done in 2020, but will likely be taking a closer look at the cost of service in mid-2023 to tune the process for future years and incorporate updated costs. Feel free to call me and ask questions or discuss rate issues, or anything else that is on your mind.

# CAPITAL CREDIT CHECKS MAILED

## Economic participation is a benefit of co-op membership

What sets Taylor Electric Cooperative apart from investor-owned utilities? One of the main things is that each cooperative member is an owner of the business.

And, with being an owner comes the responsibility of operating the business, which is done through attendance at the annual meeting and electing fellow members to the board of directors, who in turn set policies and hire a CEO. The CEO then employs the staff to carry out those policies.

Each member-owner also has a responsibility to invest in the business. There is no stock to sell on Wall Street to provide financial backing for the business. Through member investments, the cooperative builds an equity reserve, which for Taylor Electric Cooperative is currently about 43 percent of the total assets of the co-op. This equity reserve is required by lenders who then share the risk by making loans to the co-op to finance power line construction and rebuilding projects that are needed to keep the electricity flowing.

Since there are no Wall Street stockholders, there are no dividends or monies paid to outside investors. When each year's finances are audited and closed out, the remaining profit or margins are allocated to the members based on the amount each member paid for electricity during the year. After a period of time, the allocations, or capital credits, are paid back to the members.

Taylor Electric Cooperative has returned more than

Taylor Electric Cooperative has returned more than \$8.6 million to its member-owners.

\$8.6 million to its member-owners. This amount represents approximately 46 percent of all of the margins earned by the cooperative since its inception (better than 90 percent of all U.S. cooperatives).

The bylaws of Taylor Electric Cooperative delegate authority to the board of directors to determine the amount and method of capital credit retirement. With a need for large amounts of cash to invest in new power lines, as well as to replace and repair existing lines, it becomes a tough job to balance the right mix of member investment and borrowing from outside lenders. The decision directly affects the annual retirement of capital credits to past and present co-op members.

This year, the board of directors decided that capital credits of approximately \$325,000 should be returned to members of the cooperative. This amount is being refunded to those members who received electric service from Taylor Electric Cooperative in 1998–1999, with Dairyland credits from the year 1994.

The directors believe there's a need to continue to refund capital credits, but they also realize the need to maintain a strong, viable financial position to meet the future needs of the members and the requirements of our lenders.

Capital credit refund checks were mailed in September.

The patronage of each cooperative member is greatly appreciated.

**NOTE: Joint capital credit checks require both signatures when signing. Also, when using the capital credit check for paying your electric bill, please be sure to sign the back of the check.**

### HOW CAPITAL CREDITS WORK



TEC tracks how much electricity you use and how much money you pay for it throughout the year.



At the end of the year, TEC assesses the finances to see if there is excess revenue.



TEC allocates the excess revenue as capital credits to the members, based on how much electricity you used.



When financial conditions allows, the TEC board of directors will retire, or pay, the capital credits to you.



# CELEBRATING MEMBERSHIP

Fall is a busy time, and October is particularly eventful, with school, community and sports activities in full swing. It's also when all cooperatives celebrate National Co-op Month, which really means we are celebrating you! After all, the co-op wouldn't exist without you, our members.

Our core business purpose is to serve as your electricity provider, but the larger mission of the co-op is to help make our corner of the world a better place. "Concern for community" is one of seven guiding principles that all co-ops share.

Similar to how our wires run through our service territory, our concern for community flows through all of our decisions—because being a co-op means being a responsible partner and good neighbor.

October  
is Co-op  
Month

Taylor Electric works to help our community thrive through initiatives led by our employees and local board that's comprised of neighbors who live right here in our community. Because we're local, we understand our community's unique needs and strive to help meet them.

We're proud to support local youth through our Youth Leadership Congress, scholarship programs, and Huey's Hidaway Children's Museum. During the holidays, the Christmas Wish Program offers assistance to our community's most vulnerable.

The word "cooperative" is close to "cooperation," meaning people working together towards a common goal. That's the essence of the cooperative spirit. Our employees and member-elected board members are invested in the community in

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## GETTING A NEW FURNACE? CHECK OUT OUR HVAC INCENTIVES!

Looking to upgrade your furnace for the upcoming heating season? Don't forget we offer incentives!

- **Heat Pump** – Air-Source & MiniSplit (14+ SEER, 8.2+ HSPF, or EER 11+) – \$300 per ton
- **Heat Pump** – Commercial Air Source & PTHPs (Less than 20 ton: EER 11+) – \$300 per ton
- **20 to less than 60 ton:** EER 10.5+, Greater than or equal to 60 ton: EER 10+  
Heat Pump – Geothermal – \$500 per ton
- **New Furnace w/ECM Blower Motor**  
The AHRI certificate must state the unit is either:  
Variable speed motor (not multi-speed) or Eae ≤ 670 kwh/year – \$35 per unit
- **Dual Fuel** (8 KW min. – new installations) – \$100 bill credit
- **ETS units** – \$30 per KW
- **Electric hydronic or slab** – \$20 per KW

TAYLOR ELECTRIC Cooperative <small>Your Touchstone Energy® Partner</small>		ElectricSense HVAC 2022 Energy Efficiency Incentive Form			
<small>This institution is an equal opportunity provider.</small>					
<b>ELIGIBILITY CRITERIA</b>					
<ul style="list-style-type: none"><li>❖ New equipment must be installed on cooperative's lines.</li><li>❖ Incentive not to exceed the equipment cost.</li><li>❖ Incentives not allowed for a measure and a component of that measure. For example, if an air source heat pump has a variable speed blower motor, the air source heat pump qualifies for an incentive but not the variable speed blower motor.</li><li>❖ Incentives are in place through December 31, 2022. Funds are limited so submit required documentation as soon as possible.</li><li>❖ Required documentation must be submitted within 3 months of install date.</li><li>❖ Additional eligibility criteria may apply. Program is subject to change or cancellation without notice. Contact cooperative for details.</li><li>❖ <u>Required documentation</u> listed below must be submitted no later than 3 months after install date.<ul style="list-style-type: none"><li>✓ This incentive form</li><li>✓ A copy of your receipt or invoice for each item with purchase price(s) circled</li><li>✓ Documentation showing the equipment has been installed</li></ul></li></ul>					
Submit required documentation to: <b>Taylor Electric Cooperative, N1831 State Hwy 13, Medford, WI 54451</b>					
<b>MEMBER INFORMATION</b> (Please fill out entire section)					
Member Name		Email			
Address		Email addresses will be used for cooperative communication only.			
City		Account	Phone		
State	Zip	Date	Member Signature		
Incentive for: <input type="checkbox"/> Residential <input type="checkbox"/> Farm <input type="checkbox"/> Commercial <input type="checkbox"/> Industrial <input type="checkbox"/> Institution/Government <input type="checkbox"/> Other: _____					
<b>INCENTIVE INFORMATION</b> (Please fill in gray shaded boxes for requested incentives)					
Equipment	Specifications	Size <small>Size is based on 12,000 btuh/ton If &lt; 1 ton, round up to nearest 1/2 ton If &gt; 1 ton, round up to nearest 1/2 ton</small>	Quantity	Incentive	Total <small>Size x Quantity x Incentive</small>
Heat Pump - Air Source & MiniSplit	SEER 14+, HSPF 8.2+, or EER 11+			\$300/ton	
Heat Pump - Commercial Air Source & PTHPs	< 20 ton: EER 11+ 20 to < 60 ton: EER 10.5+ ≥ 60 ton: EER 10+			\$300/ton	
Heat Pump - Geothermal				\$500/ton	
New Furnace with Efficient ECM Blower Motor	The AHRI certificate must state the unit is either: 1) Variable speed OR 2) kWh/yf (Eae) ≤ 670 Is air conditioning present? <input type="checkbox"/> Yes <input type="checkbox"/> No			\$35/unit	
Total Incentive Amount Requested:					
<b>ADDITIONAL INFORMATION</b> (Please enter information below to qualify for incentive)					
Manufacturer or Brand Name: <small>Required for all equipment</small>		AHRI Certified Reference Number: <small>Required for all equipment</small>		SEER or EER value: <small>Required for Air Source Heat Pumps</small>	
<b>OFFICE USE ONLY</b>					
<input type="checkbox"/> Approved <input type="checkbox"/> Not Approved - Reason: _____					Total Incentive Issued: \$
Cooperative Representative: _____					Date: _____



It's the time of year to stock up on sweet treats and fill the yard and home with decorations as ghosts, goblins and caped crusaders plan their invasion of your neighborhood. Safe Electricity urges everyone to make sure your costumed visitors are kept safe by avoiding potential safety hazards:

- Use only lights that have been safety tested and approved by Underwriters Laboratory (UL). Look for the UL label on the box and on each string.
- Before plugging in the lights, check each string for broken sockets, frayed cords, or faulty plugs. Replace damaged light strings.

- Make sure extension cords are in good condition. Use only UL-approved cords rated to carry the electrical load you will connect to them. Remember that extension cords are meant for temporary, not permanent, use.
- Do not run electrical cords across sidewalks or other walkway areas that could trip or endanger trick-or-treaters. Indoors, avoid stretching cords across a room where people or pets can trip over them or become entangled.
- Don't staple or nail through light strings or electrical cords.
- Fasten outdoor lights securely to trees, house walls, or other firm supports to protect the lights from wind damage. Use only insulated staples to hold light strings in place, not nails or tacks.
- Do not attach cords or lights to metal objects.
- When decorating outdoors, use only lights and cords rated for outdoor use.
- Cords should be plugged into outlets equipped with ground fault circuit interrupters (GFCIs). Use a portable GFCI if your outdoor outlets don't have them. GFCIs protect you from electric shocks.
- Always unplug holiday lights before going to bed or leaving your home.

A safe celebration is the best celebration, and following basic electrical safety guidelines will help you avoid real scares and keep your memories "boo-tiful" and fun. For more electrical safety tips, visit [safeelectricity.org](http://safeelectricity.org).

## Co-op Month

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which live and serve.

Above all, as a co-op we put our members' priorities first. As your trusted energy partner, we know that saving energy and money is important to you. That's why we have numerous programs in place to help, including our incentive program for appliances, heat pumps, and

light bulbs. Time-of-use programs are available for members who want to save money on their energy bills.

We want to empower you to manage energy use at home. If you haven't already, take a moment and download our Smarthub app, found on our website at [www.taylorelectric.org](http://www.taylorelectric.org) or at the app store. Through the app, you can conveniently monitor and manage your

energy use. And we're of course here to help, so give us a call if you have questions about your energy bills.

Taylor Electric is continuously examining ways to operate more efficiently while continuing to provide the highest level of friendly, reliable service you expect and deserve. After all, we're your local co-op. We were built by the members we serve.

### Kenneth Ceaglske, President/CEO

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### Lainie Kellnhofer, Editor

**TAYLOR ELECTRIC**  
*Cooperative*



Your Touchstone Energy® Partner

