

# Taylor Report

April 2016



## IMPORTANT: PLEASE READ Rate Increase Effective May 1, 2016

The Taylor Electric Cooperative Board and management recently finished a review of the 2016 budget and financial forecast. At the annual meeting in March we told members that a rate increase should be expected during 2016. The main reasons for the increase include:

- ✓ a 2.95% increase in wholesale power costs effective May 1, 2016
- ✓ we avoided a projected rate increase in 2013 and 2014 when sales increased and average wholesale power cost dropped
- ✓ the average wholesale power rate is about 60% of our total cost, and will be 5½% higher in 2016 than 2012
- ✓ local cost increases, including a 2.3% increase in Operations, Maintenance and Administrative expenses from 2012 to 2015
- ✓ Fixed costs increases of more than \$267,000 in 2015 over 2012, primarily Interest and Depreciation
- ✓ 2015 Operating Margins were \$4,721 which is inadequate to comply with our loan requirements.
- ✓ Additional revenue is required to be able to maintain equity and continue to pay capital credits refunds to members

The Board decided to increase the revenue per kilowatt-hour (kWh) and the base (facility) charge for each customer class, effective May 1, 2016 (this will begin with electric bills due in June 2016). Based on revenue, the rate increase will be just short of a 6.5% annual increase. For those members on the time-of-day rate, the "Peak" time periods are being adjusted to coincide with the times/hours that the wholesale rate reflects "peak" pricing. There will also be 3 added "peak" evening hours, weekdays only, during each of the 3 spring and 3 fall months where the current time-of-day rate is all off-peak. These will coincide with many of the transmission peaks which also affects the wholesale power cost.

The new bill will look different than in the past as well. The wholesale power cost will be listed as a separate charge, and since it is such a major portion (60% as noted above) and influencer on our costs, will allow for pass-thru of wholesale rate adjustments when necessary. One thing you will note on the following, revised rates is that summer rates are higher to reflect higher summer wholesale power costs. This will be indicated in the wholesale rate charge portion of your bill being higher during the summer months (June thru August usage).

### On May 1, 2016 Taylor Electric Cooperative's rates will change as follows:

#### Standard single-phase rate for residential, farms, and small commercial accounts

- The facility charge will increase from \$33 to \$35.10 per month.
- The billing rate will increase from 11.12¢ per kWh to 11.4¢ for all months except the 3 summer months (June thru August) when the rate will be 12.9¢ per kWh

(Continued on page 2)

(Continued from page 1) - **RATE INCREASE**

### **Time-of-day single-phase rate**

- The facility charge will increase from \$34.50 to \$36.60 per month.
- The off-peak rate will increase from 6.5¢ per kWh to 7.25¢ for all months except the 3 summer months when the rate will be 8.75¢ per kWh.
- The on-peak rate will increase from 25¢ per kWh to 30¢ for all months except the 3 summer months when the rate will be 35¢ per kWh
- “On-peak” hours will change to:
  - 11 AM to 7 PM, weekdays only, during the 3 months of June-August
  - 4 PM to 10 PM, weekdays only, during the 3 months of December –February
  - 5 PM to 8 PM, weekdays only, during the months of March-May and September-November
- “Off-peak” hours and rates will apply all other hours during the year (85% of all hours).

### **Off-peak (load-management controlled) electric heat**

- The facility charge will increase for sub- and direct-metered electric heat accounts from \$2.60 to \$4 per month.
- The usage rate will increase from 5.75¢ per kWh to 6.25¢ during the winter months (October – May), and from 9.3¢ to 9.8¢ per kWh during the summer months (June – September).

### **Standard Three-phase rate**

- The facility charge for the regular 3-phase rate will increase from \$59 to \$62 per month.
- The usage rate will increase from 6.7¢ to 7¢ per kWh for all months except the 3 summer months when the rate will be 8.5¢ per kWh
- The demand rate will increase from \$9.30 to \$10 per kilowatt (KW) for all months except the 3 summer months when the rate will be \$12 per KW

### **Three-phase Peak Alert rate**

- The facility charge will increase from \$124 to \$125 per month.
- The usage rate will increase from 6.7¢ to 7¢ per kWh for all months except the 3 summer months when the rate will be 8.5¢ per kWh
- The demand rate will increase from \$4.55 to \$5.50 per KW
- When contacted for Peak Alert, the following apply:
  - Load reduction from 1 PM to 5 PM, during the 3 months of June-August (\$66.82 per KW for average load during all summer 2016 Peak Alerts)
  - Load reduction from 5 PM to 9 PM, during the 3 months of December –February (\$30.38 per KW for average load during all 2016-2017 winter Peak Alerts)
  - Load reduction at any time in case of system-wide emergency

### **Dusk-to-dawn yard lights**

- The rental rates for 100-watt hi-pressure sodium (HPS), 175-watt mercury vapor (MV), and LED lights will increase from \$9.50 to \$10 per month. (Note: MV lights are no longer available as new rental light installations)
- The 250-watt light rental rate will increase from \$15.00 to \$15.80 per month.
- The 400-watt light rental rate will increase from \$19.50 to \$20.50 per month.

### **Transformer charge**

- The \$1 per KVA upgrade charge for large single-phase transformers will remain unchanged

*If you have any questions regarding the new rates, please call 715-678-2411.*

# Staying ahead of the sun

Co-op leadership in community solar energy helps craft a new industry.



By Paul Wesslund

The involvement of electric co-ops in the rapidly growing use of solar energy is preparing the way for new and efficient methods of making and using electricity.

Co-ops are leading the way in community solar energy initiatives. Community solar programs allow co-op members to share in a photovoltaic installation that generates electricity from the sun.

“Co-ops are way ahead of the industry in community solar energy,” says Andrew Cotter, program and product manager for renewable and distributed generation with the National Rural Electric Cooperative Association (NRECA). Electric co-op involvement with different types of solar energy projects has grown from enough photovoltaic projects to produce 3 MW of electricity in 2009, to 176 MW in 36 different states by the end of 2015, says NRECA Strategic Analyst Michael Leitman. He adds that with another 375 MW in the planning stages, by 2018, co-op involvement in solar will triple. U.S. energy experts say we will not be able to meet national energy goals unless we increase our solar energy capacity.

“Cooperative involvement in solar energy has risen very quickly over the last few years,” Leitman says. “And 70 percent of the community solar programs in the country are run by electric co-ops.”

One megawatt is enough to power between 500 and 1,000 homes. So while today’s co-op involvement in solar energy would cover fewer than 200,000 homes, those small projects across the country are serving as examples of how to make the best use of the developing solar technology.

Among the new approaches called for by solar energy are ways to assure safety in the way solar panels are connected to power lines and that electric rates are designed in ways that benefit all members of the co-op.

Electric co-ops are even examining ways to

overcome one of solar energy’s biggest hurdles—producing electricity at night and in weather and parts of the country with limited sunshine. Battery storage technology is improving, and one NRECA idea – community storage – recognizes that energy is stored in the hot water of home electric water heaters. Specially designed electric rates and power line technology could link all those water heaters into one giant community battery. In addition, NRECA participates on a number of codes and standards committees, tackling the most urgent safety and operational issues to keep co-op members and staff safe – and ensure a reliable grid.

NRECA’s Cotter says that’s just one of the ways that co-op leadership in solar technology “could maximize the usefulness of photovoltaics.”

*Paul Wesslund writes on cooperative issues for the National Rural Electric Cooperative Association, the Arlington, Va.-based service arm of the nation’s 900-plus consumer-owned, not-for-profit electric cooperatives.*



Don't forget to Call Before You Dig prior to all of your digging projects. You can reach them at 811 or 800-242-8511. Failure to do so, may result in serious damage or injury.



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## WHAT'S IN IT FOR "WE"?

By Adam Schwartz

One of the most attractive features of cooperatives is that we answer the popular question, "What's in it for me?" with "What's in it for we!" Cooperatives are formed when the market fails to offer a good or service, with decent quality, at an affordable price. Taylor Electric was formed in 1936 because, when investor-owned utilities realized there was not enough profit to be made in our community, they refused to offer electricity.

The founding members of Taylor Electric went door to door to collect \$5 in order to raise a portion of the original investment the co-op needed. Those "go-getters" realized the only way to get electricity for me was to get it for we, the whole community.

Cooperative ownership is in the hands of the people who use the co-op's goods and the services (not investors), so not only do co-ops start out answering the question of "What's in it for we?" – they continue to answer that question for as long as they exist.

These days, we often hear about companies that abandon their local communities and move overseas in search of cheaper labor. This negatively impacts the community through job loss, decline in housing values and school closures. Because local residents own a majority of cooperatives, they are less likely to leave their community. In fact, it would be impossible for Taylor Electric to leave this area. The co-op is a critical part of what makes the community a community.

The way co-ops continue to answer the question, "What's in it for we?" is critical to their survival. It is imperative that we keep you – our members – as the primary focus. Keeping rates as low as possible is one major part of that focus, but ensuring that we provide real value as your trusted energy advisor is also extremely important.

By maintaining that focus with your help and support, we will continue to be able to serve the "me" and the "we" in our community long into the future.

*Adam Schwartz is the founder of The Cooperative Way a consulting firm that helps co-ops succeed. He is an author, speaker and member-owner of the CDS Consulting Co-op. You can follow him on Twitter @adamcooperative or email him at aschwartz@thecooperativeway.coop*



If you like the idea of going green with solar power, but don't have the site or the budget to install solar panels of your own, we have a solution for you. The Bright Horizons Community Solar Garden is a 100.8 kilowatt solar array located at Taylor Electric's headquarters. Units of solar can be purchased for \$930 or 1/2 unit for \$465. Any member of the cooperative may participate by

Take part in the area's only solar community project and help protect future generations.

signing a Solar Subscription Agreement and making a \$300.00 payment. The bill can be paid in full, or monthly payments can be made through 12/31/16.

Bright Horizons is interconnected with the grid, so all the energy produced here goes directly onto the cooperative's distribution lines. That means all power produced by the solar array is being used right here in our community.

Call us today at 715-678-2411 for more information.