



WHOLESALE COSTS CONTINUE TO RISE

The broken record continues to spin. Fuel cost true-ups, interruptions, and operational cost increases continue to adversely affect our wholesale power bill each month. Our January and February bills from Wisconsin Public Service have both been roughly 25% more than in previous years (the Texas incident not included). Typically, we could expect our wholesale power bill to be somewhere in the \$60,000 to \$70,000 range during the winter months, depending on temperature. The last two months have both exceeded \$90,000. This is obviously more than a 25% increase, but some of it is attributable to higher usage.

We are not quite at the point of a rate increase yet, but it is likely coming and we do not want anyone to be surprised.

Our wholesale bill is made up of numerous items. We are currently paying roughly \$21 per kW for demand charges. This is based on our own peaks. Our peak in February was just over 2,000 kW. We get a credit on this charge of \$7 per kW because of our interruptible status. We are also charged approximately \$8 per kW for ATC (American Transmission Company) transmission fees and there is an adder to this for WPS transmission from the Sister Bay substation to our metering point at Northport. We have a bundled rate from MISO (Midcontinent Independent System Operator) that adds to our monthly bill. We also have a standard monthly charge, facility charge, true-up based on construction cost recovery and guaranteed returns, and finally an energy charge based on kWh consumed. If we have economic interruptions, we then have what is called a pass-through cost based on the market rate of energy during the interruption. Then after all of this, energy and demand-related charges are subject to a loss multiplier based on system losses from Sister Bay to Northport.

We have talked about how the cost and availability of natural gas and coal (especially the wildly fluctuating cost of natural gas) have had an adverse effect on our energy costs, but most of our billing is based on an estimate that is later “trued up” to actual costs, sometimes lagging a couple months.

The cost of construction material related to building, maintaining, and improving lines is universally on the rise and the long lead times for material adversely affect

operating costs as well. We see this in our own operation on a daily basis, but we are not the only ones that see it. We noted in a previous article that WPS/WE is currently before the Public Service Commission seeking a 27% increase in retail rates.

We keep discussing this because, while we are trying our best to hold the line, we are not sure that we can avoid a rate increase much longer. We had hoped to be able to apply a Purchased Power Cost Adjustment to everyone’s bill in order to make up these increases, but as noted, the costs are not strictly related to interruptions or monthly events.

We are not quite at the point of a rate increase yet, but it is likely coming and we do not want anyone to be surprised. The inflationary hits keep on coming and until some major policy decisions are reversed (and it may be too late), it appears that this will be the norm rather than the exception.



Increased costs and longer lead times for some of the materials needed to build and maintain lines are just one factor in rising costs of wholesale power.

WINTER CAN'T END SOON ENOUGH

Yes, we know it won't be over for a while and April can bring wet, heavy snow so we are not counting our chickens yet. This winter has been relatively mild when it comes to outages so far. We have had some fairly good storms (documented here), but on the whole outages have been pretty limited. Some of this is due to our more aggressive trimming. Some is due to Mother Nature's aggressive trimming, but a good portion is due to good old-fashioned luck.

With spring weather coming, that variety of weather/storms that we inevitably get will likely lead to outages. In addition, as some of you seasonal members arrive back, you may see damage or things that have occurred over the winter that we are not aware of. Please let us know so we can get work scheduled as needed.

This brings up another subject and that is access and monitoring. We are running into more and more chained driveways. While this is certainly the member's prerogative (personally I think it is just an advertisement that no one is home), it can create an issue for us if we need to get in to the property to make a repair after a storm. Please consider this and the fact that if a situation warrants it, we will likely not let a chain stop us from servicing the lines.

Related to this, and mentioned in last month's pages, are the number of members who are gone for the winter months, but do not have a local contact person or someone checking on their home. This can lead to difficulty and as also mentioned, billing surprises.

We also mentioned Diggers Hotline in last month's pages and want to just re-iterate that as we get into spring planting and digging season, everyone should call before you dig. You might be surprised the route that lines have taken. I often think that some of those old GTE contractors that buried line had the trencher controls in one hand and a bottle of whiskey in the other.

Be careful as you head outdoors to tackle those springtime chores

LOOK OUT

FOR POWER SOURCES

10'



Do not get within 10 feet (in any direction) of a power line.

Be aware of power lines when working on the roof.



Do not trim branches or limbs near power lines.

Be careful when carrying long or tall objects such as ladders or poles.



Before you dig, call 811 to have underground utilities marked.



Do not dig near padmount transformers or other utility equipment.

Safe Electricity.org



GRANT APPLICATION AND PIE IN THE SKY

We continue to research, find, and apply for grants and expect to be doing so in the foreseeable future. I have written here before that when someone says, “We can do it! There are lots of grants out there.” I generally call bologna (although usually that is not the word I am using).

You are all well aware of the over \$4.5 million in grants and aid that we have brought to the Island since the cable project in 2018. You are also aware of at least the NTIA grant that we did not get, largely because we were not a good enough photo opportunity with only 1,100 meters.

We have recently applied for a couple of additional grants. The fiber grant for the 2023 round, which we discussed in a previous edition and which we do not have particularly high hopes for because we are asking for 18% of the total \$14 million available, has been submitted and does not have a firm decision date yet. We expect to know the results sometime this spring. The other grant was an energy innovation grant that would not only offset the cost of installing the three commercial EV chargers, but also allow us to improve the Jackson Harbor Dock area and set us up for future small cell installation once the fiber reaches there.

We thought we had a pretty good project which included side benefits beyond the beneficial electrification and demand response required by the grant application. There was a lot of competition for this grant and many of the applications came from tech schools and universities.

You have heard me say that all grants are pie in the sky (which usually means someone has thrown a pie at you) and this one was no different. In spite of the hours invested in writing and submitting the grant, nothing ventured, nothing

gained, so we went ahead and submitted. In this case, nothing gained as we were not chosen for a grant award. Eight of the 45 applications were awarded (145 applications in the full round) and our application was scored 37th of the 45.

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Unfortunately, we don’t get a debrief on what our scoring was actually made up of but as noted, nothing ventured, nothing gained.

There are additional grant opportunities coming up on the fiber side. Wisconsin will have a \$40 million round under the Treasury Department’s capital project fund that is expected to open sometime between June and August. The big program under the NTIA that is being handed to states that we have talked

about before (BEAD), which is supposed to bring potentially up to \$1 billion to the state, keeps getting moved out and is now likely to not be finalized and released until early 2024. We will keep working to bring some of our great-grandkids’ money home.

Another aspect of these projects to keep in mind is the general economic impact of the work being done. If we are awarded a grant, obviously that benefits us in that it is less money we have to outlay or borrow ourselves. One thing we may not often think of is the fact that the contractors who are helping us with the work need to stay, eat, and take advantage of services here on the Island, so some of that money we spend is coming right back to the community. That counts for the grant AND the match.

Fiber Update

At the time of this writing, we have close to 60 members connected. We took a weather-related break from splicing, but have continued to run drops. We are well on track to complete the 314 homes and businesses covered under the current grant (plus a few) by the end of this summer. We are working on logical progression from that point. Obviously, if we are successful in future grants, things will speed up, but at this point it looks as if we will continue down Main Road and attempt to get as much done west of Main Road as possible.

Keep in mind, all this is a bit of a balancing act. While applying for grants is important and necessary, we have to be aware that any work done outside of a grant application cannot be considered a match or eligible for reimbursement under a future grant award. This does not mean that we need to stop work—far from it—we will continue to work until everyone is connected regardless of grant status. We just need to attempt to balance the work done with what we might potentially come to our pocket.

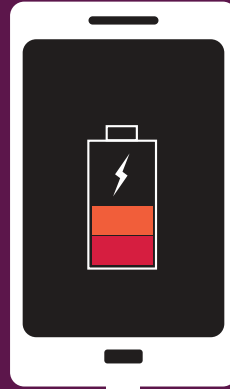
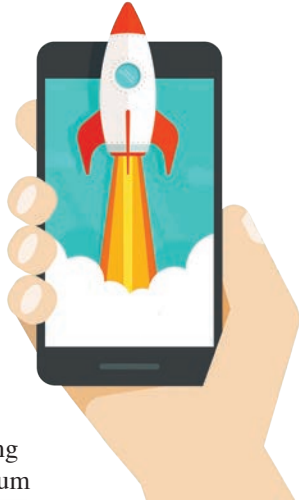
We have had lots of questions about “When are you going to get to me?” The only real answer is: “As soon as we can!”

One of the things we have run up against as we hook folks up is email addresses. Some folks still have an old ISP-based email, such as Frontier’s emails, and are doing most of their bill pay/contact/etc. using this email. They were concerned that changing would create a problem for them. We recommend getting a gmail or yahoo or other general email account (free) now and working towards getting everything transferred now, before you are ready to be connected. Many of you are not affected by this, but we thought we should bring it up.

FIBER PHONE SERVICE COMING

We have noted that the cooperative will be offering landline phone service over the fiber as well and we are close to making that happen. We have had several options to review and it is looking as if we will be working directly with Quantum once again on this. They have an offering (which we are actually using at the cooperative now that is working extremely well) that is very competitive and will provide both them and the cooperative an income stream and take the burden of collecting universal service funds, federal and state taxes out of the cooperative's hands.

We still have some details to work out and expect to roll this out by the end of April. You will be able to port your existing number over and the transitions should be relatively seamless. Reliability and call quality are excellent. With our spotty cell coverage (we are working on that too!), having a fiber-based landline eliminates the communication difficulty for some of those weekly rentals. Stay tuned for more information!



TIPS TO SAFELY CHARGE YOUR ELECTRONICS

Safety Corner



Don't buy cheaply made, off-brand charging cubes and cables. They can be **potential fire hazards**, cause electrocution, or damage the device.



Throw away charger blocks and cords that are worn or damaged and **make sure they are not hot** when charging devices.

NOT IN BED

Only charge devices on a **hard, flat, noncombustible surface** to allow for adequate ventilation.



Do not touch any electronic devices that are charging **when you are wet** or standing in water.

Learn more at

Safe Electricity.org

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Hours: Monday–Friday, 9 a.m.–5 p.m.

