

NOTICE OF THE ANNUAL MEETING

OF THE MEMBERS OF THE WASHINGTON ISLAND ELECTRIC COOPERATIVE, INC.



The Annual Meeting of the members of the above named Cooperative will be held in the parking lot of the Washington Island Electric Cooperative, Inc. at 10:00 a.m. on **SATURDAY, SEPTEMBER 11, 2021** on Washington Island, Wisconsin to take action upon the following matters:

1. Roll Call for Quorum
2. Reports from the Secretary
3. Reading and Approval of Unapproved Minutes of Previous Meeting
4. Reports of Directors, Officers, Committees
5. New Business
6. Questions and Answers
7. Drawing of Door Prizes
8. Adjournment
9. Lunch

• 1157 Main Road • Washington Island, WI 54246 •
920-847-2541 • info@wiecoop.com



WASHINGTON ISLAND ELECTRIC CO-OPERATIVE, INC.

**MEMBERS' FINANCIAL STATEMENT –
DECEMBER 31, 2019-2020**

Balance Sheet

	2019 (audited)		2020 (unaudited)	
WHAT WE OWN (ASSETS)				
We have cash for operating amounting to		\$546,188.11		\$691,366.52
We have temporary Investments and Special deposits amounting to		217,004.86		409,604.42
Other special funds (Public Benefit Program)		79,620.79		80,826.88
Investment in associated organizations		75,948.91		81,948.91
The total cost of our system is	\$7,884,533.01		\$5,924,591.03	
We estimate it has depreciated	4,929,816.10		5,194,329.95	
The net value of our system is	<u>\$2,954,716.91</u>	\$2,954,716.91	<u>\$730,261.08</u>	\$730,261.08
Our accounts receivable are		138,376.23		70,754.95
Our accounts receivable other (line ext, materials sold, pole rental)		20,950.20		23,086.80
Our insurance proceeds receivable are (storm damage)		100,587.68		51,917.60
Our allowance for doubtful accounts is		(10,793.00)		(10,793.00)
State funds receivable		2,000,000.00		2,000,000.00
Our advance payments are		57,197.16		46,148.09
Our inventory (fuel oil, lube oil, etc.)		71,809.16		75,695.46
The value of our materials and supplies is		143,760.28		189,394.05
OUR TOTAL ASSETS ARE		<u>\$6,395,367.29</u>		<u>\$4,440,211.76</u>
WHAT WE OWE (LIABILITIES)				
Our current and accrued liabilities		\$42,902.38		\$45,726.32
We borrowed from NRUCFC	\$1,829,696.18	\$1,829,696.18		
We paid NRUCFC on principal	\$551,459.80		\$639,093.36	
Our total obligation to NRUCFC is	<u>\$1,278,236.38</u>	\$1,278,236.38	<u>\$1,190,602.82</u>	\$1,190,602.82
Notes Payable – NRUCFC line of credit		2,673,145.64	Note \$2M reduction from State Budget	673,145.64
Our consumer deposits are (Public Benefit Program)		79,620.79		80,826.88
Our membership fees amount to		12,190.62		12,395.62
Our operating margins to date are		2,319,268.49		2,394,286.32
Operating loss – prior years		(100,800.91)		(53,171.38)
Accounts payable (purchased power, patronage capital)		90,803.90		96,399.54
OUR TOTAL LIABILITIES ARE		<u>\$6,395,367.29</u>		<u>\$4,440,211.76</u>

WASHINGTON ISLAND ELECTRIC CO-OPERATIVE, INC.

MEMBERS' FINANCIAL STATEMENT – DECEMBER 31, 2019-2020

Receipts and Expenditures

	2019 (audited)		2020 (unaudited)	
RECEIPTS:				
Energy		2,077,288.55		1,872,585.23
Penalties		10,437.06		10,740.06
Interest & patronage dividends		27,986.97		18,098.40
Miscellaneous Income		846.69		78.20
Non-operating revenue (Frontier pole rental, material sold, wood chips, etc.)		9,205.50		1,911.25
		<u>\$2,125,764.77</u>		<u>\$1,903,413.14</u>
EXPENSES:				
Cost of purchased power	672,474.24		628,392.30	
Cost of self generation	141,238.96		22,384.51	
Cost of maintaining/operating our lines and station equipment	335,954.07		239,985.17	
Our consumer accounting, collecting, etc. was	65,708.69		86,231.73	
Office salaries and expenses were	90,151.00		140,821.64	
Our outside services were	54,649.80		17,708.50	
Our miscellaneous general expense was	42,239.58		63,053.77	
Maintenance of general property –	34,588.17		35,256.68	
Our insurance expense was –	132,950.41		144,796.39	
Taxes – property, state sales tax, unemployment	49,283.44		54,167.14	
Interest – NRUCFC — long-term debt / line of credit	152,976.21		99,191.11	
Depreciation reserve	199,051.36		245,978.00	
OUR TOTAL EXPENSES WERE	\$1,971,265.93	\$1,971,265.93	\$1,777,966.94	\$1,777,966.94
OUR OPERATING MARGINS WERE		\$154,498.84		\$125,446.20



WASHINGTON ISLAND ELECTRIC CO-OPERATIVE, INC.

ITEMS OF INTEREST TO MEMBERS

	2018	2019	2020
Revenue Received Per Year	\$1,858,952	\$2,125,765	\$1,903,413
Peak Demand	2081KW	2310KW	1915KW
KWH Generated	234,401	21,712	8,728
KWH Purchased	10,450,689	10,932,482	10,640,199
Total KWH	10,685,090	10,954,194	10,648,927
Station Service	337,448	408,216	495,120
KWH Sold	9,385,529	9,430,954	8,955,111
Line Loss in KWH	962,113	1,115,024	1,198,696
Line Loss in %	9.1%	10.6%	11.2%
Average Cost per KWH Generated	\$0.69316	\$2.17263	\$2.56468
Average Cost per KWH Purchased	\$0.06211	\$0.06151	\$0.05906
Total Services in Place	1,079	1,084	1,080
Disconnected Services	6	4	8
Services Reconnected	1	2	1
New Services Connected	6	10	3
AVERAGE BILL PER MONTH			
Non-Farms	\$174.70	\$196.73	\$182.35
Farms	189.94	210.44	135.08
Seasonals (Annual Bill)	1,097.72	1,312.43	1,170.04
Commercials	269.88	297.45	257.18
Street Lights (Annual Bill)	691.88	909.54	727.70
Public Buildings	512.05	541.15	462.17
WHERE YOUR DOLLAR CAME FROM – ENERGY SALES			
Non-Farms	40.7	40.6	42.4
Farms	1.2	1.0	0.6
Seasonals	34.4	35.8	34.8
Commercials	18.4	17.5	17.0
Street Lights	0.1	0.1	0.1
Public Buildings	5.2	5.0	5.1
	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>
HOW YOUR DOLLAR WAS SPENT			
Interest on Loans	4.3	7.2	5.2
Cost of Power	40.0	38.3	34.2
Depreciation	11.6	9.4	12.9
Taxes and Insurance	8.7	8.5	10.5
Operating Expenses	23.0	29.3	30.6
Margins	12.4	7.3	6.6
	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>
Total Utility Plant	\$9,593,300	\$7,884,533	\$5,924,591
Principal Paid CFC	\$468,392	\$551,460	\$551,460

FIBER UPDATE:

Progress continues, but material shortages and complicated grant application process call for patience

Hopefully, by the time you read this, several reels of fiber optic cable will have arrived on the Island in preparation for installation. In addition, significant material has been ordered related to hanging this fiber. We have some additional “make ready” work to accomplish, which includes some additional pole replacements and one pole addition that will need to be accomplished prior to starting installation work.

Nsight has informed us that engineering for the mainland span from Gills Rock to Northport is complete and installation will commence once they receive the pole attachment permits/agreements from Wisconsin Public Service. I am told that these are forthcoming as well.

In order to light the cable, there is still a bit of work to be accomplished on Plum Island, including splicing and testing the fiber that we wrote about the aid to navigation anchor dragging across. To this end, we needed to expose some additional fiber on the south side of Plum Island and, as previously described, did a bit of excavating. We will still need to trench from the shore landing on Washington Island to the pole by the road on cooperative property and then with a little luck and no supply chain hiccups, it is off to the races.

Unfortunately, and not unexpectedly, we too have fallen victim to the chip shortage that has affected many industries throughout the country, and headend equipment delivery is in question. New orders are seeing 20 week lead times. We are currently working with the supplier in hopes that some ordered and delivered equipment that will likely be unused can be rerouted to us and get us at least close to being back on track with project scheduling.

If you have an interest in reading the grant application to the Public Service Commission, it can be found at:

<https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=416843>

The NTIA grant is a much bigger animal and is being uploaded after the writing of this article. As has been noted in numerous meetings and discussions and in this magazine, if all the effort pays off, this grant will finish the project and it will allow us to finish the project without debt or at least with very little debt. This is a big deal not only for the cooperative, but for the community.

Everyone should be aware that we have numerous partners in this application. In fact, the Town of Washington is actually (for the purpose of the grant) the primary applicant to the NTIA. They have already pledged the \$75,000 in ARPA money to the project and it is used as a match in the PSCW grant at the link above. It cannot be used as a match in the NTIA grant because, for some silly reason, you cannot use federally obtained funds to match a federal grant. The town



Excavated cabinets and exposed 24-strand fiber awaiting splicing. These cabinets were covered again, leaving a small trench to work in. This photo was taken before that happened.

will contribute in-kind labor and equipment to the NTIA grant, which will not have an effect on the budget from a real money standpoint. We expect that this match will have a value of approximately \$10,000. As we often work together on road right-of-way clearing, those same efforts, which likely would have occurred anyway, can be applied to this purpose as part of our “make ready” expenses.

Likewise, the Washington Island School is favorable on contributing a portion of their ARPA windfall to the project such that it will be of direct benefit to homes with school-age and younger children as well as the greater community. However, due to the political budget process that is playing out, the amount of this money is still uncertain and, like with the town, it is federally obtained and cannot be used as a match. To this end, the school board voted unanimously to support the NTIA grant as a contributing partner with a pledge of \$10,000.

Door County is again supporting the project (they have contributed to both successful prior grants) with a \$10,000 pledge.

As well, our construction partner in the fiber termination and splicing portion of this project, Quantum PC of Sturgeon

Bay, has agreed to pledge \$12,000.

The NTIA grant does not require a match; however, it specifically lays out that a 10% match is preferred and will score the grant application much higher. The cooperative will be making up this 10% match in a combination of in-kind (labor and equipment costs) and cash and material. The grant application for this project will total \$6,145,454.07 of which the cooperative and the aforementioned partners are covering 10%.

If we are successful in this application, and the key word is IF, the project should be completed in less than two years and we will need to bring contractors to the Island, in addition to our own labor, to accomplish it.

A note on grant funding:

Often, when I hear different groups talking about needing money for this project or that project, inevitably I hear someone say, “Why don’t we just get a grant for it? There are lots of grants out there.” After the process of going through these two applications (which are far from a sure thing), hopefully the next person who says that is not standing too close, because I might just slap them.

I can tell you that I have something approaching 150 hours into the development of the PSCW grant and probably 200 in the NTIA grant. If we get either, that will just be the start as the reporting and certification requirements for accomplishing both are significant. There are strings attached to everything. If we don’t get the grants, it won’t be the last attempt and all we can do is say that all that time invested is a learning experience for the next attempt.

If we do get them, it will be well worth the effort, but nothing is a simple as it is made out to be. As it was with the cable replacement project, you, the member, will know every move we make.

Meanwhile, we will continue to move forward, leveraging our existing partnership with NSight and the grant we have already received for the pilot project we are working on now.



VETERAN'S MEMORIAL GETS AN EXTRA FINISHING TOUCH

As noted in previous articles, the restoration of the Veteran’s Memorial is now complete. Dave Llewellynn completed the tuckpointing and stone restoration, Tom Jordan completed the steps, and the plaques were cleaned and blasted and look as close to new as you can imagine for plaques of their age. The restored memorial was re-dedicated in July and the work done looks fantastic.

But wait! There’s more!

Because fundraising efforts for this important project were, according to Dick Purinton, extremely successful, the planter was modified and a concrete eagle weighting approximately 600 lbs was obtained to mount on the top. Lonnie Johnson drove to South Dakota to retrieve it and the cooperative has been storing it in the truck garage until installation on top of the monument could be achieved.

This occurred on Friday, August 13 (and no bad luck was had). We helped the crew get it up to the top of the monument where it was secured overlooking Main and Jackson Harbor Roads.

Coincidentally, and appropriately, a group of F18s flew over as we were all working on this. They were on a training flight out of Volk Field at Camp Douglas, WI. Chuck Grandy had all of us laughing when he said, “dang it! I told them to be here at noon and they are late!”

These pictures of the process do not do the finished project justice and we are proud to have played a small role in it. When you see a member of the American Legion, congratulate them on a job well done, and when you see a veteran, thank them for their service!



Left to right: Using the digger derrick, the eagle is loaded onto the cooperative pickup; although not likely to fly away, the eagle is secured and ready to travel; the eagle is unloaded at the Veteran's Memorial.

MY CO-OP



Left to right: Dave Llewellyn drills the once planter, now eagle base for a pin while Tom Bloch (in photo, second from left) steadies the ladder; the eagle is tipped down for a stabilizing pin; the eagle's base is drilled for the stabilizing pin.



Left to right: Yes, concrete eagles can fly!; the eagle is lowered into place; Lonnie Johnson and Chuck Grandy as Dave unties the now placed eagle; Tom Bloch and Dave Llewellyn shake hands as Dick Purinton memorializes a job well done.



SYSTEM MAINTENANCE IS AN ONGOING PROJECT

You will recall in last month's issue of this magazine we talked about pole repairs, switchgear breaker maintenance, and recloser maintenance. It is important to note that this maintenance and inspection activity really never stops. During the month of August, we had Fabick Caterpillar here doing engine maintenance and inspection. This is done every two years and not only involves an overall inspection, but filter changes and oil changes for both engines. We do not put enough hours on our engines to justify the cost of doing this yearly. Day to day maintenance and inspection is handled by your crew.

Also, during the month of August, we had a visit from Tarelton Inspections. This contractor yearly inspects our fuel tank yard, pumps, valves, sumps, and sump monitoring system to ensure we are in compliance with state and federal rules regarding fuel storage. This year, Tarelton brought a representative along from the Department of Commerce who has Wisconsin regulatory authority over our fuel facilities. We passed this inspection with flying colors, both in the tank yard, the day tank containment area, and in the area of fuel monitoring.

Of course, there are always several, somewhat baffling, recommendations that are made, like separate grounding of the storage tanks (they are well grounded through the iron pipe connections and required ground connections in the engine room). We still comply with recommendations because in most cases it is easier to just do something that seems redundant or even silly than it is to argue. Over the years we have even had to change warning labels from "Combustible" to "Flammable" and then back to "Combustible" on the fuel storage tanks. Several years ago, we actually had a full inspection by the Region 5 inspector of the EPA. His inspection was significantly more in-depth than the general inspection we receive yearly and involved a full review of our Spill Prevention, Control and Countermeasure (SPCC) plan. He was quite complimentary of our system as well as our plan.

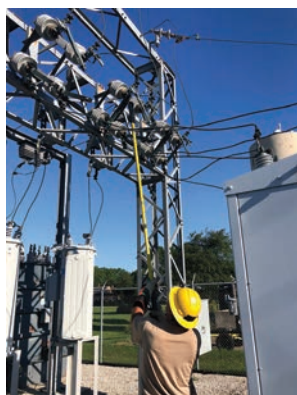
It is always helpful in the long run to have a good relationship with inspectors and compliance officers.

Later this fall, we will have Utility Sales and Service out of Little Chute, WI, here to preform DOT inspections on the trucks, general inspections and maintenance on the hydraulics and bucket section of the trucks, and dielectric inspections on the booms of the bucket trucks and digger derricks. These are incredibly important inspections in that they ensure that the insulating properties of the fiberglass boom are not compromised. We also do a "live" dielectric test as part of our safety meetings with Dairyland Power.

Also, later this fall, we will have SD Meyers here. Their role is to draw oil samples from the active equipment in the substation as well as spare equipment for the substation. They do a full analysis for dissolved metals, chemicals, and gas that can be an indication of deterioration, internal arcing, or moisture. We have had these tests show us that we had a seriously deteriorated tap changer on the main substation transformer, which allowed us to change the tap changer before it failed and caused an Island-wide outage.

In early August, you may have driven by and seen that we were on engines. We did this because we had to do some minor excavating work on Plum Island to expose additional fiber for splicing. While we were on engines, and disconnected from the mainland, your crew took the opportunity to confirm connections in every underground feeder cabinet prior to the substation. Over time, with heat and cold and the expansion and contraction that comes along with it, these connections can loosen.

Also in August, Eaton was back and performed preventive maintenance on the vacuum breaker in the substation. During this time, we were on engines and some trouble with voltage regulation required that we shut down, complete the preventive maintenance, and then return to shore power. This did not take long, but we are sure you remember the unexpected outage!



Top photo: Eaton personnel on site for substation breaker maintenance. Left: Mike Jorgenson isolates the breaker from the system. Right: Eaton personnel prepare for testing and preventive maintenance.

Robert Cornell, Manager

1157 Main Road, Washington Island, WI 54246

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Hours: Monday-Friday, 9 a.m.-5 p.m.

