



RISING ENERGY COSTS CHALLENGES ON MULTIPLE FRONTS AFFECT RATES

By Tim Stewart, CEO/Manager



**Clark Electric
Cooperative**

Your Touchstone Energy® Partner 

In today's modern world, having a source of safe, reliable, and affordable electricity is crucial. Here at Clark Electric Cooperative, it's something we strive to deliver 24 hours a day, every day. As we have stated in several articles of this magazine within the past year, almost every segment of the electric industry has been dramatically affected by supply chain, regulatory, and inflationary pressures. We are seeing lead times extend and prices escalate. What used to take weeks, now may take 18-24 months. We have seen dramatic increases in material costs that include a doubling of transformer costs, over 30% increase in cable costs, 57% in pole costs, and 90% increase in conduit costs. In addition, we have seen wholesale power costs increase, due in a large part to the wholesale power market. In 2022 we saw our power cost increase 6.6% from 2021. We are expecting a continued increase in 2023.

The cooperative has been successful in keeping our base rate charged for electricity stable for the past six years as there has not been a change in base rates since March 1, 2017.

This is an accomplishment that we are extremely proud of. Unfortunately, the effects of inflation, supply chain, and wholesale power costs have put pressure on our operations. The cooperative must keep up with the market forces that are impacting us. The cooperative will be raising the base Facility Charge for each rate class by \$6 per month. That equates to just under 0.20 cents per day. In aggregate, this increase is approximately 2.81% to overall revenues. The kilowatt hour charge will remain at the current base rate. The cooperative will continue to have a power cost adjustment on the bill. This adjustment can either be an addition to or subtraction from your billing statement. This tracks the fluctuations in wholesale power costs. The price adjust-

ment will be effective with April 1, 2023 usage that is billed in May 2023.

Maintaining dependable service at the most affordable price possible remains the cornerstone of our business. This being a member-owned, not-for-profit utility, it is in the best interest of all members to protect the integrity and financial stability of your organization. We want to reassure you that Clark Electric Cooperative will remain proactive in planning for your future energy needs. We work hard to anticipate any potential issues that could escalate the cost of energy. When and wherever possible, we work to minimize the impact those issues have on your energy bill. Although we must raise our prices to cover the cost of doing business, we are committed to ensuring this occurrence has the smallest impact on you.

We are committed to providing you with safe, reliable, and affordable electric service now and into the future.

Answers to some commonly asked questions regarding a price adjustment

No one likes a price increase. Yet, sometimes cost increases can't be avoided. The cooperative's last adjustment to base rates was effective six years ago (March 1, 2017). However, we must now implement a 2.81% increase to annual revenues to help fund the operations, maintenance, and construction programs that go into providing you electric service. Here are some answers to some commonly asked questions regarding a price adjustment. If you have additional questions, please do not hesitate to contact us. This is your cooperative.

How much does the cooperative plan to increase prices?

Clark Electric Cooperative will implement a 2.81% overall price adjustment to annual revenues effective April 1, 2023. This increase is \$6 per month per meter, or stated another way, approximately 20 cents per day.

How do Clark Electric Cooperative's prices compare with those of other utilities?

Clark Electric Cooperative's rates are very competitive with those of other utilities and, on an average bases, are

generally lower than many of the other utilities located in Wisconsin, especially those served by other cooperatives and investor-owned utilities.

Are other electric utilities seeking rate increases?

Yes, generally speaking rising costs have affected all utilities and many are seeking increases. Recent articles have highlighted utilities throughout the region and across the nation that have announced increases. In addition, several other utilities seek to adjust base rates annually. In its short-term energy outlook released February 7, 2023, the U.S. Energy Information Administration (EIA) anticipates residential prices will climb by 3.2 percent in 2023 from the 2022 level and a 14.20% increase since 2021.

What's a facility charge and what is included in it?

The facility charge is a fixed monthly price that reflects the cost of having service facilities in place and available for use by the members. This monthly charge remains the same

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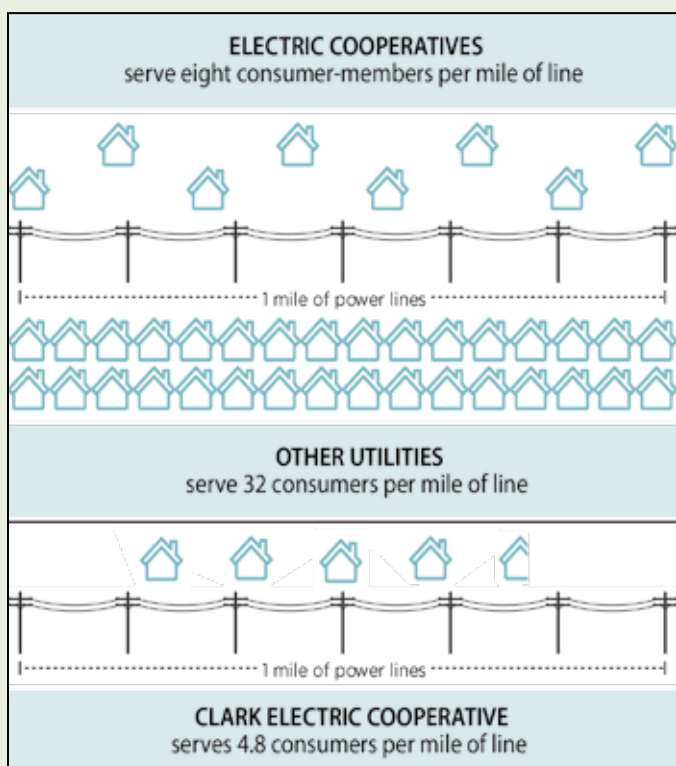
whether or not electricity is used. It helps pay for the fixed costs of the cooperative that don't change based on how much electricity is used (kWh) such as taxes, interest, depreciation, operations, poles, wires, transformers, meters, regulators and other equipment necessary to bring power to you. It also helps pay for employees who build the lines, fix the equipment, process payments, and do all the other things that make the cooperative run. It helps pay for fixed costs that don't change if electricity demand goes up or goes down. Because all cooperative members benefit from having reliable electric service available when they need it, the facility charge ensures that everyone pays their fair share for the basic costs. Some of our members use a lot of electricity all year long, and some may use electricity only one or two months per year. Whether you use a lot or a little, the cost of getting electric power to your home remains the same. The facility charge helps cover basic costs, and the per kWh charge for the actual amount of electricity consumed.

How much is the facility charge increasing?

The facility charge is increasing approximately 20 cents per day, or \$6 per month. There is no change in the base energy charge.

GOING THE EXTRA MILE

Electric co-ops maintain more miles of power lines per consumer than other electric utilities. Even though we power fewer consumers on our lines compared to other utilities, we'll always go the extra mile for you, the consumer-members we proudly serve.



Why is the cooperative's facility charge higher than the facility charge of the local investor-owned utility (IOU)?

The cooperative's facility charge, even after this increase, is still one of the lowest for rural electric systems in Wisconsin. However, we are higher than the IOU. Why is that? The answer is simple: It's because of low customer density. Clark Electric Cooperative has fewer than five meters per mile of line while IOUs' average density is more than 30 meters per mile of line. So our facility charge contributes about \$175 per month for fixed costs (6x\$35) and their facility charge brings in about \$450 per month (30x\$15). It is always more economical to serve areas of higher density.

Why does the cooperative need to increase prices?

Purchased power accounts for roughly 70 percent of our total costs of providing electric service.

Even though purchased power accounts for our largest single expense, we have experienced increases in our internal costs as well. Our fixed costs—items such as depreciation, tax expense, and interest expense—have increased. Operating and maintenance costs have also increased. In addition to these expense items, capital costs have increased as well. We have seen dramatic increases in material costs that include a doubling of transformer costs, over 30% increase in cable costs, 57% in pole costs and 90% increase in conduit costs. Employee costs have also increased in this time frame. These costs all affect our investment into the electric distribution system. On average we invest approximately \$2.0–\$2.5 million annually. Unfortunately, the cooperative is not immune from inflationary cost pressures.

Is the cooperative doing anything to hold down rates?

Clark Electric Cooperative strives to operate efficiently while offering reliable, affordable, competitively priced energy to our members. We're always looking for ways to manage and mitigate costs where feasible. The cooperative offers load management strategies, time-of-use options, and budget billing as ways to help manage cost. The load management strategy helps conserve energy when power demand is at its peak. It helps delay needed construction of power plants, which ultimately keeps capital needs and costs down. The time-of-use rate option helps to shift consumption to non-peak hours. In addition to these strategies, the cooperative has also reduced staffing 20 percent since 2004. Clark Electric Cooperative's local cost (total cost less power cost divided by kWh sold) remains one of the lowest in the cooperative segment of the electric industry in Wisconsin.

What can I do to help the cooperative hold down rates?

There are a number of things you can do. First, you can participate in load management programs. The load management strategy helps conserve energy when power demand is at its peak. It helps delay needed construction of power plants, which ultimately keeps capital needs and costs down. Secondly, pay attention to on-peak times and peak alert notices. The wholesale rate is very summer sensitive (June,



July, August) as well as time sensitive (primarily afternoons in the summer season). Time-of-use rate options may help you to shift consumption to non-peak hours. Third, be efficient by using energy wisely. The cooperative, as well as Focus on Energy, offers rebates to help boost your energy efficiency.

When can members expect the next increase?

It's hard to say. Some utilities adjust rates every single year. This is something that we have strived to avoid. Clark Electric Cooperative has not had a price adjustment to base rates in six years. The adjustment before that lasted four years. Lots of things can come into play that can affect rates. Many of these are unplanned and can be tied to rising costs of wholesale power, fuel, natural gas, regulations, extreme storms, inflation, and supply-chain issues. We are committed to doing our best to minimize the impacts of these issues by being proactive in our planning and focusing on maintaining the reliability, quality, and integrity of our system.

What is the cooperative doing to help members manage their bills?

Clark Electric Cooperative offers a number of options to help members manage their power bills. Some of those services that our members find valuable are automatic payment options, budget billing, load management programs, time-of-use offerings, and rebates. We also offer online energy audits and guides for conserving energy. The cooperative is also a member of Focus on Energy, so Clark Electric Cooperative members can also participate in Focus on Energy's offerings as well.

You said the cooperative will be adjusting total annual revenues by 2.8%. How come the increase in my energy cost is higher, or lower, than that?

The effects of the price adjustment on your bill will vary depending upon the type of service you require and the extent of your usage.

KNOW THE SIGNS OF A SCAM

It's no secret that consumers with utility services have long been targets for scams.

Common Types of Scams A scammer may claim you are overdue on your electric bill and threaten to disconnect your service if you don't pay immediately. Whether this is done in-person, by phone, text or email, the scammers want to scare you into immediate payment so you don't have time think clearly.

If this happens over the phone, simply hang up. If you're concerned about your bill, call us at 1-800-272-6188. Our phone number can also be found on your monthly bill and on our website, www.ccecoop.com. If the scam is by email or text, delete it before taking any action. Remember, Clark Electric Cooperative will never attempt to demand immediate payment after just one notice.

Some scammers may falsely claim you have been overcharged on your bill and say they want to give a refund. It sounds easy. All you have to do is click or press a button to initiate the process. If you proceed, you will be prompted to provide banking or other personal information. Instead of money going into your bank account, the scammers can drain your account and use personal information such as a social security number for identity theft.

If this "refund" scam happens over the phone, just hang up and block the phone number to prevent future robocalls. If this scam attempt occurs via email (known as a "phishing" attempt) or by text ("smishing"), do not click any links. Instead, delete it, and if possible, block the sender. If you do overpay on your energy bill, Clark Electric will automatically apply the credit to your next billing cycle. When in doubt, contact us.



Defend Yourself Against Scams Be wary of calls or texts from unknown numbers. Be suspicious of an unknown person claiming to be a utility worker who requests banking or other personal information.

Never let anyone into your home that you don't know unless you have a scheduled appointment or reported a problem. Clark Electric linemen often wear high-visibility clothing with the CEC logo, and all others will make appointments with you prior to meeting with you. When we perform work on our members' property or come into your home, our employees are professionals and will always identify themselves.

We want to help protect our community against utility scams, and you can help create the first line of defense. Please report any potential scams to us so we can spread the word to prevent others in the community from falling victim.

Spring Clean Up

Are your electric bills a mess? Clean them up by setting up recurring and stored payments through SmartHub. While you're there, check out the other great benefits SmartHub has to offer:

- Communicate directly with the co-op
- Pay your bill online
- Manage your account
- Sign up for paperless billing
- Check your usage

Questions? Call
Clark Electric at
715-267-6188 or go
to www.cecoop.com



REMINDER:

Scholarship applications are available and are due on Monday, March 6, 2023. Go to cecoop.com/scholarships to learn more.

MARK YOUR CALENDAR



Clark Electric
Cooperative's
Annual Meeting
May 10, 2023

Neillsville American Legion
Business meeting starts
at 9:30 a.m.

Energy Efficiency Tip of the Month



Washing windows and screens is a great way to practice energy efficiency during spring cleaning. Clean windows and screens make your home brighter by allowing more sunlight in, reducing the need for lamps and fixtures. Clean screens also allow more fresh air in the home when the windows are open to recycle indoor air. Natural light and clean air are energy savers, and they enhance overall health and productivity.

Source: energy.gov

Daylight Saving Time begins March 12.

Don't forget
to set your
clocks ahead
an hour!



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Office Hours: 7:30 a.m. – 4:00 p.m.