



By Kurt Harris, General Manager

PLANNING FOR 2023

Rising Energy and Supply Costs = Rate Changes

In today's economic climate, we are all concerned about rising costs. Every business and every member have been impacted in one way or another by supply-chain issues, fuel prices, surcharges, and lack of available resources. Your cooperative is no different. In 2022, our operations expenses increased for just about everything. The cost of transformers and cable increased by 70 percent, with all other materials seeing an average increase of 30 percent.

In 2023, we expect to see lead times extend and prices continue to increase. We've been asked by vendors to place our 2024 supply orders now to help ensure availability. What this means is the cooperative has increased the inventory levels we carry, and we are paying more for it. We have more money tied up in inventory, which puts a larger burden on cash, and ultimately financials.

In addition to these additional material expenses, we are also experiencing increases for major maintenance programs such as vegetation management. With the critical nature of our business, we need to secure materials and keep the line equipment and rights-of-way maintained to keep your lights on.

Dairyland Power Cooperative, our wholesale power provider, recently announced that we will receive a 5.72 percent rate increase effective January 1, 2023, on our cost of purchased power. Our current cost of purchased power is 52 percent of our overall expenses. That means for every dollar you pay, 52 cents will go to paying the wholesale power bill.

The board and staff have spent the last several months planning for 2023 and working on this year's budget. As we set our budget, we look at the increase in the cost of purchased power and the significant increase in material and project costs that we are seeing locally. We also consider economic

indicators like the Consumer Price Index, which recently reached a 40-year high.

Based on all these facts, a rate change has been approved by the board for all rate schedules, effective January 1, 2023. You will first see this change on your February 2023 energy bill (January usage). Residential members will see an increase of \$2.50 to the fixed cost of delivery charge and a 4 percent increase to the kilowatt-hour (kWh) rate. Go to jrec.com to see all rate schedules.

2023 Projects That Help Keep Your Lights On

As stated above, our goal is to always deliver safe, reliable electricity. Your power quality, in large part, is determined by the preventative maintenance and improvements made on the electric system. Right-of-way and tree clearing is a major component of power quality. Storms will still happen, causing power interruptions, but if we can perform routine maintenance on lines and equipment it increases the quality of power you receive. Here are some upcoming line replacement projects:

Rebuild line:

- Approximately 2 miles of overhead line on Singer Road, Atlanta Township
- 1 mile of line on Bell School Road, Flambeau Township
- Frogg Road to Thunderbird Road (off Highway B), Hayward Township

Replacing overhead to underground line, in approximate miles:

- 1.75 miles of line on Norwegian and Tyman Road, ending at Pieper Road, Atlanta Township
- 1.25 miles of line on Highway 8 to Townline Road, Flambeau Township
- 2.5 miles of line on Highway E, Hayward Township

RATE CHANGE FAQS

Why are rates changing?

- The 2022 Cost-of-Service (COS) study showed the cost of providing power to each residential meter is over \$47/month.
 - The COS study was completed in early 2022, prior to the price increases we are currently experiencing.
 - This amount is best collected through this charge.
- Increased costs for transformers and other materials along with vegetation management have elevated the cost of line maintenance.

- Increased wholesale power costs, interest expenses, and JREC's requirement to meet lender standards affect rates.

What will the new residential rates be?

- The fixed cost of delivery charge will be \$47 per meter.
- The kWh rate will be \$0.1110 for winter and \$0.1237 for summer, which is a change of less than \$0.0050 per kWh.
- You can find the rate schedule for all classes of service online at jrec.com/rate-schedule.

When will my bill change?

- This change is effective January 1,

2023, which will be reflected on your February bill.

What is a Fixed Cost of Delivery Charge?

- This charge covers costs associated with having an energized service at your home or cabin, i.e., trucks, cable, meters, transformers, labor, cost of insurance, interest, and other operating costs.
- Whether you use a little electricity or a lot, the cost of getting electric power to your home remains the same.
- All members benefit from having reliable electric service available when they need it, and the fixed cost of delivery charge ensures all members pay their fair share of the basic costs.