



WASHINGTON ISLAND
ELECTRIC COOPERATIVE
Since 1939

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 gymnasium of the Community Center on Washington Island, WI at 10:00 a.m. on **SATURDAY, SEPTEMBER 17, 2022** 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. Election of Directors
6. New Business
7. Questions and Answers
8. Drawing of Door Prizes
9. Adjournment
10. Lunch

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WASHINGTON ISLAND ELECTRIC COOPERATIVE, INC.
MEMBERS' FINANCIAL STATEMENT –
DECEMBER 31, 2020-2021
Balance Sheet

	2020		2021	
WHAT WE OWN (ASSETS)				
We have cash for operating amounting to		\$681,846.52		\$247,892.30
We have temporary investments and special deposits amounting to		417,124.42		325,467.92
Other special funds (Public Benefit Program)		80,826.88		88,727.03
Investment in associated organizations		103,272.91		112,437.91
The total cost of our system is	\$7,941,154.27		\$9,493,526.14	
We estimate it has depreciated	<u>5,152,829.44</u>		<u>5,370,317.92</u>	
The net value of our system is	\$2,788,324.83	\$2,788,324.83	\$4,123,208.22	\$4,123,208.22
Our accounts receivable are		70,754.95		58,076.22
Our accounts receivable other (line ext., materials sold, pole rental)		30,445.20		13,805.66
Our insurance proceeds receivable are (storm damage)		51,917.60		51,917.60
Our allowance for doubtful accounts is		(5,519.00)		(4,534.00)
State funds receivable		0.00		0.00
Our advance payments are		46,148.09		35,631.03
Our inventory (fuel oil, lube oil, etc.)		75,695.46		60,149.71
The value of our materials and supplies is		<u>180,324.45</u>		<u>209,105.31</u>
OUR TOTAL ASSETS ARE		\$4,521,162.31		\$5,321,884.91
WHAT WE OWE (LIABILITIES)				
Our current and accrued liabilities		\$30,166.77		\$38,983.06
We borrowed from NRUCFC	\$1,829,696.18		\$1,939,696.18	
We paid NRUCFC on principal	<u>\$639,093.36</u>		<u>\$730,299.49</u>	
Our total obligation to NRUCFC is	\$1,190,602.82	\$1,190,602.82	\$1,209,396.69	\$1,209,396.69
Notes payable – NRUCFC line of credit		673,145.64		1,323,145.70
Our consumer deposits are (Public Benefit Program)		80,826.88		88,727.03
Our membership fees amount to		12,395.62		12,715.62
Our operating margins to date are		2,490,796.42		2,422,567.49
Operating loss – prior years		(53,171.38)		0.00
Accounts payable (purchased power, patronage capital)		<u>96,399.54</u>		<u>226,349.32</u>
OUR TOTAL LIABILITIES ARE		\$4,521,162.31		\$5,321,884.91



WASHINGTON ISLAND ELECTRIC COOPERATIVE, INC.
MEMBERS' FINANCIAL STATEMENT –
DECEMBER 31, 2020–2021
Receipts and Expenditures

	2020		2021	
RECEIPTS:				
Energy		1,872,585.23		1,849,916.55
Penalties		10,740.06		10,090.36
Interest & patronage dividends		39,422.40		17,763.52
Miscellaneous income		78.20		368.46
Non-operating revenue (Frontier pole rental, material sold, wood chips, etc.)		10,585.00		2,951.84
		<u>\$1,933,410.89</u>		<u>\$1,881,090.73</u>
EXPENSES:				
Cost of purchased power	628,392.30		766,962.10	
Cost of self generation	22,384.51		58,946.86	
Cost of maintaining/operating our lines and station equipment	241,866.25		226,673.22	
Our consumer accounting, collecting, etc. was	80,957.73		106,529.32	
Office salaries and expenses were	130,443.89		99,507.22	
Our outside services were	17,708.50		67,892.77	
Our miscellaneous general expense was	63,053.77		48,794.48	
Maintenance of general property	29,684.68		37,014.53	
Our insurance expense was	144,796.39		143,846.28	
Taxes – property, state sales tax, unemployment	40,810.97		35,650.79	
Interest – NRUCFC — long term debt / line of credit	98,604.11		66,677.97	
Depreciation reserve	212,751.49		213,323.96	
OUR TOTAL EXPENSES WERE	\$1,711,454.59	\$1,711,454.59	\$1,871,819.50	\$1,871,819.50
OUR OPERATING MARGINS WERE		\$221,956.30		\$9,271.23

WASHINGTON ISLAND ELECTRIC COOPERATIVE, INC.

ITEMS OF INTEREST TO MEMBERS

	2019	2020	2021
Revenue Received Per Year	\$2,125,765	\$1,903,413	\$1,881,091
Peak Demand	2310KW	1915KW	2187KW
KWH Generated	21,712	8,728	14,273
KWH Purchased	10,932,482	10,640,199	10,752,924
Total KWH	10,954,194	10,648,927	10,767,197
Station Service	408,216	495,120	453,420
KWH Sold	9,430,954	8,955,111	9,239,595
Line Loss in KWH	1,115,024	1,198,696	1,074,182
Line Loss in %	10.6%	10.6%	10.0%
Average Cost per KWH Generated	\$2.17263	\$2.56468	\$4.12996
Average Cost per KWH Purchased	\$0.06151	\$0.05906	\$0.07133
Total Services in Place	1,084	1,080	1,082
Disconnected Services	4	8	4
Services Reconnected	2	1	2
New Services Connected	10	3	4
AVERAGE BILL PER MONTH			
Non-Farms	\$196.73	\$182.35	\$177.87
Farms	210.44	135.08	114.05
Seasonals (Annual Bill)	1,312.43	1,170.04	92.55
Commercials	297.45	257.18	234.74
Street Lights (Annual Bill)	909.54	727.70	55.83
Public Buildings	541.15	462.17	275.78
WHERE YOUR DOLLAR CAME FROM – ENERGY SALES			
Non-Farms	40.6	42.4	42.3
Farms	1.0	0.6	0.5
Seasonals	35.8	34.8	33.9
Commercials	17.5	17.0	18.1
Street Lights	0.1	0.1	0.1
Public Buildings	5.0	5.1	5.1
	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>
HOW YOUR DOLLAR WAS SPENT			
Interest on Loans	7.2	5.1	3.6
Cost of Power	38.3	33.7	43.9
Depreciation	9.4	11.0	11.3
Taxes and Insurance	8.5	9.6	9.5
Operating Expenses	29.3	29.1	31.2
Margins	7.3	11.5	0.5
	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>
Total Utility Plant	\$7,884,533	\$7,941,154	\$9,493,526
Principal Paid CFC	\$551,460	\$639,093	\$730,299



THE COST OF ENERGY POLICY

We want to continue to highlight the increased costs due to current energy policies.

In July, we ended the month with a total of 76 hours of interruption, and while this was nine hours less than June's 85 hours, the market prices fluctuated pretty wildly and this translated to a nearly \$19,000 adder to our wholesale bill. Formula rate costs were up as well and our total ended up being \$104,000 for the month of July. This is a record for the summer months and second only to the \$121,000 bill that occurred in February of 2021 (remember Texas?).

Once again, with the cost of diesel fuel it was still cheaper to buy on the open market during these hours, but we still have a genuine concern about how close we come to a mandatory hard interruption during these times.

So far, at the time of this writing, August has been better and we have had zero (0) hours of economic interruption, but considering I am writing this on the 13th, we have more than half a month to go.

As we have noted before, this situation is a direct function of supply and demand and is largely affected by the available supply of natural gas and the transition from more stable fuel sources.

ANNUAL MEETING IS SEPTEMBER 17

Watch your mail for your ballot

You will note the extra pages in the magazine this month. This is the official annual meeting notice as well as the balance sheet and information that is generally sent out in the mail. You should still watch your mail for the ballot and complete it and return it to the cooperative. It can be mailed back, scanned and emailed back, delivered to the cooperative, or brought to the annual meeting. We prefer that ballots come to the cooperative prior to the annual meeting because dealing with them in advance does not slow anything up at the meeting, where we know door prizes and lunch are the most anticipated items on the agenda.

We had hoped to include the ballot in the magazine, but deadlines and timing made that impossible so it will be mailed out as usual. Maybe next year!

The meeting is scheduled for September 17, 2022 at 10 a.m. and will take place as it traditionally has at the community center.

BROADBAND FUNDING AND THE IMPORTANCE OF SPEED TESTS

We tend to repeat ourselves when the information is important, and this is just such a case. We want to encourage everyone to participate in the State of Wisconsin's WISER survey to document service and document speeds. The link for this survey is:

<https://maps.psc.wi.gov/apps/WISER/index.html>

You can also take the survey by calling: **608-267-3595**

It is important that you take the speed test by following the link at the survey site. You can also access the WISER survey and answer a few additional questions at the Door County site,

<https://www.fibernetdoorcounty.org/>.

Every resident who is able needs to not only take the survey, but repeatedly do speed tests using the state's link. This will provide data that will help with our future grant efforts by documenting the fact that we are unserved. Even if you are in the first group to get connected here (remember, everyone will be connected in time), we still want you to take the speed test.

It should go without saying that this speed test needs to be taken here on the Island in order to provide accurate information; however, some of our members who have homes in Door County should do it there as well.

We will be putting these links on our website as well as on our Facebook page in order to make it easier for you to click rather than type!



KEEPING THE LIGHTS ON



Unloading the new 25KVA transformers was much easier with the skidsteer and the forks.



We still fight supply-chain issues in order to keep our inventory ahead of our daily needs. We only just now received 40 transformers that were ordered towards the end of last year and they came without the switch/overload that we normally get. This means we will need to install a fused cutout at each transformer location, which is not a bad thing by any means, but is a bit of added work. In the past, we would order a semi-load of various sized transformers from a rebuilder. These rebuilt transformers were always significantly cheaper than new transformers and the lifespan did not seem to be affected. By ordering a semi load every two to three years, we were able to ship out the take-down transformers that had accumulated since the last load. We always received a credit from the rebuilder for those that could be rebuilt. This time, believe it or not, rebuilt transformers were nearly twice the cost of new, so that was the route we went. And...the new transformers are roughly twice the price that they once were.

Of course now we have a load of take downs that will need to be dispositioned, but these also have more value than they did before because of the nationwide shortage. It was a bit nerve-wracking to be down to two 25KVA transformers when this latest load arrived, but now we are in good shape. The only issue is that RESCO allocations for next year are filling up quickly and we have to try and determine if we are in good shape for two years to come or if we need to place another order knowing that they will not arrive for as much as a year, with prices subject to escalation.

Unloading with More Ease The skidsteer and forks make life so much easier and safer. It seems like every day we wonder why we did not have this equipment years ago. We used to unload transformers using the hoist on the digger derrick, which required one person running the derrick, one person (usually the truck driver) on the truck slinging the transformers, and one person on the ground unhooking. The

transformers then needed to be moved to their storage location. Acquiring equipment with multiple uses is another advantage to winning grants and utilizing the money wisely.

Conductor and the Sixth Principle One of the other serious supply-chain issues affecting utilities is conductor availability both for underground and overhead. All of our conductor on the Island is a product called “Copperweld” and with the exception of what’s directly around the substation, it is



Left: 6A and 8A Copperweld loaded at Polk Burnett's Centuria shop. Above: 8A Copperweld loaded at Eau Claire.



some additional conductor available once some project work is done at other cooperatives, but suffice it to say that we will have enough conductor to last at least another 15 years at a savings of roughly \$35,000. This is a prime example of that 6th Cooperative Principle: Cooperation Among Cooperatives. It was a long drive to pick up the conductor, but I think you will agree that it was worth the trip and we want to thank our fellow cooperatives for looking out for us once again.

Rocky Work We continue to work on line extensions, with one underway and two additional line extensions on the docket. In another case of “why didn’t we have this years ago,” one line extension required the installation of three poles, and true to Island geology, there was about 1 foot of soil on top of solid rock. While the hydraulic breaker and mini excavator did not necessarily make it “quick work,” it certainly was much quicker than it would have been with previous methods, and much easier as well. In the past we would have either blasted the hole with dynamite or abused the heck out of our digger derrick and the rock ripper head we have for the auger.



Breaking through solid limestone in order to set a pole.

all either size 8A or 6A. Copperweld conductor generally consists of three strands, two of which are annealed copper and one of which is a copper alloy that adds strength and allows the conductor to be self-supporting. The conductor can be as small as it is because the high distribution voltages (in our case 7,200 volts from phase to ground) allow for a lower current in order to carry the same load. We do not experience the load growth that other utilities and our fellow cooperatives see regularly, which causes them to need to uprate their distribution lines to larger sized conductor. This is an expensive prospect using copper, and the trend (although not necessarily a new trend as it dates back to the 1940s) is to uprate using aluminum wire. This allows the utility to increase load capacity of its conductors at a lower cost.

Our supply of Copperweld for line extensions and repair was diminished and a quote for new production 8A Copperweld came in at \$0.69 per foot, with a minimum purchase of 17,500 ft. This comes with a significant lead time as well.

In about 2005 we were in the same boat and I asked my fellow cooperative managers if, when they were reconducting, they would roll up and save their take-down 8A and 6A Copperweld. Eau Claire, Adams-Columbia, and Jackson Electric Cooperatives all answered the call and we have been working off what they supplied us for scrap value at the time.

I sent the call out again and soon had positive responses from Polk Burnett and Eau Claire, and for an approximate scrap price of \$0.14 per foot, we soon had approximately 6,500 lbs of conductor to pick up and haul home. We will have

Michels boring crew has begun work on the mainland, trenching for conduit underground. Their work is extra challenging thanks to the area's rocky ground.



FIBER UPDATE: STILL DELAYED, BUT PROGRESS IS BEING MADE

At the time of this writing, we still do not have a confirmed date for Nsight's contractor, HBI, to begin work on the Island. We are hopeful that their estimated last week of August target will hold true, but we are not holding our breath. As we have noted, we need the backbone installation in order to get light to the Cooperative so that we can begin sending it out to you.

On the bright side, Nsight's contractor on the mainland, Michels, has begun work, starting with trenching and boring at the cell tower site on Sawmill Lane. Once they have conduit under Hwy. 42, their overhead crew will begin (hopefully) the week of August 22. Considering the conditions are much the same in the Gills Rock area as they are here, their boring crew has had fun with rock.

While on the mainland looking at the job with Michels, we noted (and passed on) the issue pictured at right that would certainly dampen our efforts should it cause a failure in the mainland fiber feed, but also shows we are not the only ones with trimming issues!

Nsight fiber is on Frontier poles and it is doubtful that either of them want to harvest the grapes these wild vines will produce or deal with the aftermath of a failed pole or broken spinning wire. In the meantime, we have continued to string messenger wire and will begin stringing fiber and drops even though it is in advance of light.



We have procured our IPv4 addresses for every home and business on the Island as well as our IPv6 addresses. Both blocks of addresses were purchased with future needs and growth in mind beyond the 1,100 services present now.

When we started this process, we knew there was a shortage of IPv4 addresses and that they would be expensive to acquire, but little did we know that this commodity would end up costing double what we estimated. In any case, at the time of this writing, our headend routers are being programmed by NRTC personnel in Huntsville, AL and hopefully will be back in our hands by the time you read this.

We have heard some rumors that the map that was published in the *Observer* has caused some confusion and that the local rumor mill has furthered that confusion. That map was what was included in our grant application (which we won) for that portion of the Island. We have noted before, but evidently it bears repeating, that we will not just be serving the 314 homes and businesses on this map. We will be serving every home and business on the Island. Once we have completed the mapped area, we will be expanding elsewhere until the whole Island is served. The route we follow may depend on future grant applications and funding and how we "justify our begging," but we WILL get to everyone. The process takes time and we think you would agree that keeping the lights on is pretty important as well. Supply-chain issues, contractor delays, and other factors may delay us, but we will get to you. In fact, these delays we have been experiencing, which are beyond our control, are also affecting the revenue stream we were hoping to be building by mid-summer and the later things get, the more likely we are going to be further delayed by winter weather.

If you have a question, please ask! Don't succumb to believing what you heard somewhere.

Robert Cornell, Manager

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

