



**Clark Electric Cooperative**

Your Touchstone Energy® Partner 



# RISING ENERGY COSTS

By Tim Stewart, CEO/Manager

In today's economic climate, we are all concerned about rising costs. Here at Clark Electric Cooperative, we are no different. As we have stated in several articles of this magazine, almost every segment of the electric industry has been dramatically affected by supply-chain issues. We are seeing lead times extend and prices go up. What used to take weeks now may take 18–24 months. New transformers are very difficult to get, most being a year out. We are being asked by our vendors to place orders for certain cable needs for 2024 to ensure availability. We have seen 100% increase in transformer costs, over 30% increase in cable costs, 57% increase in pole costs, and 90% increase in conduit costs. What this all 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 material costs, we are also experiencing increases for major maintenance programs such as vegetation management, as this year we will see an increase of over 20% for tree clearing alone.

When we look at economic indicators, we see inflation continues to be of concern to many of us as 2022 has seen the year over year Consumer Price Index (COI) reach a 40-year high. In addition, we expect the Federal Reserve will continue its tightening policy by continuing to raise interest rates to combat inflation, which will push borrowing costs higher.

## Wholesale Power Costs Rising

In my July 2022 article entitled “Risk of Rolling Blackouts This Summer – MISO projects risk of insufficient firm generation resources to cover peak load in summer months,” I discussed the grim reliability forecast from the regional grid operator. Fortunately rolling blackouts

didn't come to fruition as providing safe, reliable electricity is our top priority. However, electricity production has cost more due to high electricity demand, delayed fuel deliveries, and increased fuel costs (primarily natural gas). Combined with higher-than-budgeted purchased power costs in the energy market, expenses increased dramatically. Just as Clark Electric Cooperative and Dairyland Power Cooperative are not immune to the effects of inflation, neither is the regional power market

## What is a Power Cost Adjustment?

The Power Cost Adjustment is a monthly adjustment dependent on fluctuation in the cost of purchased power from our power supplier. The

PCA can either be a credit or an additional charge. Throughout most of 2020 and 2021 the PCA was mostly a credit to members as power cost trended down. This year that trend has reversed.

Dairyland Power Cooperative (our power provider) is experiencing increasing pressure on our wholesale rate based on multiple factors including higher energy prices in MISO, delayed fuel deliveries, and higher fuel costs. As demand in the MISO footprint tightens, prices increase.

We are fortunate that when demand for electricity is at the highest, Dairyland owns two combustion turbine plants (also called peaking plants)—the RockGen Energy Center and Elk Mound

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## How does MISO work?

Clark Electric is a distribution cooperative that receives power from Dairyland Power Cooperative, a generation and transmission (G&T) cooperative in La Crosse. Clark Electric Cooperative is a member-owner of Dairyland, just like Clark Electric Cooperative members

are member-owners of their local electric cooperative. As a G&T cooperative, Dairyland is part of the MISO (Midcontinent Independent System Operator), which is one of seven regional transmission organizations (RTOs) in the United States. MISO was created in 1998 to provide safe, cost-effective delivery of electric power across all or parts of 15 U.S. states and the Canadian province of Manitoba. Through MISO, Dairyland sells the power it generates and purchases power it needs for its members.

Employees in Dairyland's System Operations Center balance members' electricity needs against MISO's pricing for electricity. Cooperative members who shift high electricity use to off-peak hours and participate in our load/energy management program help Clark Electric Cooperative's efforts to keep overall rates stable and affordable.

MISO is headquartered in Carmel, Ind. More information on MISO can be found online at [www.misoenergy.org](http://www.misoenergy.org).



## Rising Energy Costs Continued from previous page

Combustion Turbines. These plants run on natural gas and are only intended to be called upon when the demand for electricity is at its peak. In the last year, however, both RockGen and Elk Mound have set generation records because of the need for reliable, baseload electricity on the grid when all other available resources have been utilized. Having these facilities in Dairyland's portfolio has supported reliability in our region. Power sales from their operation have helped moderate—but not eliminate—higher-than-budgeted power expenses.

“July and August were challenging months. The tremendous unit availability of Dairyland's owned generation facilities helped reduce, but not eliminate, Dairyland and our member cooperatives' exposure to high market prices for electricity,” Dairyland Executive Vice President and Chief Financial Officer Phil Moilien said. “Dairyland has been working all year on cost management measures to help keep wholesale power rates stable for our

member cooperatives and their members at the end of the lines. But we are still vulnerable to market fluctuations.”

### Dairyland Power Generation Mix

Dairyland uses a diverse mix of fuel sources for electricity. Last year, their generation mix was composed of coal (37%), natural gas (38%), wind/solar (22%), and hydro/other renewables (3%). This diverse fuel mix along with power plant ownership and power purchase agreements (PPA) help reduce more dramatic fluctuations in generation costs.

### What Does this All Mean?

**Clark Electric Cooperative has not had a change to our base electric rates for almost six full years (the last price change was March 1, 2017).** Cost pressures due to supply chain, record inflation, and now rising power costs are putting pressure on prices. As a not-for-profit electric utility, we will continue to try to mitigate what and where we can.



## Clark Electric Recognized for Safety

Clark Electric Cooperative was recognized with a 2021 No Lost Time Accident award in September 2022. Chad Knutson, senior safety and loss prevention consultant at Federated Rural Electric Insurance Exchange (left) congratulated Clark Electric on receiving the award, noting “The award is significant, and Clark Electric's organization is to be commended. Clark's record of over 447,184 hours since the last lost time accident in 2013 is an achievement that they should be proud of.”

## COLBY MIDDLE SCHOOL ATTENDS SAFETY DEMONSTRATION

Clark Electric Cooperative hosted an electrical safety demonstration for approximately 70 students from the Colby Middle School in October. Linemen Jeff Fellenz, Jared Jensen, and Zach Johnson conducted the safety demonstration at the cooperative's headquarters in Greenwood and talked to the students about safety around power lines. A lot of questions were asked and as always, the kids jumped as the fuses blew when the hot dog came into contact with the energized line.

Clark Electric conducts safety demonstrations for local schools and community clubs throughout the year. This is one of the ways Clark incorporates the 7th Cooperative Principle, Concern for Community, into the surrounding communities. If you would like a demonstration for your group, just call our office at 715-267-6188 and ask for Tanya.





# MEMBER APPRECIATION DAY

## KICK OFF TO CO-OP MONTH CELEBRATION

Cooperative members gathered the morning of Saturday, September 24, for the annual Member Appreciation Day Pancake Breakfast/Kick Off to Co-op Month event. The breakfast included pancakes, eggs, sausage, and fresh cheese curds. The breakfast was just the beginning of the many activities that were available for members of all ages.

The kids enjoyed inflatables, pumpkin crafts, and picture frame crafting (including their own pictures to put in it). Marshfield Medical Center – Neillsville and Clark County Health Department participated with child safety information, including door prizes for the kids. They also provided health-screening information for the adults.

Greenwood EMS and Fire Department were on hand with their equipment and performed blood-pressure checks. The Clark County Sheriff’s Department was present to do a “Drug Take Back” event, which was very successful.

A food drive for the local food pantry was included in the events and provided a great way to include the 7th Cooperative Principle, Concern for Community, in this cooperative event.

This year’s food pantry donations of 132 pounds was donated to the Greenwood food pantry. The donations are rotated to a different community each year in the hope of reaching as many as possible in our service area.

CEO Tim Stewart and several of the directors were on hand to answer questions about the all-electric vehicle and visit with members while they enjoyed the morning.

Clark Electric Appliance and Satellite was there with information on products offered through their department.

## Congratulations to the Door Prize Winners!

Kids 12 and under were asked to guess the weight of a huge pumpkin. The actual weight was 238 pounds. Tony Smith from Willard and Corbin Loos from Loyal each received a gift card as winners of the kid’s door prize for having the closest guess. Thank you to everyone who joined us for this year’s event, and we hope to see you again next year!



# LOAD MANAGEMENT TEST SET FOR NOVEMBER 16

Please be advised that the Winter Preparedness Test for Interruptible Heat (Dual Fuel) Members is scheduled for **Wednesday, November 16**. This load control test is performed in advance of the winter Full Load Control season to ensure member familiarity with the control sequence and to ensure that backup heating systems have been validated for proper function.

During the test, residential Interruptible Heat load classes (2, 2W, & 4B) will be controlled as follows:

<u>Time</u>	<u>Control Status</u>
5:00 p.m.	Control start
5:05 p.m.	All loads interrupted (2,2W,4B)
8:30 p.m.	Class 4B loads restored
9:00 p.m.	Class 2 and 2W loads begin diversified restoration
10:00 p.m.	Class 2 and 2W loads fully restored

If you experience any problems during this test, or if you have questions, contact Clark Electric Cooperative, 714-267-6188 or 800-272-6188.



## FALL BACK NOVEMBER 6

*If you're on our Time-of-Day Rate, don't forget to change your time clock too!*

If you are on our Time-of-Day Rate, you probably have a time clock controlling devices. Remember to switch the time clock on these devices back one hour as Daylight Savings Time ends on Sunday, November 6. It is important that your time clocks are reset to avoid using electricity during peak times, resulting in a higher-than-normal electric bill. Clark Electric Cooperative's Time-of-Day Rate can save you money on your electric bill; however, you must be willing and able to shift your electric usage around so you can utilize the lower cost of electricity. For more information, contact our office or visit our website at [www.cecoop.com](http://www.cecoop.com).

## FOR SALE BY SEALED BIDS



2006 Chevy 2500 Ex-Cab 4X4, 6.6-liter Diesel, automatic transmission, pw, pl, air conditioning, cruise control, 215,000 miles. Interested parties should send sealed bids to Clark Electric Cooperative, PO Box 190, Greenwood, WI 54437, or deliver in person to the main office at 1209 W Dall-Berg Rd., Greenwood. (Attention Mike Ruff) Bids will be accepted until 4 p.m. Friday November 25, 2022. Truck can be seen across from the Clark Electric Cooperative office along Dall-Berg Rd., Greenwood. Questions or inquiries should be directed to Mike Ruff, director of operations.

Bids to start no less than \$4,500.

Clark Electric Cooperative reserves the right to reject any and all bids. Truck is being sold as is with no warranty implied.



2008 GMC 3500 Ex-Cab 4X4, 6.6-liter Diesel, utility body, automatic transmission, pw, pl, air conditioning, cruise control, 164,000 miles. Interested parties should send sealed bids to Clark Electric Cooperative, PO Box 190, Greenwood, WI 54437, or deliver in person to the main office at 1209 W Dall-Berg Rd., Greenwood. (Attention Mike Ruff) Bids will be accepted until 4 p.m. Friday November 25, 2022. Truck can be seen across from the Clark Electric Cooperative office along Dall-Berg Rd., Greenwood. Questions or inquiries should be directed to Mike Ruff, director of operations.

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**Office Hours: 7:30 a.m. – 4:00 p.m.**