

Year in



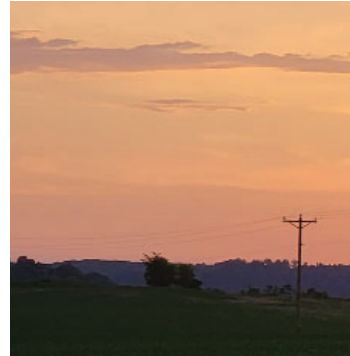
REVIEW

2022



Year in REVIEW

2022



Look back at the year with us, see where we've been
and where we're going with electric cooperatives.

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TO OUR VALUED MEMBERS

This has been another year full of change and challenges in our industry. We often talk about disruption and reliability—it is a frightening thought to consider the things we have come to depend on could suddenly fracture the foundation of our operation. It's a sentiment that hit me personally this year.

I would like to thank the very many people who reached out to me following my cancer diagnosis this summer. Your calls, emails, texts, and cards meant more to me than words can express, and I believe your prayers and positive thoughts are working. I am doing well and hope to return to the office, and the job that I enjoy so much, by the beginning of the year.



I believe the battles we are fighting on behalf of electric cooperatives this year are as important as ever. From third-party solar to securing federal support during the transition to cleaner energy, our priority is ensuring reliability for a healthy and safe future for all members.

It was a wake-up call for many when MISO alerted the region that this summer, for the first time, we could face rolling blackouts. The June heat wave was a frightening time. We will continue to use our voice to support diversity in generation. We will continue to work to ensure reliability and avoid disruption. Because you can't take anything for granted.

Please keep the prayers and positive thoughts coming. I hope to see you all very soon.

Sincerely,

Stephen J. Freese
President & CEO



LEGISLATIVE & REGULATORY

While many new opportunities exist for electric cooperatives, there are also efforts to derail the regulatory model in Wisconsin, which has been a main legislative focus at WECA. In late May, two non-profit entities, Vote Solar and Midwest Renewable Energy Association, filed individual petitions asking the Public Service Commission (PSC) of Wisconsin to make declaratory rulings that third-party financed distributed energy resources (ie. solar, wind, geothermal, etc.) are not “public utilities” defined under state law or subject to PSC’s jurisdiction. WECA is intervening in strong opposition to both dockets, arguing that a policy decision of this significance and magnitude must be left to the legislature. A decision is expected by end of the year, and if the PSC votes in favor of legalizing third-party ownership, then a legal appeal in court is highly anticipated.

Even before these dockets were opened by the PSC, WECA fought a legislative effort by solar entities to legalize third-party community solar and third-party ownership in the state legislature. With the help of its members, WECA was successful in convincing legislators that this unregulated scheme would greatly diminish reliability and consumer protections that benefit our members. Equally important, legislated third-party and community solar agreements will shift costs onto individuals who can least afford this investment. It is unreasonable and potentially unsafe to allow a few to escape the financial burden of maintaining a reliable and balanced grid for all our consumer members.

With federal subsidies slated for the solar and wind industries to the tune of \$320 billion over the coming years, this will substantially increase pressure from well-funded, special interests to dismantle Wisconsin’s regulated electricity model. WECA will continue educating legislators that allowing utilities to continue an aggressive, yet regulated, build out of solar, wind, and other renewable sources of clean energy is the most effective and cost-efficient means of meeting consumer demand with all the necessary protections in place.

Since the state legislature adjourned in early March, WECA’s 2022 priorities have largely been driven by federal legislation and spending. The passage of the \$1.2 trillion Infrastructure Investment and Jobs Act (IIJA) on November 15, 2021, set in motion a number of programs and funding initiatives that have begun to see implementation this year. In addition to that, the \$750 billion Inflation Reduction Act (IRA) was signed in August of this year, a major partisan spending bill on health care, climate, and tax issues. The combination of these two bills, along with the American Rescue Plan Act (ARPA) from earlier in President Biden’s presidency, have created trillions in program and spending opportunities, and WECA is diligently working to ensure electric cooperatives can take advantage of these resources.

Major initiatives in the IIJA include \$7.5 billion for states to partner with private entities, including





local electric cooperatives, on electric vehicle (and alternative fuel) charging infrastructure. Through the National Electric Vehicle Infrastructure Program, Wisconsin is slated to receive \$78.5 million over the next five years. WECA will continue to be heavily involved in the rollout of the state electric vehicle plan and any trailer legislation that may be needed for its implementation. This coincides with five Midwest governors from Michigan, Illinois, Indiana, Minnesota, and Wisconsin announcing a collaboration in 2021 to create an EV charging network across the Midwest, followed up by the creation of a Lake Michigan Electric Vehicle Circuit to accelerate EV adoption policies and practices around the entire 1,100-mile stretch of the Lake Michigan shoreline.

There are two significant provisions in the Inflation Reduction Act that electric cooperatives will be able to capitalize on. First, cooperatives can now take advantage of direct federal payments when new energy technologies are deployed such as carbon capture, energy storage, nuclear, and renewables. This new measure negates any need for co-ops to rely on for-profit, third-party partners to capture the tax credits. Administered by the USDA, the IRA also creates a nearly \$10 billion grant and loan program designed specifically for co-ops to buy or build new clean energy systems.

Broadband continues to be an issue of necessity and urgency for many throughout rural Wisconsin. WECA worked with legislators last session to improve how the state implements and funds the Broadband Expansion Grant Program. ARPA and IIJA have helped fuel tens of billions of dollars in funding to states to expand access. With Congress and the White House recognizing that cooperatives must be viewed as partners in getting broadband to those in remote areas, cooperatives are positioned for priority consideration to receive the needed resources to help members get connected.

Also this year, WECA became a participating statewide in the Cooperative Regional Mutual Aid Plan (CRMAP). Similar to ROPE, the CRMAP is a voluntary mutual aid program that provides Wisconsin's electric cooperatives access to manpower and equipment from co-ops located in the states of Illinois, Iowa, Michigan, Minnesota, North Dakota, and South Dakota. While it's unlikely most storm-related outages would result in the activation of the CRMAP, this new mutual aid program provides an important backstop to ROPE in a worst-case scenario.

In addition, WECA joined the Utility Public-Private Partnership Program (UP3), made up of Wisconsin Emergency Management and electric utilities in the state. This collaboration aligns interests to restore electric service following disasters, supports information sharing on threats to critical electric infrastructure, provides utility partners potential access to state resources and manpower, and offers representation in the State Emergency Operations Center.

WECA also successfully advocated for changes to WEM 7, the rule for the Wisconsin Disaster Fund. The change ends the requirement for securing a local emergency disaster declaration as a condition of eligibility. This change is a continuation of WECA's efforts to ensure electric distribution cooperatives continue to be eligible program participants for a program that has paid out more than \$1 million to members in the last few years.



ACRE & POLITICAL ACTION

An even-numbered year means elections, and that's when WECA's Action Committee for Rural Electrification (ACRE) gets busy. ACRE is a non-partisan political action committee that supports candidates who demonstrate a commitment to supporting cooperative goals or hold leadership positions that could influence political/legislative outcomes. Along with making contributions to candidates running for State Assembly or Senate seats, ACRE also makes contributions to the four legislative campaign committees run by each caucus' leadership team.

ACRE continues to make its name and presence known, with members attending fundraisers throughout the year or inviting candidates to cooperative offices to get a better understanding of the operations, the infrastructures, and the people who make up the state's rural electric cooperatives.

Involvement is the key. We can't do this without you!

ACRE has strived to get board directors and senior management more involved in political fundraisers in recent years, and as the pictures attest, it's paying dividends.

ACRE's ability to support those who support electric co-ops depends on membership of cooperative management, directors, and employees.

Involvement is the key. Those who aren't already active ACRE members: Please consider joining to help raise the voice and influence of electric co-ops in the halls of Congress and our state Capitol building.

We can't do this without you!



YOUTH PROGRAMS

After taking a two-year hiatus due to the pandemic, Washington, D.C., welcomed back nine students from Wisconsin electric cooperatives to the **2022 National**

Rural Electric Cooperative Association (NRECA) Youth Tour. Still bouncing back, attendance was down overall, with 28 states sending 1,239 students on this year's Youth Tour, which was staggered over two weeks in June. Students visited monuments, battlegrounds, and museums. They attended and were a part of the wreath-laying ceremony at the Tomb of the Unknown Soldier at Arlington Cemetery, participated in Co-ops 101, and spoke with representatives in Congress.

The **WECA Youth Leadership Congress** also returned in-person this year and was held July 12–14, 2022, at UW-Stout, attracting more than 60 high school students. The three days were packed with Co-ops 101, team-building activities, district break-out sessions, motivational speaker Craig Hillier, a career and leadership fair, a safety presentation, campaigning for the Youth Board, etiquette dinner, and fun entertainment with hypnotist Dr. Al Snyder.

For the second year, WECA and participating electric cooperatives held an electricity

safety poster contest. The contest was for children in grade 3 of the 2021–2022 school year. The overwhelming number of entries

was truly impressive, and the submissions showed exceptional creativity and knowledge of electrical safety. Selecting only three winners was a very difficult task. Below are the entries the judges determined best met the criteria for the contest.

This year's winners are:

1st Place ~ Lily Gollon,
Central Wisconsin

2nd Place ~ Keith Marshall, Adams-Columbia

3rd Place ~ Avery Overlien, Riverland

WECA also participated in co-op outreach activities as a FFA convention sponsor with a booth exhibit, and was an active member of the FFA scholarship committee and SAE scholarship committee.

2022–23 Youth Board

Constance Clark-Bailey (*Scenic Rivers*)
Daniel Deutsch (*Pierce Pepin*)
Molly Damm (*Adams-Columbia*)
Samantha Hopkins (*Rock*)
Theodore Robsch (*Taylor*)
KC Rose (*Chippewa Valley*)
Emma Steinke (*alternate from Rock*)





EDUCATION & TRAINING

With COVID maintaining its presence in the state and nation, WECA began the year re-evaluating the safest approach to education and training, and ultimately we were able to have most education and training events in-person, with precautions. A few virtual financial webinars were held throughout the year.

January programs kicked off with a Board Leadership (BLC) program (Cybersecurity: The Board's Oversight Role), which received positive feedback from members, despite reduced attendance due to COVID.

In 2021, WECA implemented a new series of 90-minute monthly webinars for finance personnel. The series has generated a lot of interest, and WECA brought it back for an additional eight webinars in 2022 with a whole new group of topics including:

- Depreciation
- Cost & Collection of Plant Investments
- Reporting
- Board Reporting
- Leading Financial Management at Your Utility

- Communicating the Finances
- Work Plan Management
- Bringing Financial Value to Your Non-Financial Teammates

Some of this year's key events included:

Education & Lobby Days: February's Education & Lobby Days saw a reduced attendance, again due to the pandemic, with 109 attendees. The content was strong and well received, including presentations on the political climate and the role of rural Wisconsin, an analysis of key races this year, candidate remarks, in-depth talk about reliability issues with the grid (which was even more timely than anticipated!), and of course productive meetings with lawmakers at the state Capitol.

Hector Hernandez Training: Hector Hernandez, speaker, author, and dog trainer, offered training to help teach operations crews how to deal with dog encounters out in the field. He also covered dealing with and responding to difficult members, and top employee performance methods for increasing employee morale.

CFC Statewide Workshop: WECA brings CFC in every three to four years to present the CFC Statewide Financial Workshop to directors and employees. This program is always very well received, and this year was no exception. Members covered an Industry Update, The Capital Markets & Electric Cooperatives, Understanding Financial Statements, and Strategic Planning (What Keeps Directors Up at Night).

Legal Seminar for Directors & Employees: Approximately 50 directors and employees attended the Legal Seminar in Eau Claire. With long-standing legal partner Wheeler, Van Sickle & Anderson, S.C. ending its practice, WECA has successfully secured law firms/attorneys for the 2023 Legal Seminar for Directors & Employees.

Retirement Planning Seminar: This year, a record 125 co-op employees joined in on the one-day retirement planning webinar.

Energy Issues Summit: The Energy Issues Summit was held on August 3 with attendance almost doubled from past years. Additional attendees included operations managers/line superintendents as well as member service managers. The event included presentations and demonstrations from Terex (the first all-electric aerial bucket truck) and the electric school bus program, with rides/demonstrations. The program also included presentations from CoBank, covering the transition to renewables; Bill McCoshen of Michael Best Strategies, covering the fall political landscape; Dr. Ben Lindley from UW-Madison, who explained how nuclear energy will fit into the transition to cleaner energy; and Marc Keyser from MISO, who examined how Wisconsin and the Midwest will deal with heavier loads on the electrical grid and what the future looks like.

WECA has already scheduled 2023 Skill Builder education programs, and is always open to offering new programs/subjects as the need arises. The WECA Education Committee will meet in May to plan 2024 education and training programs, and member input is always welcome.

WECA is looking forward to bringing new and updated programs to the membership in 2023!





COMMUNICATIONS

WECA continued work this year to educate members on developing news and relevant and timely information affecting the industry with the weekly *Condenser* newsletter. WECA is continuing work on the video library, offering the convenience of education and training materials online, as well as producing a fresh video showing the value of YLC and what it offers co-ops, communities, and the students who attend.

For *Wisconsin Energy Cooperative News*, 2022 opened with industrywide adversity that tested the magazine's mettle and ended up revealing just how resilient this 82-year-old publication truly is. Already dealing with the pandemic-caused supply-chain interruptions that have hampered virtually every industry, WECA had for months been keeping a close watch on rumblings of paper shortages. The shortages were created by a perfect storm of events: Over the course of the pandemic, as consumers relied on online purchases and home delivery of goods, some paper mills were repurposed to produce brown shipping

paper, while other mills closed completely. The reduced production was further hampered by labor and supply shortages as needed materials were diverted elsewhere during the height of the pandemic (who knew oxygen was needed to produce paper?). At the same time, pandemic-induced digital fatigue led to a burst of consumer

demand for printed magazines, with 300 new magazines launched nationwide since 2019. The result: Increased demand on a very tight market.

"This magazine always enlightens me about energy issues in an understandable way. It's important to be an informed user!"

—Kathy Knorr, Central Wisconsin Electric Cooperative, in a Symbol Search response

WECA was already working on solutions when it all came to a head with production of the January issue, for which the regular paper supply arrived roughly three weeks later than normal, with no relief in sight. Other statewide magazines—and in fact magazines everywhere—saw no choice but to combine some issues or skip an issue entirely in the first half of the year. However, with a slew of co-op annual reports containing time-sensitive, legally required information coming up, skipping an issue was simply not an option for *WECN*.

WECA immediately began working to secure a month's supply of paper on the secondary market that could be kept as a backup in the event that a regular month's shipment didn't arrive on time. In the meantime, press runs were split as needed, with those versions that had time-sensitive information printed first using the paper that was available. Thanks to these efforts, *WECN* didn't miss a single issue—including 14 different co-op annual report issues that all required extra paper—throughout the turbulent past year, and all crucial issues were mailed on time. Although challenges continue, the paper market is showing signs of normalizing.

Equal effort was applied to the magazine's content, with positive results. A readership survey of statewide electric cooperative publications that was conducted by the Statewide Editors Association

"Symbol was there immediately on page 4 in the WECA logo—the magazine gives more information on current energy policy than any news outlet."



—William Riley, member of
Pierce Pepin Cooperative Services,
in a Symbol Search response

(SEA) showed that 73% of those surveyed read four of four issues, with 82% reading three of four issues—that's 2.4 times the national average for magazine readership. The survey also showed once again the importance of the magazine's local pages, with community news/events ranked first among most-read content.

The survey results were very similar to those of the last survey taken in 2019, which indicates the magazine's current mix of content is hitting the mark. However, to keep the magazine's appearance fresh, an updated design was introduced with the

January issue, featuring a lighter, more contemporary look in keeping with the latest in print design trends.

The magazine also continued its tradition of strong storytelling, earning two national writing awards from the SEA. Director of Communication Julie Lund's feature "Powering through the Perfect Storm" took first place in the News Feature category, while Associate Editor Mary Erickson's story "Taking Charge: Partnership Helps Promote EV Awareness" won an Award of Excellence for Best Feature Illustrating the Co-op Spirit.

The magazine also found itself in the national spotlight when Editor Dana Kelroy helped plan and co-hosted the SEA Conference in Chicago in August.

WECN also hosted a conference for electric cooperative communicators in Wisconsin Dells, with staff from 17 of the state's electric co-ops attending. There, local editors had an opportunity to share ideas, learn the latest in industry trends, and sharpen their skills in a hands-on photography workshop with a nationally recognized, award-winning co-op photographer from Tennessee.





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