



Year in

REVIEW

2023





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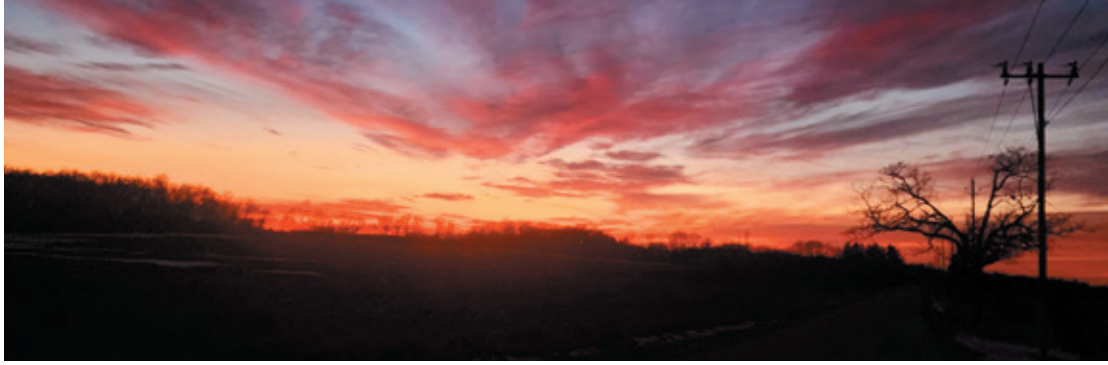
Look back at the year with us, see where we've been and where we're going with Wisconsin's electric cooperatives.



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TO OUR VALUED MEMBERS



This year was yet another year that presented its own unique challenges in our state and in our industry, and it was another year in which we took on some hard-fought battles on behalf of our co-op members.

One of the greatest wins for the year was making sure our voices were heard as the state designed the application process for the \$10 million Grid Resilience grant program. Citing input from WECA and some of our co-op members, the Public Service Commission of Wisconsin decided that at least 75% of the funds from the program—and possibly 100%—will go to smaller utilities. That increase amounts to about \$5 million! More on this later in the report and it is also covered in the story “A Winning Strategy” in the November issue of *Wisconsin Energy Cooperative News (WECN)* magazine.

The magazine is the focus of another big challenge we took on this year. As directed by the WECA board during a strategic planning meeting, we are seeking ways to bifurcate, or fairly distribute associated costs, particularly for content creation, to ensure the communication and messaging that benefits all of the state’s electric co-ops is shared by all. We look forward to continuing this discussion related to creation and distribution of the statewide magazine, which is regularly recognized on the national level for quality content. It is an invaluable, exceptional tool that allows us to share clear, concise, and consistent information about important issues with all members.

At the forefront of those issues is the mounting risk to reliability in our industry. While we work toward a clean energy future, it is critical that we communicate with state and federal legislators and policymakers on the importance of a common-sense timeline. While wind and solar are important clean generation assets, they alone cannot provide the power we need—it’s not even close. We will continue our work to communicate the need for reliable baseload generation, expanded transmission, and investments in advancing technologies.

On an operations standpoint, we are currently working to relocate the WECA headquarters from downtown Madison to Middleton, which will result in significant savings while building equity.

Every day, every week, every month, we are working to monitor the actions that may impact the ability of our members to do what you do—keep the lights on. There is no issue too large or too small—we will make sure our collective voices are heard. There is nothing like the power of cooperation among cooperatives.

Wishing you all health and happiness in the coming year.

Sincerely,

Stephen J. Freese
President & CEO

LEGISLATIVE & REGULATORY

Federal Level

WECA and electric cooperative leadership have been working diligently this year to address legislation and rulemaking at the federal level that may impact the ability of WECA members cooperatives to deliver safe, reliable, and affordable energy. The key issues WECA discussed when visiting the ten offices of Wisconsin's Congressional delegation recently were ensuring reliability during the clean energy transition; the impact of rulemaking, including the Department of Energy's pending transformer rule and the Environmental Protection Agency's proposed power plant rule; and RUS and broadband funding in the 2023 Farm Bill.

State Level

Community Solar & Third-Party Financing

The 2022 Year in Review included a comprehensive summary on the topics of proposed community solar legislation and third-party ownership dockets up for consideration at the PSC and how they could pose a significant shift in energy policy for electric cooperatives. These issues are ongoing.

Currently, state law only allows "public utilities" to sell electricity. You may remember that last May, two non-profit entities, Vote Solar and Midwest Renewable Energy Association (MREA), filed petitions asking the PSC to make declaratory rulings that third-party financed distributed energy resources (i.e. solar, wind, etc.) are not "public utilities" defined under state law or subject to PSC's jurisdiction, even though they conceded in some cases that they would

indeed be financing systems and requiring payments set by the kilowatt hour usage. While WECA is not anti-solar, this approach would create an unregulated energy provider, void of consumer protections. WECA Vice President of Government Relations and External Affairs Rob Richard offered input and background on this topic to the commission.

In December 2022, the PSC acted on both dockets. The PSC ruled 2-1 in the Vote Solar docket that the contractor's plan to install, own, and maintain the proposed solar system on the family's home would not subject the contractor to the same state laws that govern electric power companies. This marked the first time the PSC directly addressed the question of how certain kinds of private, on-site power generation systems should be treated under Wisconsin utility laws. Led by the Wisconsin Utilities Association, WECA supported a petition for judicial review in Dane County Circuit Court that was filed in June 2023. WECA remains actively engaged in the case as legal arguments continue to play out in court.

While the Vote Solar case was pending litigation, the PSC addressed the MREA docket in January 2023. In a 2-1 decision, the commission determined it could not grant the MREA petition largely because the petition raised questions of such broad application that it was not appropriate for a jurisdictional decision but offered direction to MREA, and a chance to provide additional information. In a very unusual move, the commission sent the request back to the PSC's administrative law judge to seek additional information regarding MREA's statements of fact in the case. For the last several months, WECA has also been an active participant in litigating this case before the PSC's administrative law judge.



As both the Vote Solar and MREA cases move forward, WECA will continue to be engaged and fully litigate by every means possible, as third-party ownership is an energy policy of such magnitude that any decision on its legality must ultimately be left for the legislature to decide, and not an unelected, three-member panel.

WECA is also once again fighting a battle against well-funded, pro-community solar special-interest groups in the Capitol building. Community solar companion bills have been introduced in both houses, and the coalition backing it continues to grow, with groups like the Wisconsin Grocers Association and the Wisconsin Farm Bureau Federation making a push amongst their members to support the dismantling of Wisconsin's long-regulated electricity model. With the help of WECA members, the statewide has been effective in communicating with legislators that this unregulated scheme could greatly diminish reliability and consumer protections. It also creates cost shifting, as these entities would enjoy the advantages of an established grid without having to compensate for usage or maintenance.

WECA remains steadfast in educating legislators that allowing utilities to continue an aggressive, yet regulated, build out of solar, wind, and other renewables is the most effective and cost-efficient means of meeting consumer demand for renewables while providing a broad sense of security.

Access to Wisconsin Disaster Fund

In December alone, a major winter storm hit several co-ops, leading to significant outages that lasted days in some areas, and collectively caused more than \$1 million in damages. Legislation that WECA helped pass to provide funding for Washington Island's cable replacement also solidified cooperatives' access to the Wisconsin Disaster Fund. This grant program helped offset a proportion of the significant storm damages this year that exceeded \$750,000 in cost reimbursements.

Federal Grant Opportunities

WECA continues to assist cooperatives in accessing federal assistance through numerous programs created by the American Rescue Plan, the Bipartisan Infrastructure Law, and the Inflation Reduction Act. In particular, WECA has taken a two-prong approach to 1) increase funding for small utilities specific to the state-administered Grid Resiliency program and 2) develop a resource guide to help co-ops create competitive project proposals for this program.

In direct response to comments submitted by WECA and three member cooperatives, the PSC voted to increase the minimum state-administered Grid Resiliency funding guarantee for small utilities by an additional \$4 million.

To assist members in developing strong grant proposals for this program, WECA is working with Power System Engineering to create a how-to guide to help cooperatives identify and create strong proposals with a goal of increasing cooperative project scores and offering the greatest chance at success. In all, cooperatives will be competing for \$9,700,000 in the first funding cycle with an additional \$15 million available in future funding cycles.





At WECA's Education and Lobby Days event in March, we collectively went to the Capitol asking legislators to pass bills that will increase safety and operational efficiency for utility workers out in the field including mapping, controlling and eradicating wild parsnip; allowing crews to use ATVs/UTVs on roadways for restoration and maintenance of power; and allowing utility vehicles to be equipped with green flashing lights. All three bills are working their way through the legislature. An electric vehicle (EV) license plate bill is gaining ground, and we are actively supporting an EV charging infrastructure bill so that Wisconsin can tap into \$80 million in federal funds to build out a statewide charging network.



The most recent pressing legislative issue is WECA's support of Dairyland Power Cooperative's efforts to amend a Right of First Refusal bill that allows for the inclusion of all incumbent transmission owners to participate in high-voltage projects in Wisconsin. As introduced, the bill gives exclusive rights to Xcel Energy and American Transmission Company to own future high-voltage projects and marginalizes the participation of rural public power.



WISCONSIN'S ELECTRIC COOPERATIVES PAC



The state and national non-partisan political action committees have undergone a name change, but the mission is the same. The PACs, formerly known as ACRE, raise funds to support candidates who demonstrate a commitment to electric cooperative goals and priorities.

NRECA and WECA opted to retire the ACRE name and replace it with America's Electric Cooperative PAC and Wisconsin's Electric Cooperatives PAC, respectively, to better reflect the identity of the PAC and offer candidates and lawmakers a clear understanding of electric cooperative goals and any potential contribution they may receive.



WECA is striving to build engagement with Wisconsin's electric cooperatives and is seeking to get more board directors and senior management involved, as the relationships built from the local level are key to communicating legislative and political goals.

EDUCATION & TRAINING

Attendance and participation at WECA education and training programs, which rebounded from the pandemic in 2022, continued to grow in 2023. WECA strives to offer new, timely, and relevant programs, and the schedule of offerings continues to be open to member suggestions. WECA offered quite a few new programs in the past year. Some highlights of new training opportunities included:

Financial Webinar Series for Directors

In addition to the already popular financial webinar series for finance personnel, WECA began offering a custom financial program tailored to electric cooperative board members. This series of five webinars covered topics such as: how electric co-op assets are different, capital credits, and debt; revenue, rate increases, role of the board in expense management, and margin philosophies; debt management, operating margins, and financial health; director responsibilities relating to audit, budget, financial plans, debt, oversight; and financial position/decisions, teamwork and coordination of efforts, and resolving and building a strong future. This webinar series has been very popular, with almost half of all current cooperative directors signing up for the series. A continuation of this series is slated for 2024.

OSHA 10-Hour Course

WECA members expressed interest in this program, which had not been previously offered. This course was tailored specifically for the electric power industry and includes topics and content not found in typical OSHA 10-hour courses. This is a RESAP-recommended training program for supervisors (inside and outside employees) with a strong emphasis on the electric utility industry. Since this was a very popular program in 2023 and not all employees can attend at the same time, WECA is offering this again in January 2024 along with Reasonable Suspicion Training.



Preparing for the Unforeseen—Strategic Crisis Management for the New Era of Electric Co-ops

This popular workshop was designed to equip electric cooperative boards of directors and managers with the knowledge of what cooperatives need to effectively navigate and manage the issues before they turn into a crisis, while safeguarding the cooperative's resilience and reputation. As part of the workshop, participants explore the current challenges and opportunities of electric cooperatives, as well as strategies to bring back to the co-op to implement during times of discontent among members, public scrutiny, and thwarted board initiatives.



Electric Utility Fundamentals for Non-Operations Personnel

This jam-packed two-day program was originally created for electric co-op employees, but directors who have taken the class have found it a very useful resource as well. Participants learned how electricity is generated, transmitted, distributed, consumed, measured, and billed. This extensive training is a mixture of classroom training with real-life lab videos (created by instructor) including high-voltage demonstrations (up to 12,750 volts) on what causes outages and injuries and how to prevent them. This was a very popular program, which filled up in both May and December, so WECA will offer another session in April 2024.

The 2024 Skill Builder education programs are finalized and the WECA Education Committee will meet in April/May to plan 2025 education and training programs. Member input is always welcome.

YOUTH PROGRAMMING

2023 NRECA Youth Tour

The 2023 Washington, D.C., Youth Tour hosted more than 1,800 youth delegates and chaperones from across the country who attended at staggered times from June 13 to 23, including 12 youth sponsored by Wisconsin electric cooperatives.

Wisconsin's youth delegates and chaperones spent June 15–21, 2023, in Washington, D.C., where they visited monuments, battlegrounds, and museums, and had the opportunity to meet with Wisconsin Senators and Representatives and talk about the job they do. Also, CFC and NRTC hosted youth delegates and chaperones at the CFC office in Dulles, VA. Delegates spoke with staff, toured the building, and played Jeopardy to learn more about both organizations.

A big highlight of the trip was when the youth had the opportunity to participate in the wreath-laying ceremony at the Tomb of the Unknown Soldier at Arlington National

Cemetery. During their time in D.C., they also participated in Co-ops 101 and advocacy training, and met youth from other electric cooperatives from across the country

2023 Electrical Safety Poster Contest

WECA and participating electric cooperatives held an electrical safety poster contest for children in Grade 3 of the 2022–2023 school year. Once again there were exceptional entries showing creativity and knowledge. Selecting only three winners was a very difficult task. Below are the entries the judges determined best met the criteria for the contest.

1st Place ~ Stella G., Price Electric
2nd Place ~ Colton G., Taylor Electric
3rd Place ~ Everlee N., Taylor Electric

In 2023, WECA also participated in co-op outreach activities as an FFA convention sponsor with a booth exhibit, and was an active member of the FFA scholarship committee and SAE scholarship committee.





2023 Youth Leadership Conference (YLC) Celebrates 60 Years

The 60th annual WECA Youth Leadership Conference was held July 11–13, 2023, at UW-Stout and attracted more than 70 high school students. The three fun-filled days were packed with activities and presentations including teambuilding, district break-out sessions, co-op career opportunities, presentations by motivational speaker Craig Hillier and safety expert Ben Bella, and campaigning for the Youth Board. They also attended an etiquette dinner and were entertained by hypnotist Dr. Al Snyder.



2023–2024 Youth Board

Carson Welter (*Oakdale Electric*)
 Thomas Peters (*Rock Energy*)
 Mya Petersen (*Pierce Pepin*)
 Helen Clements (*Vernon Electric*)
 Jayden Mosley (*Rock Energy*)
 Ryther Gehrke (*Richland Electric*)
 Jonah Vircks (*alternate from Clark Electric*)

A highlight of the conference this year was guest speaker and Packer Hall of Famer Gilbert “The Grave Digger” Brown. Brown sat down for a candid conversation with Vernon Electric’s Manager of Communications and Member Relations Trevor Clark to talk about his anti-bullying campaign, the Gilbert Brown Foundation, motivation and determination, his years as a Packer, and his thoughts on Green Bay’s chances prior to the season kick-off. He also took questions from the engaged audience of YLC attendees, chaperones, and even UW-Stout staff and law enforcement who dropped by for the presentation.

YLC attendees are invited to participate in an essay contest for scholarship funds. This year’s essay topic was about Ben Bella’s safety presentation.

The 2023 essay contest winners are:

- 1st Place ~ Rowan Wergeland,
Jump River Electric (\$1,000)
- 2nd Place ~ Ryther Gehrke,
Richland Electric (\$500)
- 3rd Place ~ Peyton Steines,
Barron Electric (\$250)



COMMUNICATIONS

WECN and Condenser

WECA's main communication tools—the monthly *Wisconsin Energy Cooperative News* magazine and the weekly *Condenser* newsletter—proved valuable tools for members in 2023, supporting the statewide organization's ongoing efforts to advocate for common-sense energy policy that ensures reliable, safe, and affordable electricity.

Throughout the year, *WECN* carried comprehensive, in-depth articles educating readers and lawmakers about urgent topics including the need for new transmission lines, the risk of transitioning too quickly from coal to intermittent renewable energy sources, the concerns of third-party solar, the negative impact potential Environmental Protection Agency rules would have on a reliable grid and affordable energy costs, and the potential of nuclear and hydro power in meeting climate goals.

Reader feedback indicates the stories are hitting their mark. A December 2022 article outlining the need for the Nemadji Trail Center generated considerable feedback like the following:

"I read the article about the new natural gas plant and am puzzled why environmental groups stopped its construction. I hope that the construction gets started next year."

—Jean F., Price Electric Cooperative

"I too hope that the Nemadji Trail Project will no longer be delayed and construction will begin in April 2023 that we will be on the road to reduce overall emissions."

—Karen S., Jackson Electric Cooperative

"Article explained very well why the plant is needed and what the process is to get approval."

—Terrence B., Dunn Energy Cooperative

WECN also kept members updated on the progress of rural broadband expansion, supplied monthly content about energy conservation, and shared inspiring examples of the seventh Co-op Principle, Concern for Community, in action. A special coup was landing an exclusive, sit-down interview with former Miss Wisconsin and current Miss America Grace Stanke, for a magazine feature and later for a featured session at WECA's Education and Lobby Days. The former UW-Madison nuclear engineering student's platform during her reign has been advocating for nuclear energy's role in the nation's transition to clean energy.

In addition, the magazine continues seeking ways to engage with all readers, including the very youngest. This past year *WECN* expanded its youth content by adding a monthly energy-related children's puzzle to the popular Kids & Critters page.



Supply Chain/Cost Challenges

While working to keep members informed, *WECN* also worked to keep costs down. The paper shortage that plagued the entire publishing industry during the COVID years leveled out by the end of the 2022; however, postal increases continue to be a concern. To help combat those increased costs, *WECN* explored and initiated two production changes:

- Shipping of office magazine copies was switched from FedEx to the post office, resulting in a savings of several hundred dollars a month.
- *WECN* began working with a third-party broker to purchase paper, which will result in significant savings.

Communication Power

WECN staff also hosted another well-attended Communication Power conference, where communication staff from 14 distribution cooperatives plus Dairyland Power Cooperative shared ideas and learned from industry experts.

National Recognition

In other achievements, the magazine continued its streak of national recognition for excellent writing with Editor Dana Kelroy's Willie Award for her editorial, "Culture of Co-ops."





2022–2023 BOARD OF DIRECTORS



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(new address as of Nov. 14, 2023)

6405 Century Avenue, Suite 102

Middleton, WI 53562-2200

(608) 467-4650 | (608) 467-4651 (fax)

www.weca.coop