



# STRATEGIC PLANNING: Maintaining Financial Strength

By Jesse Singerhouse, General Manager

**A**s we make our way through our five main strategic plan areas, our fourth area of focus is to maintain the financial strength of Dunn Energy Cooperative (DEC) while looking for growth opportunities in the future. There is a lot packed in that sentence, but simply put, we want to be in a good financial position and look for ways to improve that in the future. Being in good financial shape allows your cooperative to keep rates as competitive as possible, invest in upgrades for our system, return capital credits to our members, and be ready to invest in opportunities for the future.

So how does a cooperatively owned business set a financial policy? Since DEC is organized using the cooperative business model, the member-led board of directors sets the overall financial policies for the business. We have a policy that is adopted by the board that spells out the financial metrics they would like to see the cooperative achieve. The policy covers things like equity levels, coverage ratios, debt management, and capital credit payment. Having this framework allows our staff to develop budgets that will meet or exceed these targets each year.

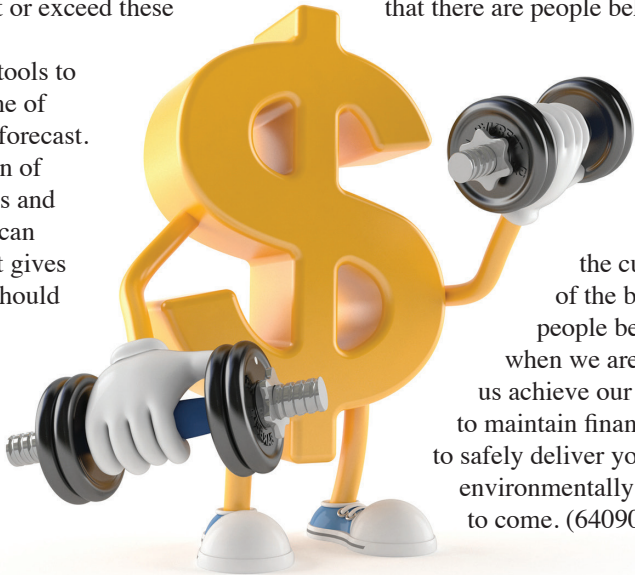
The cooperative uses several tools to plan for our financial success. One of these tools is a 10-year financial forecast. Each year staff builds a projection of the next 10 years in terms of sales and expenses. While many variables can change in the future, this forecast gives us a baseline to look at how we should develop our budgets.

Another tool we use is a cost-of-service study. This study, which we recently completed, looks at the revenue and expenses from every type of member: residential, commercial, and

irrigation to name a few. The goal is to see if we are collecting enough revenue from each rate class to cover the expenses associated with each rate class. If we aren't, then one type of member is subsidizing another type of member. The study showed that our current rates are very equitable, and no rate class is subsidizing another. That is a good thing. That means that our rates are designed properly to recover the cost.

We want to maintain financial strength today and look for ways to improve it in the future. Our focus in that regard is looking for growth opportunities for the cooperative. Economic development plays a key role in our future growth. We work with local officials in trying to attract new businesses and residential accounts to our area. Our staff also works with our existing farms, businesses, and homeowners as they look to make changes to their energy use. Growth in terms of new members and increased kilowatt hour sales benefits all members of the cooperative.

Being a local cooperative, we understand that there are people behind the numbers. We understand that because our employees live here, and our board of directors is made up of members of the cooperative. Yes, your cooperative must be financially strong to meet the current and future challenges of the business. But we keep the people behind the kilowatts in mind when we are setting our rates that help us achieve our financial goals. We want to maintain financial strength to continue to safely deliver you reliable, affordable, and environmentally responsible energy for years to come. (6409005)



# MEMBERS GATHER FOR COOPERATIVE'S ANNUAL MEETING

**D**unn Energy Cooperative recently held its 84th Annual Meeting. The meeting was held in the cooperative shop, where over 120 people enjoyed a light dinner and presentation by Dairyland CEO Brent Ridge.

Ridge spoke about planning for the future of energy, current transmission challenges, and their “all of the above” approach to providing power to member cooperatives. An actively engaged

audience asked questions of Brent regarding nuclear energy, electric vehicle impact on the grid, and transmission issues.

Dunn Energy Cooperative (DEC) Board President Larry Amble reported on how the cooperative ran, business as usual, during a year that was anything but usual. Technology played an important role in that success. Board meetings were occasionally held via Zoom, and employees attended meetings online. Operation Round Up, our community grant program, continued as usual throughout the year as well, awarding grants totaling nearly \$41,000.

In his State of the Cooperative report, Dunn Energy Cooperative CEO/General Manager Jesse Singerhouse announced the 15 youth scholarship winners, as well as the non-traditional scholarship winner, and recognized those able to attend. Each winner was awarded a \$1,000 scholarship for post-secondary education.

Singerhouse reminded the membership that operationally, the

cooperative continues to make keeping power reliable a top priority. In 2021, power was 99.98% reliable, with members experiencing outage times of less than two hours per year, on average.

Day-to-day work saw the cooperative completing five major projects on our system. The upgrades were in the Downsville, Rock Falls, Colfax, and Wheeler areas. The cooperative also installed power to 149 new services, the most growth seen in this area since 2007.

Singerhouse closed out his report by announcing the approval by the county for installation of two large-scale 1.5-megawatt solar energy projects. The two projects, one near Boyceville, and the other between Menomonie and Colfax, will be built on the system in 2023 and will produce enough energy to power about 700 residential accounts.

During the business portion of the meeting, all three incumbents, Brian Johnson, Jeff Gasteyer, and Ed Hartung, retained their seats for another term. This will be the last term for directors Johnson and Hartung due to term limits.



Left: Dairyland Power Cooperative CEO Brent Ridge addresses the membership while Dunn Energy Board President Larry Amble and General Manager & CEO Jesse Singerhouse look on. Below: Singerhouse and Amble with scholarship winners.





# ROLLING BLACKOUTS: *Will They Really Affect Us?*

**Y**ou may have read earlier in these pages, or heard through other news outlets, about the potential for rolling blackouts in our area this summer. We want to firstly assure you that, under most normal conditions, the grid will be fine. Before we get into the reasons it's being talked about, we have to understand that the grid that we are talking about isn't just in Dunn County, or even just Wisconsin for that matter.

Dunn Energy Cooperative is a part of a grid that stretches from Manitoba, Canada, to Louisiana, as a part of the Midcontinent Independent System Operator (MISO)

*Think of putting marbles in a tube. If there is only one tube, there's only so many marbles that are going to flow at any given time.*

footprint. So, when we talk about weather affecting our grid, it's not just the weather that we experience here. And when we talk about generating electricity, it's not just our power supplier, Dairyland Power Cooperative (DPC), that we are talking about in this conversation.

Now, why is talk about potential rolling blackouts in our area this summer in the news right now? The first reason is because if it is unseasonably warm and we experience an unplanned baseload generation outage (i.e., a coal generating plant goes offline unexpectedly) anywhere in the MISO region, we could potentially be at risk of not having enough power supply to all of the homes, farms, and businesses on our lines. Our power supplier, Dairyland Power Cooperative, has enough generation capacity to reliably supply Dunn Energy, and the 24 other cooperatives on their system. However, being interconnected to the entire Midwest changes the supply of, and demand for, electricity.

For example, let's say a tornado hits



the coal-fired plant in Alma, which is where we get the majority of our power. In order to supply us power, MISO will redirect power from other parts of the grid to our area. However, the amount of transmission lines needed to feed all of DPC's member cooperatives is more than

what exists between the southern part of the MISO system and the northern part of the MISO system. (See the map at left)

Think of putting marbles in a tube. If there is only one tube (or transmission line), there are only so many marbles (or electricity) that are going to flow through the tube at any given time. This could cause the need for a planned and coordinated rolling blackout. This is where utilities across a region have to share, or take turns using, the electricity that's being supplied from elsewhere. Everyone gets some, but not all, of the marbles. (203002)

But what about all of this new electricity being added to the grid, like the Tatanka Ridge Wind Farm and Badger State Solar, you might ask? Well, the majority of that energy is what is termed intermittent resources. These are renewable energy resources that cannot produce reliable electricity 100% of the time. Solar doesn't produce energy at night and it isn't always windy enough for wind turbines to generate power. On top of that, utility-scale battery storage just isn't here yet. That means we need

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If you are wondering, the load management program is a load shedding program. If you have central air conditioning or an electric water heater you can sign up to have the loads shut off at peak demand times and in turn receive a credit on your monthly electric bill. To do this, our load management tech will come out and install a receiver to control the system.

If you have hard-wired electric heat (i.e., baseboard heat, GSHP, electric boiler) you can also be on the program— there's just a little more involved. However, you also get a reduced kWh rate on those items instead of a flat credit.

During the summer, we typically control from 2–6 p.m. during the week. During the winter months controls will typically be seen in the evening hours (5–8 p.m.). Controls will not happen every day. They will happen on days with high demand (i.e., very hot or very cold days) and that is why it is important for you to have a back-up source of heat when participating in this program.

If you'd like more information on the load management program, visit our website at [www.dunnenergy.com](http://www.dunnenergy.com).



## WHY IT'S GOOD TO SEE CO-OP WORKERS ON YOUR PROPERTY

Dunn Energy Cooperative employees and contractors work throughout our service territory, in the rights-of-way and easements, and across your private property and driveways. We're working to ensure reliable power for you and your neighbors, and that means we must cross your property from time to time. You may see us:

- ✓ Making routine repairs
- ✓ Replacing meters
- ✓ Trimming trees and brush
- ✓ Restoring outages
- ✓ Locating buried utilities for construction and digging projects
- ✓ Working to upgrade poles, wires, transformers, and equipment
- ✓ Inspecting lines, power poles, transformer boxes, and equipment

*Working for You*

All field work, except emergency power restoration, is typically conducted during normal working

hours, 7 a.m. to 5 p.m. Monday through Friday. Every effort is made to avoid damage and unnecessary intrusion. If you have concerns about our work, contact us at 800-924-0630. We appreciate your cooperation.

## Rolling Blackouts

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baseload generation—generation that is reliable 100% of the time. This type of electricity comes from coal, natural gas, and nuclear power.

Unfortunately, coal-fired and nuclear plant retirements are outpacing new generation installations. There are upwards of 5 gigawatts of planned baseload generation scheduled to be retired in the MISO footprint in the next few years. These retirements were planned well before our current energy climate.

Coal is also currently hard to come by. With the planned retirements of coal plants, coal companies started slowing down operations, both in mining and rail transport. To meet current need, coal plants are running more, nearly double what was forecasted they would run.

So, what does this mean for us locally? It means that if you are on the load management program, you might notice more controls than normal. This is the first line of defense in reducing load across the MISO footprint.

It also means that you'll probably see more communications asking members to shift any unnecessary usage to our lower demand hours (i.e., waiting to run the dishwasher or do laundry until after 8 p.m.) If we each do our part, we can help relieve the demand on the grid when it's needed. In times like this, the best kilowatt is the one we don't have to produce.

## Hidden Account Numbers

If you find your account number hidden in the pages of this magazine and you call and tell us before the next issue is mailed, we'll put a **\$50 credit** on your electric bill. Happy hunting!

Last month's winners were Lorraine Katsbahn and Ben Hibbard.

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