



Alan W. Wattles

## Across The President's Desk

## What is ahead for 2023

Sitting here in early December of 2022 and trying to look forward into what 2023 may bring us, I am amazed how much has changed this year, how some things came to fruition and how some are still in a state of flux. I still want to give insight on what I think will occur for MCEC in 2023 going into 2024. Before we look ahead, though, as I write this column we still have about a month to go. The year 2022 has been an underperforming but solid year for MCEC. Our financials have trended in a positive direction for the year, reliability has been maintained, operations are performing well, and we have continued to try and find ways to being a more visible and valuable presence in our member areas and surrounding communities during these uncertain times.

### Financial and Operations

We should end the year with positive margins, both total and operating. Our goals of increasing our equity percentage, returning capital credits, and maintaining a dependable electrical system are still being met. Our equity at the end of 2021 was 35.51% and, barring any issues through the end of the year, we should finish around 36.00%. We did draw down the balance of our power vision loan and invest those dollars to hedge against the rising interest rates that we have seen this past year and that we anticipate rising again next year. CFC, our lender, has forecasted that interest rates will not see a decline before the middle of 2024. The board of directors and employees here at MCEC

continue to seek ways to improve our financial standing. Our goal is to get our equity above 40.00%; this will allow us to receive additional interest rate discounts from CFC. Our current financial forecast shows MCEC reaching that goal in late 2026. Having a better equity percentage allows us to borrow at cheaper interest rates and help control interest expense going into the future, which also helps reduce rate pressure for members. The board of directors has approved returning another year of capital credits; the amount will be approximately \$250,000. The amount will be spread between the years of 1995 and 2022. The board wants to show the cooperative difference to our newer members who may not yet understand how different our cooperative business model is versus an investor-owned utility.

Operationally, we continue to look for ways to make improvements to our daily workflow. The automatic meter-reading system has gone well, and the integration with our data processing system has provided incredible amounts of data to be used for our Cost-of-Service Study. We have continued to review the bills we send out each month to make sure we are providing enough information to you to help you understand your usage profile and allow you to change and save money each month by being more efficient.

We still face a huge issue in our inventory supply chain. The ability to receive inventory in a reasonable timeframe continues to be a challenge. Lead times for certain items have doubled and even tripled, putting them out past a year, which has made

planning workflow very stressful. We have changed the way we have managed our inventory by increasing our stock of all items. Our inventory totals have been increased by over \$300,000 in 2022 alone. We are carrying more inventory in stock than we have in the 20 years I have been here at MCEC. That increase is due to rising costs of materials, and the physical amount of material is more than we have had previously. We still have wait times on wire, poles and transformers, but most other items we need are well stocked. We will continue to operate with a surplus of inventory, as we have been told the material backlog could last well into 2025.

We are still highly active with our maintenance of the system to keep reliability at a high standard. We have our bad pole replacement program in place with our annual system check of our poles. We are still working on underground cable replacement in subdivisions that have had unacceptable faults; as time permits, we look to do more this coming year. We are still actively engaged in tree trimming and spraying of Right-Of-Way. This has made the greatest impact on keeping our outage times down over the last four to five years. We have been focused on looking to the future for load requirements on our system; with the increase in electric cars becoming more common, we want to make sure we have a system that can manage the increased load needs. The main projects we look to continue are the beefing up of tie-lines between subs,

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as well as connecting lines to create a loop for transferring load among different subs when needed. We have multiple projects, and our goal is to make several happen in 2023.

### Power supply

SIPC continues to make decisions to ensure its distribution co-ops have a reliable source of power at an affordable cost. We are starting to see pressure on rates from SIPC. They are having a 4% rate increase for 2023, and they will have an additional rate increase again in 2024. SIPC has conducted a Cost-of-Service Study, along with looking at restructuring their rates for the distribution co-ops. The power market, MISO, that SIPC trades in is going under additional transformation in its capacity auctions. SIPC will need to be able to navigate this and have flexibility in the effort to control costs and hedge against higher market costs in energy and capacity. The rate change structure from SIPC may allow MCEC to offer incentive-type rates to help members save dollars on their monthly electric bill. SIPC has seen increased power costs in the markets and increases in

fuel costs at the power plant at Lake of Egypt. Utilities that have physical assets will help minimize the increases in power costs for this year and into the future.

SIPC continues to face decisions that will impact how they provide electricity as they continue to evolve their generation portfolio to a more renewables-based production. SIPC is constantly looking at ways to create revenue for its member co-ops to help mitigate rate increases. These are transmission grid projects, battery storage and demand response programs. Our main concern is to make sure electricity is there for you when you need it. I am reluctant to think that we will not be pressured by the end of this decade to ensure a quality output of generation that meets our needs 24/7. I am optimistic that the right decisions will continue to be made for the benefit of our membership due to the leadership of Don Gulley, who has done a tremendous job in guiding SIPC and has put the co-op on stable footing, which will allow SIPC to be a competitive power supplier into the future.

### 2023 rates

Given that SIPC is having a rate increase in power cost next year, MCEC members will see an increase as well for 2023. We will not know what the new SIPC rate structure will look like until the third quarter of 2023. MCEC is preparing a rate design study to parallel the SIPC study. MCEC will then, once the structure is known, provide rate designs that will allow members to choose from multiple rates that suit their daily usage patterns. I think the future in rates will have a vastly distinctive look. With the amount of data we receive from our AMI meters, we can have multiple rates that will help fit each member's needs. We strive to stay on top of our financial goals by updating our forecasts to see where and when we need to look at changes or when they may occur, and we do all this to be prepared.

MCEC is looking forward to 2023 with the hope of another solid year financially and operationally and of working safely. The board of directors, staff and employees strive to give the best service to our members. We want to wish all of you a happy, safe and prosperous 2023.

## Don't compare your electric bills

*Every family's use is unique*



January is here and you just received your electric bill. You are surprised it is higher than normal. Your first reaction is to call your neighbor to see if their bill increased as much as yours, but don't do it.

Before comparing, please remember that your home is not your neighbor's home; your family is not your neighbor's family. Lifestyles, appliances, and the number of people in household can all cause a huge difference in use. Also the type of insulation, the age of heating system and even the number of windows can have an impact.

Keep in mind these things can influence use:

- square footage of a home
- number of people living in the home
- length of time people are in the home
- direction the home faces
- number, size and age of water heaters
- height of ceiling
- type, number and age of electric appliances in use
- age and type of HVAC equipment

Comparing your electric bill with someone else would be like comparing your grocery bill. Everyone eats differently just like everyone consumes electricity differently. It doesn't make sense.

# Be proactive in preventing electrical fires

Take steps to help prevent electrical fires by identifying possible issues before they occur.

When assessing your home, the first step is to hire a qualified electrician to check all wiring to ensure it is up to code and that the electrical system can handle the demands of your electronics, appliances, lights and other electrical needs. Beyond that, watch for possible issues as they arise.

Symptoms of issues include flickering lights, discolored outlets and switch plates, damaged cords, frequently tripped circuit breakers or blown fuses.

Check these electrical items in your home:

- 1. Electrical outlets:** Check for loose-fitting plugs and loose wall receptacles. Replace missing or broken wall plates. If you have young children, install tamper-resistant outlets if your home does not have them. Avoid overloading outlets with adapters and too many appliance plugs.
- 2. Ground fault circuit interrupters (GFCIs):** Make sure GFCIs are installed in your kitchen, bathrooms, laundry room, workshop, basement, garage and outdoor outlets. GFCIs help protect against electrical shock. Use the “Test” and “Reset” buttons monthly to ensure that they are working properly.
- 3. Cords:** Check cords to ensure they are not frayed or cracked, placed under rugs, tightly wrapped around an object or located in high traffic areas. Do not nail or staple them to walls, floors or other objects.

- 4. Extension cords:** These are not intended to be permanent solutions, so use them temporarily. If you find that you need more electrical outlets, consult your electrician.
- 5. Light bulbs:** Verify that your light bulbs are the intended wattage for the lamp or fixture.
- 6. Appliances/electronics:** If an appliance repeatedly blows a fuse, trips a circuit breaker or gives you an electrical shock, it is time to discard it and replace it with a new version. Use surge protectors to protect expensive electronics. Make sure your appliances and electronics are placed in dry locations.
- 7. Circuit breakers/fuses:** Check that circuit breakers are working properly. Fuses should be properly rated for the circuits they protect.
- 8. Electrical wiring:** If an outlet is not working, it may be an indicator of unsafe wiring. Also, check for loose wires and lighting

fixtures. Listen for popping or sizzling sounds behind walls. If light switches are hot to the touch or lights spark and flicker, immediately shut them off at the circuit breaker and contact a qualified electrician to make repairs.

- 9. Arc fault circuit interrupters (AFCIs):** AFCIs, which monitor the flow of electricity throughout your home, should be properly installed. If an AFCI detects any abnormality, it shuts the system off to prevent a fire. Upon inspection, an electrician can assess whether your home is properly protected.
- 10. Service capacity:** If fuses blow or trip frequently, you may need to increase the capacity of your electrical service or add new branch circuits. Contact a qualified electrician.

For more information on electrical safety, visit [SafeElectricity.org](http://SafeElectricity.org).



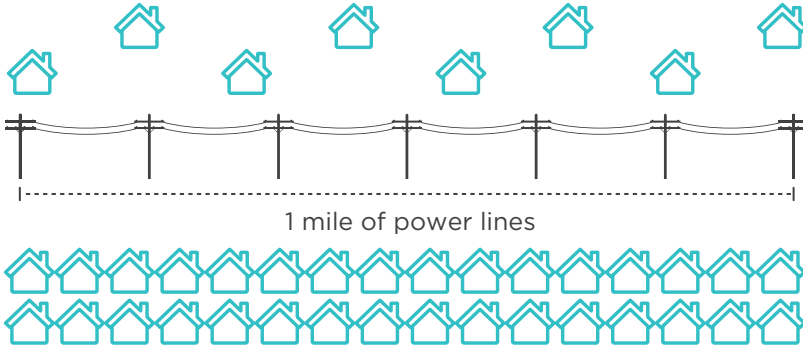
MCEC line outages November 2022	Date	Duration	# Out	Map Location	Cause Desc	Substation
	11/2/2022	2:34	34	Meadowfield Dr	Telephone Company	North Waterloo
	11/4/2022	0:59	2	Range Dr	Other, faulty equipment	New Athens
	11/5/2022	1:56	189	Columbia South Area	Lightning	Columbia
	11/23/2022	0:50	7	Kropp Rd	Small animals or birds	Millstadt
	11/28/2022	0:31	210	Waterloo Northeast Area	Unknown	North Waterloo

# GOING THE EXTRA MILE

Electric co-ops maintain more miles of power lines per consumer than other electric utilities. Even though we power fewer consumers on our lines compared to other utilities, we'll always go the extra mile for you, the consumer-members we proudly serve.

## ELECTRIC COOPERATIVES

Serve 8 consumer-members per mile of line



## OTHER ELECTRIC UTILITIES

Serve 32 consumers per mile of line

## ATTENTION! 15 - \$500 scholarships available!



**M**onroe County Electric Co-Operative, Inc. (MCEC) will be offering 15 - \$500 scholarships this year to high school seniors who are the sons or daughters of our cooperative members. Applications will soon be available on our website for these scholarships.

The winners of these fifteen scholarships will be drawn at our Annual Meeting of Members in June. The high school seniors entering must be present at the annual meeting to win.

Watch our publications, website and Facebook page next month for more details.



Your Touchstone Energy® Cooperative

[www.mcec.org](http://www.mcec.org)

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**Office hours:** Monday through Friday 7:00 a.m. to 4:00 p.m.

## Energy Efficiency Tip of the Month

Did you know insulating your electric water heater can reduce standby heat loss by 25% to 45%?

This could save you 7% to 16% on annual water heating costs. Insulating your electric water heater is an easy, inexpensive project that can improve energy efficiency and save you money each month.

The Dept. of Energy rates this project as medium difficulty, meaning most homeowners can tackle this project on their own. You can purchase pre-cut jackets or blankets for about \$20 at most home improvement stores. Visit [energy.gov](http://energy.gov) for project tips and additional considerations.

Source:  
[energy.gov](http://energy.gov)

