



Kilowatt Korner

MAY 2023

For WREA, the beginning of summer means that the “to do” list propels into action. Operations, maintenance, and yard staff are working diligently to organize power pole inspections, tree trimming, rights-of-way clearing, and have engaged in a heated battle with the over-zealous weeds that seem to have appeared overnight. Line crews continue system maintenance and begin working on remote projects that were postponed when access to powerlines became inaccessible in winter. Engineers and staking technicians are inspecting and approving new construction for consumers. Office and member relations staff continue to orchestrate the logistics of the WREA annual meeting and director election, member appreciation event and process capital credits allocations to its members.

Capital credits (or patronage capital) is one of the most popular perks of being a cooperative member. The annual allocation and retirement of capital credits is a reminder to members that they have a vested interest in White River Electric and the capital credits reflect their share of equity investment in the cooperative. Each May, White River Electric processes its allocation, or assignment, of operating margins from the previous year, which is what establishes the equity investment of each member. Members who had electric service during the previous year, will receive a portion of any margins (revenue minus expenses), based upon the amount of electricity they used, in the form of allocations. Basically, WREA “earmarks” your equity to be paid back to you at a later date and maintains a record of those allocations/assignments for future payments. White River Electric then uses any earned margins to help build, grow, and maintain the electric system in the following year.

“Last year wasn’t ideal from a margins standpoint” said Dale Dunbar, Chief Financial Officer. “We knew it was going to be a tight year by the time we got into the 3rd quarter, but we were glad to have positive margins to allocate at the end of the year.”

Allocation notices, totaling \$31,344, will be sent to members in early June. Comparatively, the 2022 allocations are less than members have become accustomed to earning. WREA, in accordance with its bylaws, will notify members in writing of their individual allocation, regardless of amount.

“Our goal is to have about \$1M in margins each year, and we could see that we weren’t going to reach that target in 2022 when inflation suddenly affected everything we purchase” said General Manager, Alan Michalewicz. “We knew our members were feeling the financial crunch, just like we were, and we were doing everything we could to avoid a mid-year rate increase. Unfortunately, that means smaller allocations for our members this year.”

But it’s the retirement of previous allocations that WREA members look forward to the most. Each year, the WREA Board of Directors evaluates the financial condition of the cooperative and decides if/when to return some of the margins from previous years. This year, the WREA board approved the retirement of approximately \$1.5M in capital credits to members from 2008 as well as approximately \$201,000 of G&T allocations to members from 1999. Checks to those members will be mailed in mid-August.

“This year is already looking like a better year for WREA”, said Michalewicz. “We don’t want to jinx anything and know that our wholesale rates are going to increase in 2024, but we’re grateful to be in a position to return money back to our members in the meantime.”