

Sheridan Electric Cooperative

# LiveWire

Sheridan Electric Cooperative - Medicine Lake, Mont. 406-789-2231

## WHAT'S INSIDE?

- **Helping others**
- **Football field project**
- **Statistical report**

## President's report

BY WAYNE DEUBNER, BOARD CHAIRMAN

**Deubner**

**O**n behalf of the board and staff of Sheridan Electric Cooperative, we want to welcome you to the 69th annual meeting of the

members. We hope this year's annual report is informative and answers any questions you might have.

### Transmission lines and new substations

Early in 2015, we energized several new transmission plant additions. One of these additions is a line that runs from Alkabo to Ambrose. At Ambrose, it ties to a new transmission line built by Burke-Divide Electric Cooperative. In the short time this line has been in service, both co-ops have used it to complete maintenance and repair damage. To do this work in the past, it would have required we shut down several substations, leaving many members in the dark until repairs could be completed.

### Capital credits

One of the tools the board and staff uses to control cash is the retirement of capital credits. Last year at this time, we were just closing out the transmission and substation construction projects and were experiencing a shortage of cash. With this in mind, the board elected not to pay out a regular retirement of capital credits. This year during the budgeting process, we were determined to have the ability to offer a normal retirement of capital credits.

In the past, we have offered an early retirement of capital credits. This year, we have decided to wait until late in the year to see if we have enough cash to offer the discounted credits. As you may recall, this is an effort to decrease the future financial exposure and control rates into the future. Participation in this is voluntary and most who participate are commercial and industrial members.

### Financial health

This past year, we have reduced our inventory, cleaned up old inventory practices, reduced our vehicle fleet size and reduced our staff size, all in

an effort to control costs. Noticing these activities, several members have asked, "Is the co-op in financial trouble?"

During the previous few years, we were busy with oilfield activity and large construction projects. This activity requires more staff and inventory. Now that things have slowed down, we are trying to get back to a level that fits the needs of Sheridan Electric Co-op.

You might have noticed on the financial graphs of the annual report the shift in the ratios. Typically, the graph would show about a 50 percent cost of purchased power, with the rest being general business expense. This shift has to do with debt. The debt is primarily for the recent transmission and substation build out and is paid for with two sources, a kilovolt-ampere (KVA) charge and Southwest Power Pool payments.

The board and staff monitor these ratios closely and adjust the KVA charge bi-annually. We are three years into the repayment of these loans, which are 10-year notes. This debt was borrowed on short-term notes to take advantage of low interest rates. The short-term debt and the KVA income create an

atmosphere of high margins and low cash availability.

## Rates

The electric industry is changing and some of those changes put pressure on rates. There is not only pressure to increase rates, but also pressure to change the structure of rates. The pressure to increase comes mostly from increased power costs. The pressure to change the rate structure comes from distributed generation, which is defined as member-owned generation. When members generate their own electricity, the co-op experiences lost revenue, but no reduction in

the fixed costs (poles, wire and administration). Most members who self-generate still need co-op power for when the wind does not blow, or the sun does not shine. In this case, your cooperative has had to reform rates to the self generator (to pay for the fixed costs) that will not penalize the balance of the membership. Most electric utilities address this issue in the monthly base rate or through a demand charge therefore changing the traditional rate structure.

## Safety

Safety is a monthly topic in the boardroom, as we are always looking for ways to improve. We

have adopted a new policy giving the Safety Committee the tools it needs to be effective. One of the goals going forward is to participate in the Rural Electric Safety Achievement Program. When enrolled, this program sets annual goals for safety.

The electric utility industry continues to change and evolve and the board of directors and staff have worked hard to keep pace with the challenges that change brings. On behalf of the membership, the board wants to thank the outstanding group of people who staff the positions at our cooperative. They are the ones that keep the lights on. ■



## Co-op works on substation change, school project

On Sept. 14, Sheridan Electric Cooperative took a scheduled outage in the Froid area to change out a transformer and do routine maintenance. This was the first major project the line department has undertaken since the new leadership team has been put into place at your cooperative. Good organization was in place, from the opening meeting to re-energizing of the sub. This project was slated for an eight-hour window, but was completed in five. The three transformers that were changed out of the Froid substation were installed in 1957.

On the same day, our team of electricians was on the new boiler project at the Plentywood school. With a massive load center to be

delivered to the framework for the electrical wiring, this team also showed immense hustle and precision work prior to the concrete to be poured. This project is estimated to keep these three electricians busy for several weeks, working in conjunction with Sheridan Sheet Metal.

These two teams showed drive and determination for the work ahead of them. Well-done to all. ■





## Scobey football field lighting project

In late 2015, Sheridan Electric Cooperative received a call from Ryan Linder in Scobey looking for someone to put lights on the football field. After some research from Josh Johnson and working with Ryan, we found a solution to fit their needs, and save them some money. The 100-foot poles are left over from the transmission project we completed last year on the North Dakota side of the service territory. Between the trenching of the underground power lines by Travis Benton and Tristan Erath, to the man lift carrying Tom Hinds and Josh Johnson 100 feet into the air, this was a massive project for the team that was carried out very well. ■



# Lighting to be given away

In the spirit of efficiency, Sheridan Electric Cooperative is giving away compact fluorescent lights (CFLs) each month. Each month's winner will receive 24 new CFL bulbs. A CFL produces the same amount of light for less than half the cost. The bulbs also produce about 75 percent less heat, so they are safer to operate. They can also last up to 10 times longer than the standard incandescent bulb. You could save \$80 a year by switching to CFLs throughout your home!

So this month, take a moment to complete and mail the coupon. Maybe you'll be this month's lucky winner and save on your energy costs. Good luck! ■

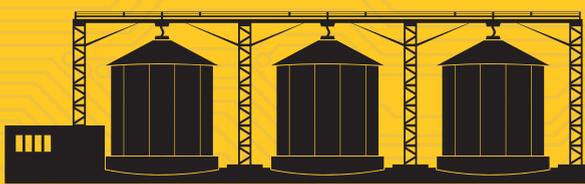
Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone number: \_\_\_\_\_

Account number: \_\_\_\_\_

*Congratulations to **Shirley Joyes** for winning this month's light giveaway.*



## Sheridan Electric Cooperative STATISTICAL REPORT

	August 2015	August 2016
Total miles of line	2,849	2,833
Consumers billed	3,039	3,084
Kilowatt-hours purchased	9,992,240	10,342,375
Kilowatt-hours sold	9,484,287	9,564,840
Average KWH per residential consumer	1,198	1,184
Average bill per residential consumer	\$133.75	\$141.00
Cost of purchased power	\$505,290	\$589,439
Margins year to date	\$2,697,982	\$2,359,821

### LINE DEPARTMENT STATS

	August 2015	August 2016
Weather	24	19
Age or deterioration	0	4
Animals and public	10	9
Power supplier	0	1
Equipment	10	0

### SUMMARY OF WORK COMPLETED

	August 2015	August 2016	Year to date
Pole installations	37	12	90
New construction	13,708 ft.	1,591 ft.	46,960 ft.
Miles driven	32,127	N/A	137,799
New accounts	8	3	35
Accounts retired	0	1	24

### SHERIDAN ELECTRIC CO-OP

Medicine Lake, Mont. 59247  
406-789-2231

#### TRUSTEES

Wayne Deubner, President..... Brockton, Mont.  
 Rod Smith, V. President..... Dagmar, Mont.  
 Rob Rust, Sec. .... Alkabo, N.D.  
 Kerrey Heppner, Treas. .... Plentywood, Mont  
 Alan Danelson, Trustee ..... Scobey, Mont.  
 Andrew Dethman, Trustee ..... Brockton, Mont.  
 Rick A. Hansen, Trustee ..... Froid, Mont.  
 Warren Overgaard, Trustee ..... Westby, Mont.  
 Harlan Skillingberg, Trustee..... Plentywood, Mont.

#### EMPLOYEES

Rick Knick ..... Manager  
 Riley Tommerup ..... Office Mgr./Accountant  
 Scott Westlund ..... Marketing/Member Service Manager  
 Pam Lund ..... Billing Supervisor  
 Jamie Ator ..... Accountant  
 Lisa Salvevold ..... Office Assistant  
 Torie Waller ..... Work Order Clerk  
 Kory Opp ..... Line Superintendent  
 Bryan Lenz ..... Line Foreman  
 Nick Oelkers ..... Staking Tech  
 Tim Ereth ..... Operator/Utilityman  
 Josh Johnson ..... Electrical General Foreman  
 Tom Hinds ..... Electrical Foreman  
 Steve Augustine ..... Line Sub Foreman  
 Tristan Ereth ..... Apprentice Electrician  
 Ronnie Gillett ..... Journeyman Lineman  
 Dan Roeder ..... Journeyman Lineman  
 Shawn Sansaver ..... Journeyman Lineman  
 Josh Marottek ..... Apprentice Lineman  
 Bill Baillie ..... Apprentice Lineman  
 Josh Ming ..... Apprentice Lineman  
 Jim Bakken ..... Material Specialist  
 Vicky Haddix ..... Custodian

**OUTAGES • CALL 24 HOURS A DAY**

406-789-2231

**OFFICE HOURS: 7 a.m. to 4:30 p.m.**  
Monday through Friday

Your Touchstone Energy® Cooperative