

THE ENERGY LINE



Energy information for the customers of Wellsboro Electric



Barney Farnsworth
President & CEO

Resilient and Reliable Service and Operating Systems

At Wellsboro Electric, we continue to reinvest in our electrical and operating systems to make your electric service more reliable and to ensure we are providing the services and customer care that meets your needs and expectations.

If you've been by our office on Austin Street recently, you likely noticed a lot of construction activity taking place around our building.

In April, contractors began work on a new headquarters building and crew shop that will move our operations into the 21st Century and allow us to better serve you. The building project, which has been in the planning stages since early 2021, is expected to be completed later this year or in early 2024.

As part of our customer-service enhancements, we are looking to increase storm-preparedness and outage communications with customers by introducing electronic messaging. Later this year or in early 2024, we will begin utilizing the SmartHub app to send text and email alerts about pending storms and provide regular progress updates during major power outages.

WECO will also implement an updated website later this year. The platform is designed to be more informative, intuitive, and user-friendly.

To make our electrical grid more resilient, we are continuing with major enhancements to our system along State Route 287 North and extending out State Route 249, and to improve reliability, we completed our annual right-of-way tree-trimming program in February.

Understanding Rates

I understand the recent generation rate increase has financially affected all of us. The staff at WECO has been in-

strumental in helping educate our customers on how these charges are calculated and what financial support may be available. Please allow me to expand upon their message.

WECO electric bills are made up of two main components: generation charges and distribution charges. The generation charge consists of the production and transmission of electricity from power generating plants to our service territory. The distribution charge covers the infrastructure (WECO's poles, wires and meters) that allows the flow of electricity to your home.

Both generation and distribution rate changes require approval by the Pennsylvania Public Utility Commission (PUC). WECO's last distribution rate increase took effect in May 2020.

Distribution rates are the mechanism WECO uses to fund capital improvements I have discussed the past few years to make the system more resilient and reliable for your electric service.

We have worked diligently to monitor and control expenses over the past three years. In addition, we continuously look for funding through grants like the Payroll Protection Plan (PPP) and through other state and federal sources.

Impact on Generation Rates

Wellsboro Electric does not own power plants to generate its own electricity. WECO purchases generation supply from the wholesale market, as well as from suppliers serving Customer Choice customers.

Under PUC regulations, WECO and the other electric distribution companies in the state are not permitted to earn a return on the generation rate that appears on your bill. Instead, it is a straight pass-through cost to customers.

We purchase generation under a default service plan to ensure adequate supply is available for our customers. This

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Safe Tree Removal

WECO has experienced several outages this year that were caused when homeowners cut trees that fell onto high-voltage electric lines.

Dropping a tree onto a high-voltage line is a significant safety issue. If the tree remains in the air, resting on the wire, the tree and ground surrounding it can become energized. A falling tree or limb can also break an electric wire, which can remain energized even when it's on the ground.

Both situations expose the public to electrical shock or worse, as well as unplanned outages that can take several hours to safely repair.

If you choose to remove a tree yourself and it hits an electric line, remember to stay at least 30 feet away from the downed power line, and don't go near the pole or anything touching the line.

Call 911 immediately if a power line is down. After notifying emergency personnel, contact WECO promptly so we can efficiently restore the outage.

Please note, if you do cut trees that fall on the electric lines, you may be billed for the cost of the restoration.

Always contact a qualified tree removal company before you decide to remove trees near power lines.

Proactive Management of Right of Way Vegetation

WECO has worked hard to return to a five-year right-of-way trimming cycle. This has decreased the number of outages caused by trees growing within our rights of way to under 3%.

Trees growing outside of our rights of way is a much bigger challenge. A utility in a heavily forested region such as ours could spend millions of dollars annually removing off right-of-way "hazard" trees — those with a potential to fall onto electric lines — and still never fully eliminate the problem.

We strive to balance the off right-of-way tree issue with budget realities in a way that improves reliability while minimizing the impact on rates.

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helped to buffer some of the higher energy prices of the past year.

As you are probably aware, wholesale electric prices climbed to nearly historic highs over the past 18 months due to domestic and international events. Generation pricing since peaked, but it will take most of 2023 to remove the high wholesale prices from the past 18 months. If the market holds around current levels, we expect you will see a decline in the generation charge on your electric bill in December 2023.

We will keep you informed of any future rate changes through newsletters, bill inserts, our website and newspaper articles. If you are experiencing a hardship with paying your electric bill, please give our office a call at 570-724-3516 and our customer service representatives can refer you to agencies and programs that may be able to assist you. We also offer a budget billing plan based on your average annual electric use and allows you to pay a fixed bill amount each month.

Impacts on Distribution Rates & Responsible Consumer Advocacy

More and more, we are seeing advertisements for renewable energy sources, such as solar and wind, that target local landowners. In an effort to spur installations of renewable energy sources, an electricity billing mechanism known as "net metering" was implemented to compensate customers for the renewable energy they contribute to the electric grid.

Many electric distribution companies have identified shortcomings with the net-metering rules, which allow net-metered customers to avoid paying their full share for the distribution system they remain attached to if their renewable energy source fails.

For example, for every kilowatt-hour (kWh) that a net-metering hookup generates, it avoids paying the volumetric charges of the distribution rate. If a net-metered customer generates excess electricity, the electric company must pay the net-metered customer the full generation and distribution retail rate, which is currently 18.75 cents per kWh.

This avoidance of paying volumetric distribution rates reduces revenues needed to maintain and fund capital improvements on the system. This lost revenue will need to be recovered in order to maintain the distribution system, and, ultimately, the cost will be shared by all of the utility's rate payers.

WECO strives to control expenses in an effort to maintain stable distribution rates for as long as possible. However, it would take just one or two large net-metering additions to our system to negatively impact distribution revenues that would likely require us to file for a distribution rate increase.

There are various pieces of legislation being proposed to increase renewable installations. WECO is pushing for changes to existing net-metering rules and actively monitoring renewable discussions. This responsible consumer advocacy is imperative, as our customers should always be protected from cost-shifting which would lead to distribution rate increases.

**SUMMER
REMINDER**



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