

84th Annual Meeting Member Forum Questions & Answers

Do you have any concerns about recent news regarding electric system reliability this summer, and the possibility of rolling blackouts in California, Texas and here in the Midwest?

The wholesale power market is very different today compared to past years. The market is very tight with supply/demand concerns. Supply is the amount of available generation and demand is the amount of electricity we consume when we turn on a light, use a toaster or run an air conditioner. The price of power and the possibility of rolling blackouts has been in the news lately. Yes, we have a concern that there is a chance something like that might happen.

The wholesale power market is a regional market. Even if Polk-Burnett does everything right. Even if Dairyland does everything right, it's a regional problem. While we have a concern, we also have a plan if there is a critical shortage of power across the regional electric grid. We hope we do not need to use the plan, but we have had an emergency plan for the past 15 to 20 years and we practice the plan annually. If we did have to use the emergency plan, all utilities across the region would be instructed to reduce energy load, not just Polk-Burnett. Initial warnings would ask the public to voluntarily conserve. Then, we'd move to full load control, and if capacity reaches critical levels, we'd initiate rolling outages. The plan includes communication to keep members informed.

What are the health and technological concerns related to the inadequacy of appropriate health, safety and surge protection testing of the new smart meters?

First some background, Polk-Burnett started the meter upgrade program in 2021 and we hope to finish in 2022. The first generations of our automated metering program, which started in 1996, used powerline carrier technology. The second-generation powerline carrier system started in 2010. The powerline carrier technology did not return the metering information very fast. As metering technology has advanced, a newer, radio frequency (RF) technology for the rural area has emerged as the technology of choice, making powerline carrier obsolete and the vendor has ended support for it. We have extended the life of our system by acquiring used parts from other cooperatives, but we are slowly running out of options, and that is why we are trying to finish deployment by the end of the year.

In 1996, we were early adopters of the first-generation technology. In 2010, we were in the middle of the group adopting the second-generation technology. With the third-generation metering system, we are near the back of the adoption curve, meaning many others have deployed smart meters with RF technology ahead of us. 2020 reports from the Energy Information Agency (EIA) state that out of a total of 159 million meters in the country, 102 million are smart meters.

The meters and technology Polk-Burnett is using are the industry standard and approved by the FCC. The vendor we have selected is one of the biggest in the market. The technology uses radio frequency to communicate the meter readings back to the office and operates on the same unlicensed radio frequency as baby monitors, garage door openers and remote controls for your TVs. The amount of time spent transiting information averages 96 seconds per day.

The cooperative has been transparent throughout the implementation process by informing everyone of the system upgrade. The submitted question raises a concern and disagrees with the technology used and testing. We want to be sensitive and respectful to members with differing views and opinions on the technology and invite conversations to find resolution. As a co-op, we try to address the concerns of

our members and provide options. As an option to installing a smart meter on your house, you can relocate your meter socket away from the house and we will install the smart meter to the relocated socket. The member will have cost responsibility for the relocation.

The system used today is quickly reaching the end of its useful life. The new system provides many operational benefits beyond just the meter reading and we are excited to use the technology to increase our level of service to our members.

Does Polk-Burnett offer solar home credits?

Yes, our EnergySense program offers \$250/kW up to a max of \$750. In addition, we also purchase any extra power generated but not used at the end of the month at a price that is the average price paid on the wholesale power market over the past month.

Just wondering if you will ever have a recycling day for electronics. It was many years ago.

Several years ago, Polk-Burnett offered an annual recycling program when there were very few recycling options in the area. At the time, we were able to find a recycler that didn't charge the co-op, and we only had to provide the labor. Once recyclers started charging by the pound for the recycled items, we decided to no longer offer the event. We discussed the advantages and disadvantages, and believed it wasn't core to our mission of providing reliable power and good customer service. We know it was a popular program for many of our members and thank all who participated in the past.

Would be interested on general background on rates over this past winter/causes for increases?

Our rates have not increased since July 2010. Because it was a long, cold winter, we did see average electricity use increase, so your bill may have been higher because you used more electricity. However, we did have power cost adjustments over the winter. In January and February 2022, we passed through a PCA *credit*. In April and now again in July, we are passing through a PCA *charge*. In both cases, the PCA is based on the prices paid in the wholesale power market. As discussed earlier, the market has been challenging in 2022 and when Dairyland has to pay more, the cost of power gets passed along. Similarly, when they have to pay less or are able to make a profit selling more power into the market, they pass the savings through. In 2021, Dairyland passed back to us and we passed on to you, \$818,000 in credits. Unfortunately, supply chain issues and the Russia-Ukraine conflict have resulted in a more expensive market this year and the need to pass through the charges.

Will there be a pre-pay program for propane this year?

Yes. The pre-buy contracts will be ready the end of July.

Will the annual meeting ever go back to in-person?

Yes. We are planning to have a hybrid meeting next year. In person and online. When we had the first virtual meeting due to the pandemic, we received positive responses from members that could never attend an in-person meeting. This provided an opportunity to reach a new group of members. In addition, we have received many more questions in the virtual format instead of in person. However, we also realize some members prefer in person. We are going to try to accommodate both next year.

Does the co-op have a strategic plan for electrical system maintenance and upgrades?

Yes, we are very focused on our system maintenance program. It is a core reason why we are able to be in the top 25% of cooperatives nationwide for reliability performance. On an annual basis we inspect

overhead lines, poles, equipment along our underground lines, overhead rights-of-way, substations and other special equipment.

Will our power grid be able to handle the increase of more EV vehicles in the years ahead?

This is a more difficult answer. Yes, in the short to mid-term. However, if every vehicle with an internal combustion engine today was converted to electric in a short period of time, upgrades would be necessary. The best case scenario is for a gradual transition that allows the utilities to plan for the additional system needs of EV charging. As mentioned above, demand must be balanced with supply, and it is necessary to make sure the electric grid can transport the power from where it is generated to where it is needed.

The co-op incentivizes off-peak charging, overnight when energy demand and costs are lower. Load control is required to receive a co-op rebate on residential chargers. We ask members to contact the co-op before installing an EV charger for reliable and cost-effective charging, 800-421-0283, ext. 595.

How can we get connected with the solar garden?

Polk-Burnett does not offer community solar options where we sell a share in a one of our solar projects. We believe it is best to use our solar generation for the benefit of all members. We have used our solar projects to reduce our wholesale power expense for all members to benefit.

Are there any solar panel installation companies recommended by Polk-Burnett?

Polk-Burnett typically holds a PV educational seminar put on by a local contractor each spring. The seminar for 2022 has already been held. While we do not recommended contractors, our Member Services Department can provide a list of solar (PV) installers we have worked with in the past. We do recommend obtaining multiple estimates for projects and checking references.

Why is Polk-Burnett buying solar power from private companies instead of owning solar facilities?

As a nonprofit electric cooperative, we are a non-taxable entity for federal income tax purposes (note, while we don't pay income tax or property tax on electric facilities, we do pay \$485,000 for gross receipts tax in lieu of property taxes). Since we do not pay federal income taxes and have no tax liability, we cannot take advantage of the 26% investment tax credit (ITC) for solar installations. By buying the solar output from a third-party vendor, we get a better price (than owning it) because they can take advantage of the ITC. In addition, we do not have to worry about any operational or maintenance expenses. We are not experts in solar arrays and prefer to keep our focus on providing good service to our members and high reliability.

Seasonal cabin owners are 40% of the co-op members. Why are these members not permitted to serve on the board of directors?

Just like a local school board, town board or county board, you must have permanent residency in the district to be a member of the board of directors. Unlike other boards, seasonal members still can vote in the director elections and member meetings, but they cannot be on the board. Polk-Burnett's board of directors has reviewed this question multiple times over the past five years and just recently reviewed it again as part of an overall examination of its governance practices.

As a cooperative, Polk-Burnett is governed by a board of directors elected by the members. We have nine directors, representing nine districts. Directors serve three-year terms and attend monthly meetings. Board responsibilities include:

- Setting the co-op's mission, vision and values
- Developing policies
- Maintaining legal, regulatory and internal compliance
- Setting electric rates
- Approving the annual budget and system improvements
- Hiring the general manager and evaluating performance

Directors represent the best interests of **ALL** members when making decisions for the co-op, and our leaders respond to local issues—such as economic development and renewable energy—with hometown values. When decision makers are local and elected by members, you can be certain our local community is represented. Co-op directors live in the communities we serve and want to see our local communities thrive.

Why weren't we able to vote on the bylaw amendments separately?

The bylaws amendments before the membership at the 84th annual meeting had been adopted and in effect since June 28, 2021 and July 26, 2021. The amendments came before the membership for report and approval.

No bylaw mandates a separate serial vote on each proposed bylaw amendment. Each bylaw amendment was reported for approval as required in the bylaws. The members were asked to vote whether to approve or reject the reported amendments to make the most efficient use of the time allotted for that matter under the virtual meeting format.

Do the smart meters have a brand name and model that we can look at online?

The company supplying our meter system is Landis & Gyr. The current system being installed is the RF Mesh technology.

I wish we had underground lines. Some of our neighbors have it. How do we go about getting them?

Please contact the operations department at 800-421-0283, ext. 308 or 365. A staking engineer will determine the best route for an underground power line on your property and will quote you a cost for the conversion. When we consider rebuilding a line, we look at many factors to determine the justification and whether it will be overhead or underground. Converting overhead to underground lines has been a major reason (along with our maintenance programs) for our reliability improvements.

Thank You Members

Polk-Burnett's board, management team and all the employees would like to thank our members for your support. We have worked hard to not have a rate increase over the past 12 years while improving reliability by 55% and increasing levels of customer service. We hope to build upon these improvements as we try to automate our substations to reduce outage time and give our members more convenient ways to interact with us. We appreciated all feedback, both positive and negative to help us provide you with even better service in the future. Once again, thank you for your support.