



AUGUST 2022



CO-OP NEWS

GENERAL MANAGER'S REPORT

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May through September
Office hrs: 6:30–5:00, Mon.-Fri.

October through April
Office hrs: 7:30–4:00, Mon.-Fri.

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Your cooperative is a proud member of these fine organizations



In this month's article I wanted to bring you up to speed on a couple pieces of proposed legislation coming up that could have a profound impact on the electric cooperatives in Wyoming. The first bill is Senate File No. 95, which deals with a utility's point of consumption and NOT serving in other utility's certificated territory. The second bill is Senate File No. 71, which proposes to create and deregulate "Industrial Power Zones" in our certificated territories for crypto miners. Below I'll explain more about each bill, why they are being proposed and why we do or do not support them.

Senate File No. 95

Senate File No. 95 is a bill we support, which relates to the point of consumption of utility services. This bill would amend W.S. 37-2-205 to help protect our certificated territories and set some guidelines if an incumbent utility does not have the infrastructure in place to immediately serve a requested load. The amendment states:

1. A neighboring utility must enter into an agreement with the incumbent utility before it can serve load in the incumbent utility's territory, and can only serve until the incumbent utility is able to serve the new load. The neighboring utility must follow this process.
2. We added language that states if a neighboring utility violates the law, the Public Service Commission shall order just compensation to the incumbent utility for the violation.

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Ryan Schilreff
General Manager

The following names have been drawn for a \$25 bill credit. Contact Wyrulec Company at 877-WYRULEC to claim your credit!

E. Alan Schmick
Gayle Erskine
Robert N. Yeik
Brad Groves
Dennis Smith



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3. The co-op's approved rules and regulations on file with the Public Service Commission shall be followed when there is a load request.

As many of you know, when you request a new service the co-op extends a certain dollar amount of credit to you toward the cost of the new service; plus we include transformers and other items at no cost. If the service costs more than the credit, the member is required to make up the difference. This is called Contribution in Aid of Construction. Once the service is energized, the co-op takes full responsibility to maintain and replace that infrastructure at any time in the future. If the service is deemed "indeterminate," then the member pays all the cost for the service with no credit. Indeterminate means unknown, and the co-op is unwilling to take financial responsibility for a service that we aren't sure will be here one day or gone the next, leaving us with no revenue stream to maintain the infrastructure. If we were willing to do that we would be putting that financial risk on all our members to pay for infrastructure for one member that is no longer a rate payer. Situations like this are the reason we have rules and regulations filed and approved at the Wyoming Public Service Commission.

The reason we are proposing these amendments to the law is we have certain companies wanting to side-step the process and cost, and not follow the tariffs on file with the Public Service Commission, because it may be cheaper to try and take service from a neighboring utility.

An example of this is oil & gas companies, which have deep pockets. They can build their own line, which is legal, and take service from another utility even though the consumption of electricity is not in the serving utility's certificated territory. Our neighbors to the north, Niobrara Electric Association, had this very situation happen to them. An oil and gas company built a powerline right into Niobrara's certificated territory and delivered the power from an IOU's (Investor-Owned Utility's) substation outside of Niobrara's territory. Niobrara had told the oil & gas company they would serve them, but they needed to provide "Contribution in Aid of Construction" to build the infrastructure to the oil field (because they were defined as an indeterminate service). Keep in mind we are required by law to serve in our certificated territories. Niobrara filed a complaint at the Public Service Commission based on the current law and violation of their certificated territory. The Public Service Commission ruled that the oil & gas company is not a public utility, so there was no violation of law from one utility violating another's territory, because the power was being delivered in the IOU's territory, even though it was being consumed in Niobrara's territory. However, the Public Service Commission did rule that the

IOU had to cease serving the oil & gas load once Niobrara could serve the load, but they didn't require the oil & gas company to pay the upfront cost to serve, which is required by the tariffs filed and approved at the Public Service Commission.

So now Niobrara has to decide if it is worth taking the financial risk to serve the indeterminate load. To solve this problem, we are proposing the above amendments to the law, which makes it very clear on delivery point and point of consumption. When we make investment decisions about infrastructure, the assets we invest in serve for 30 to 40 years, and we recover our cost over that time frame. If we're unsure if we can recover that cost, it must be paid up front. Fortunately, the oil & gas companies we have worked with here at Wyrulec have been very good to work with and willing to pay their fair share. Another bonus for us is we are surrounded by cooperative utilities (not IOU's) and we have a very good working relationship with the other cooperatives.

Senate File No. 71

Senate File No. 71 is the "Deregulated Industrial Power Zone Act." This bill is problematic in that it basically strips us of a portion of our certificated territory. What's even more problematic is that it wasn't created by a special interest group; it was created by Legislatures specifically to cater to crypto mining companies.

The deregulated area would be on state land, no less than 640 acres contiguous, and all located within a county. Just like the example I gave on SF-95, these are also indeterminate services. Crypto mining happens in portable containers that can be easily moved, meaning we have no idea how long they might be here to recover the investment needed to serve them. These mining platforms can use a tremendous amount of power, and we must be assured that we are not shifting the financial burden of serving them to all other members. The cost of serving this type of load is mainly upgrading the infrastructure to supply the large amount of electric capacity these units need.

Again, we already have rules and regulations on file and approved with the Wyoming Public Service Commission to deal specifically with these types of circumstances. Our members have paid their fair share of costs over the last 80 years to get reliable electric service; why should these new proposed loads not only get to choose where they go and who serves them, but get to side-step the process and rules that protect the rest of our membership? I have enclosed the letter that I sent to the legislative committees that were discussing SF-71 to try to reinforce our position.

If you have any questions about your cooperative, feel free to reach out to me at 877-WYRULEC.

WYRULEC COMPANY SF-71 COMMENTS

Dear Committee members:

My name is Ryan Schilreff and I'm writing as a concerned General Manager of Wyrulec Company, an electric cooperative serving 2300 members, to express my concerns and opposition to SF-71, Deregulated Industrial Power Zones. I understand that this bill failed to pass the Senate Minerals committee during this past session but that there was an agreement to study this issue over the summer, and to have a technical conference with the Public Service Commission and all interested parties to try to come up with a suitable alternative.

I also understand that the technical conference did not yield the results some had hoped for and that those pushing this legislation, namely crypto mining companies, did not attend (or perhaps attended virtually but did not participate in) the technical conference.

According to those championing this legislation and who have said publicly numerous times that our regulatory structure in Wyoming works excellent for 99% of the people, it's just that 1% (high energy users, crypto miners, and others) that it does not work for and thus the need for the legislation. It begs the questions "Why are we looking to change the regulatory structure of the electric utility industry that has served 99% of the citizens of Wyoming, both rural and urban, for close to a century, for 1% of a volatile, indeterminate, and **potential** load or customer?"

Some have also said that crypto mining companies and other high energy users have been told by cooperatives and other utilities that "they won't serve these loads." I would attest that we not only want to serve these potential customers, but we are obligated by law to serve anyone who locates within our certificated service territory.

That having been said we cannot and will not provide electricity to anyone at a rate or by investing our member's money if that rate or investment will harm the rest of our member-owners, your constituents. A large power user that locates within our service territory is beneficial to all of our members and helps keep rates stable and assists with grid reliability. So, we are eager to attract and work with these potential new customers, but again, not at the risk to the rest of our members, your constituents.

I am happy to visit with you further about this issue and hope that as you consider any legislation affecting our industry that you keep those who first took the risk to bring electricity to rural Wyoming and those who have continued to provide reliable, affordable electricity to our ranchers, farmers, rural communities, and businesses across the state, at the forefront of your mind.

Sincerely,

Ryan Schilreff

General Manager, Wyrulec Company

Reminder - Our contractor will be pole testing during the months of August and September in several areas of our service territory.



HAY IS FOR HORSES



USE IT WITH CARE NEAR POWER LINES

Using hay on the ranch or farm is essential. However, be careful near overhead power lines. Here are some safety tips to keep in mind:

- Be aware of overhead power lines when moving bales of hay.
- Do not store hay bales underneath power lines.
- Bales could get close to or contact a power line, pole or guy wire.



IN ADDITION:

- Tarps that cover hay can come loose in heavy winds.
- The unruly tarp could contact a power line and cause an outage.



Learn more:

 **Safe
Electricity.org**[®]