

National Cooperative Month

October 2016

Upshur Rural Electric
Cooperative

ELEC - O - NEWS

Upshur Rural Electric Celebrates National Cooperative Month

Being part of a cooperative means being part of something special. Upshur Rural Electric Cooperative is celebrating National Cooperative Month in October, along with 40,000 other cooperative businesses serving more than 120 million people nationwide.

“Cooperatives Build” is the theme of this year’s National Cooperative Month. There are so many ways that cooperatives help to build a stronger rural America. Consider these ways that co-ops build:

Cooperatives Build Trust

Most co-ops strive to adhere to seven key cooperative principles, which combine to help build trust between the co-op, its members and the community. For example, the first principle is *Voluntary and Open Membership*, which means that we are a voluntary organization open to all people to use our services and willing to accept the responsibility of membership. The second principle, *Democratic Member Control*, gives members a voice in the cooperative’s policies and decisions. Members are invited to attend our annual meeting held each April to gain insight as to how the cooperative is doing and to vote for Board Member seats up for re-election.

Cooperatives Build Community

The seventh cooperative principle is *Concern for Community*. Cooperatives work for the sustainable development of their communities through employee involvement in local organizations, through charitable contributions to community efforts and through support for our schools. Many of our employees are very active in local civic clubs as well as the many community events such as the Yamboree and Pioneer Days. Our employees are little league coaches, room mothers and very involved with their churches.

Cooperatives Build Jobs

Cooperatives generate jobs in their communities and pay local taxes to help support community services. Cooperatives often take part in community improvement programs, ensuring that everyone has an opportunity to benefit from the cooperative experience. Upshur Rural Electric provides 104 jobs in the northeast Texas area.

Cooperatives Build a Better World

Members of Upshur Rural Electric Cooperative are invited to join in the celebration by watching the special screening of the Visionaries PBS Series documentary this fall. The one-hour documentary follows the work of the National Cooperative Business Association, CLUSA International, celebrating 100 years of cooperatives that build a better world through 7 co-op stories featuring members in Seattle, Western Massachusetts, Mississippi and international projects in Mozambique and East Timor. With the seven cooperative principles binding these unique and diverse businesses, we can see that co-ops truly do build a better world!



Stop by our office located at 1200 W. Tyler Street in Gilmer on *Monday, October 31st* for a treat! While you are here, VOTE for your favorite pumpkin that will be on display. Our employees are having our annual “friendly” competition between departments, and we will be counting on your vote to determine the favorite! Pictured are a couple of last year’s pumpkins!



Ask the General Manager

What is PCRf?

PCRf is an acronym for Power Cost Recovery Factor. As the name implies, it is the factor on a bill designed to adjust the bill based on the current Power Cost. What is less implied is that it is the Power Cost from the Co-op's Generation and Transmission (G&T) supplier to the Co-op. So any recovery from the PCRf first acts as a pass through for the Co-op and goes straight to the G&T supplier. Every month an accounting adjustment is made to reflect the pass through.

A first point to answer might be "what cost does it reimburse?" The bill URECC gets from its supplier is a total charge for Generation Fixed Cost (the mortgage and maintenance for the steel on the ground so to speak), Variable Cost (mostly fuel cost) and Transmissions Cost to deliver to our system. This total bill is based on the prior month's total usage by URECC members and is reflected on meters at the entry point into our Co-op's electric system.

Another point to answer is "how is the PCRf calculated?" URECC, as a cooperative, is a non-profit entity. Upshur Rural, through its base rates (that being the energy charges, demand charges and monthly customer charge), recovers the cost to install, operate and maintain a base service extension to every member, a backbone transmission and distribution system for delivery, overhead and a base cost of generation that was in place when the current rate was calculated. The base cost of generation at the prior time would set the PCRf to a zero level.

As time moves forward, costs go up for many reasons. These vary from inflation, installation of new generation units, changes to contractual supply, average cost of fuel, growth in our load, increases in transmission rates and required maintenance on generators. As the costs trend upward, the Cooperative adjusts the PCRf from the initial zero level to whatever rate the past month's bill from the G&T supplier was billed, minus the built-in base cost of generation already recovered on the Co-op's bill. That difference becomes the next month's recovery factor. The PCRf will simply adjust, and typically grow over time, until the Cooperative readjusts the current base generation cost in its energy, demand and monthly customer charge as part of its rate, hence resetting the PCRf back to zero again.

So the PCRf is a pass-through recovery mechanism to compensate for the current cost of supplied electricity to the Cooperative, and is set up to be the difference between the current month's Generation and Transmission bill to the Co-op and what the Co-op is recovering in its current base rates.



Mr. Rob Walker
General Manager

Submit your question to Mr. Rob Walker, our GM at ask@urecc.com and he will select a question and address it in the following months' newsletter.



Upcoming Events:

October 20-22

79th Annual East Texas Yamboree in Gilmer. We will have an information booth in the Exhibit Building at the Yamboree grounds!



October 25

Upshur Rural Electric Cooperative's 79th Birthday!