

SOUTHEAST ELECTRIC Cooperative



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FACTORS THAT IMPACT ELECTRICITY PRICES

By **TYE WILLIAMS** | Manager

I was recently asked by one of our members about what impacts electricity prices. We talked about how the daily cost of living seems to have increased across the board.

Just as inflation has impacted everything from the price of gasoline to the price of eggs, costs for the fuels required to produce electricity have also risen. This is a timely topic, so I wanted to help explain some of the factors that impact electricity prices (and energy bills) in this month's issue of Rural Montana.

While there is no short answer, there are a few key elements that impact electricity prices and rates. Some of these factors Southeast Electric can manage, some of them you can impact and other factors are beyond our control. So, let me break it down.

There are three primary parts to your monthly electric bill: a base charge, a kWh charge and most recently added, a Demand charge, which is currently zero dollars. To understand your total energy costs and what impacts your bill, let's unpack one piece at a time.

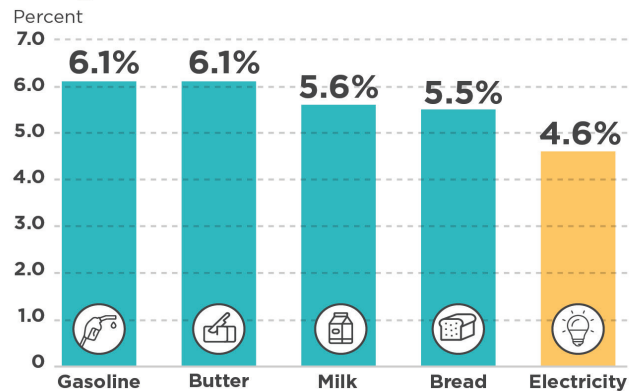
The first is a fixed monthly base charge, which covers some of the costs associated with providing electricity to your home. This includes equipment, materials, labor, and operating costs necessary to serve each meter in Southeast's service territory, regardless of the amount of energy used. In order to ensure the reliable service you expect and deserve, we must maintain the local system, including power lines, substations and other necessary equipment. Like many other businesses, we've experienced supply chain issues and steep cost increases for some of our basic equipment. For example, the cost for a distribution transformer (which looks like a long metal can at the top of a power pole) has more than doubled in the last two years and wait times to receive some of our essential equipment can be over a year. Because



ELECTRICITY REMAINS A GOOD VALUE

Although inflation has led to increasing costs in many areas of our lives, the cost of powering your home rises slowly when compared to other common goods. Looking at price increases over the last five years, electricity remains a good value.

Average Annual Price Increase 2017-2022



Source: U.S. Bureau of Labor Statistics
Consumer Price Index

we are a not-for-profit cooperative, some of these expenses must be passed on to our members through higher rates or growth. I should note that the base charge is the same for every residential member and the costs are shared equally across the membership.

Another component of your monthly bill is the kWh charge, which covers how much energy you consume. You've likely noticed the amount of energy you use can vary from month to month and is typically impacted by extreme temperatures. When temperatures soar or dip, your cooling and heating equipment run longer, which increases your home energy use. Regardless, energy consumption is an area that you have some control over, and you can lower

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Annual Meeting report

A quiet event this year, with a lower than usual attendance, proved to be successful. A delicious meal was once again served by the Wagon Wheel Café. Members were given a cutting board for attending the meeting. Kati Champlin did a beautiful job singing the Star-Spangled Banner and Pastor Jon Champlin gave the invocation. Albert Paul gave the president's report and thanked the linemen for all their hard work at all times of the day and night.

Incumbents Clayton Jardee and Albert Paul were both voted by acclamation to serve 3-year terms. Clayton has been serving District 5 since being appointed in February 2020 and Albert has been serving District 9 since August 2012. Albert also serves as the secretary of the Upper Missouri Power Cooperative, Inc. Board of Directors.

Karen Kreitel gave the secretary/treasurer report stating that Southeast Electric is in good financial condition. General Manager, Tye Williams, reported that financially, SECO is doing well. At this time, while rates are being raised throughout Montana, SECO's rates remain stable. He stated



Former Manager Jack Hamblin and his wife Celinda were celebrated at SECO's Annual Meeting for his 23 years of dedication. He is now officially retired. | SECO PHOTO

that the costs of supplies are high, and availability of those supplies is low, but we work with reliable vendors. Tye reported on the possibility of the wind farm that is rumored to be built north of Ekalaka. He stated it would not require power from Southeast Electric. He also reported that there is a possibility of a solar array going in between Baker and Plevna. This is in the begin-

ning stages. The new Albion substation has been energized and SECO is now starting a project to build a substation in the Mill Iron area. Our crews and our contractors have been very busy changing poles. They hope to change out \$1.5 million worth of poles in 2023.

Gary Wiens, Chief Executive Officer of Montana Electric Cooperatives' Association, gave an update on legislation that is affecting coops across the state. Director of Community and Member Relations, Chad Reisenauer also gave updates on Basin Electric Power Cooperative.

Jack Hamblin was given a gift of appreciation from Southeast Electric for his 23 years of dedication to our community. He has now officially retired and will spend his time with family and maybe a little fishing.

Members enjoyed great prizes compliments of Irby Utilities, Electrical Consultants, Inc., WESCO, Red Rock Power, and Southeast Electric. Prizes included gift cards, gift baskets, a Fit Bit, a TV and two \$500.00 cash prizes and much more. The weather was absolutely beautiful. Hope to see you next year! RM

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your monthly bill by actively reducing energy use. Just by setting your thermostat a little higher in the summer and lower in the winter, you will be able to save on your electric bill, if you have AC or electric heat.

The last component of your bill is the demand charge, which will vary for each member as does the kWh charge. The demand charge will climb as you run all your electronic devices and appliances at the same time. To reduce your demand (kW), stagger what you run during the day. If you are cooking a roast in your electric oven, wait to run the electric dryer until the food is done. On hot summer days when the A/C is

running a lot, running any other electric appliances will really increase the demand for your home. Currently, the demand charge is zero, but as Southeast continues to deal with increased costs, we will assess if this needs to change.

I hope this information sheds light on some of the factors that impact electricity prices. While we can't control the weather or the rising costs of fuels, please know Southeast Electric is doing everything possible to keep internal costs down.

We're here to help you, too. Contact us if you have questions about your energy bill or for advice on how to save energy at home. RM



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