



Understanding energy costs



From the desk of
CEO & General Manager
Eddie Oldham

Do you ever wonder what goes into the electricity rates for our members? Maybe you've wondered what the basic facility charge is for, or what a kilowatt-hour (kWh) is? These are all very common questions and if you have ever asked yourself those same questions, you are not alone. That's why I want to take a second to help you understand what is behind the charges on your monthly bill.

To start, it is important to understand how the electricity eventually makes it to your home. Before it is ever used to power your everyday needs, it is first generated at a power plant and transmitted through a network of transmission lines, substations and distribution electric lines. We purchase the electricity wholesale from a third party, through wholesale power agreements, and provide the means for the electricity to travel from our substations directly to your home across a system of poles, lines, transformers and other various equipment.

The same as we bill our members each month, the co-op also purchases electricity on a monthly basis based on the peak demand of our system. Peak demand refers to the moment in time when our system is using the most amount of electricity. During the winter, this is typically in the morning when it is coldest outside and families are getting their day started, and during the summer, it is typically in the late afternoon at the hottest point of the day when everyone is starting to return home from school and work.

So how does this relate to the basic facility and kWh charges that you see on your monthly bill? The basic facility charge is essentially each member's share of

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the costs to maintain the system, i.e. poles, wires, substations, etc. This ensures that all equipment can be maintained and is operating efficiently to deliver reliable power to your home.

The kWh charge is for your individual electricity consumption. A kWh is your electricity demand over a period of time. This is dependent upon what types of devices you are running in your home and extremely dependent upon the setting of your thermostat versus how hot or cold it is outside. This relates back to the peak demand billing to the co-op. When the electricity consumption of our members is at its highest, that is where the billing to the co-op is at its highest.

As a not-for-profit provider, our goal is to serve our members as close to at-cost as possible, while keeping enough funds on hand to absorb any unforeseen circumstances that may occur, such as major storms or equipment malfunctions. Just like you, we are constantly working to make changes to our system to reduce our costs. We're all in this together. When you save electricity, the co-op saves money, and when the co-op saves money, we all save money on electricity costs in the long-run. That's the beauty of the cooperative business model; when you win, we all win. Rest assured, we are continually looking for ways to save you money on your electricity, now and well into the future.

Until next time,

Eddie B. Oldham