

COLUMBUS CURRENTS

Factors that Impact Electricity Prices

By Anne Prince

I was recently asked 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 Columbus Currents.

While there is no short answer, there are a few key elements that impact electricity prices and rates. Some of these factors Columbus Electric Cooperative 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 service charge, a kWh charge and a Power Cost Adjustment (PCA) and Debt Service Adjustment (DSA). 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 service charge, which covers the costs associated with providing electricity to your home or business. This includes equipment, materials, labor and operating costs necessary to serve each meter in Columbus Electric Cooperative'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) went

from \$797.00 in 2022 to \$1,033.00 this year, and wait times to receive this essential equipment are up to 26 weeks or more in some cases. Because we are a not-for-profit cooperative, some of these expenses must be passed on to our members. Periodically we evaluate our service charge to be sure we are recovering these costs and not placing the financial condition of the Cooperative at risk or that members in one rate class are not being subsidized by another.

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 your monthly bill by actively reducing energy use. Your thermostat is a great place to start, so be sure to keep it close to 78 degrees during summer months.

The last component of your bill is the Power Cost Adjustment (PCA) and the Debt Service Adjustment (DSA). The PCA covers fuel cost fluctuations without having to continually restructure electricity rates. The DSA is used to recover the Cooperative's debt interest cost. The PCA changes monthly while the DSA changes quarterly.

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 Columbus Electric Cooperative is doing everything possible to keep internal costs down. Our last rate change was in 2013 – that's 10 years!

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. 1-800-950-2667

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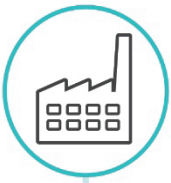
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4 KEY FACTORS That Impact Energy Bills

You pay for the electricity you consume each month, but there are additional factors that impact your energy bills.



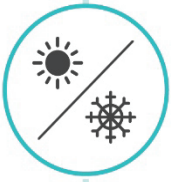
Fuel Costs

Before electricity can be delivered to your home, it must first be generated at a power plant or from a renewable source. The cost of fuels used to generate electricity fluctuates, which is why you see a power or fuel charge on your monthly bill. This monthly charge covers cost fluctuations without having to continually restructure electricity rates.



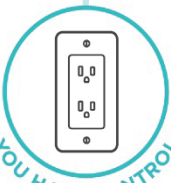
Service Costs

Your bill includes a monthly service charge, which recovers part of the co-op's ongoing investments in poles, wire, meters, system maintenance and additional costs necessary to provide electric service.



Weather

When temperatures soar or dip, your cooling or heating equipment must run longer and at maximum capacity, which can greatly increase your energy use. Extreme temperatures can also affect electricity market prices. When the need for electricity increases due to extreme heat or cold, the price of power typically rises.



Energy Consumption

This is the amount of electricity you use each month to power your home's cooling/heating system, appliances, lighting, electronics and more. The amount of electricity you consume is measured in kilowatt-hours, or kWh. You have control over how much energy you use, which can ultimately help manage your monthly costs.

YOU HAVE CONTROL

Notice: Energy Assistance and Moratorium Protection (LIHEAP)

Protection from winter shut-off begins November 15, 2023. To avoid potential disconnection of services please contact the New Mexico Human Services Department at 800-283-4465, or the appropriate tribal or pueblo entity for eligibility information for low-income heating energy assistance program (LIHEAP). Your service will not be disconnected from November 15, 2023, through March 15, 2024, if you meet the qualifications of LIHEAP and have no past due amounts or you remain current on any settlement or installment agreement for amounts due as of November 15, 2023. Members of New Mexico tribes or pueblos who need help with translation or with other matters may contact the commission's consumer relations division at (888) 427-5772, who will contact the appropriate tribal or pueblo official for assistance.

Para información en español llame 1-800-950-2667.



Our office will be closed
Monday, September 4th in
observance of Labor Day

Board Highlights

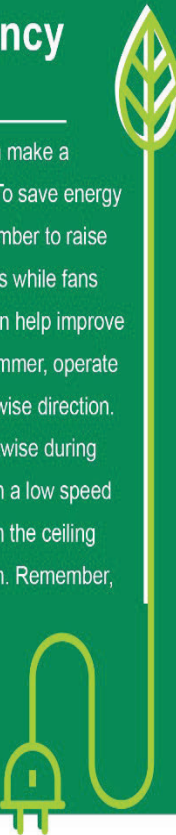
It was business as usual at the July meeting of the Board of Trustees. Trustees reviewed and approved the operational, financial, and safety reports for the Cooperative. They listened to reports from the NMRECA and Tri-State representatives.



Energy Efficiency Tip of the Month

Did you know ceiling fans can make a room feel 4 degrees cooler? To save energy through ceiling fan use, remember to raise your thermostat a few degrees while fans are turned on. Ceiling fans can help improve comfort year-round. In the summer, operate ceiling fans in a counterclockwise direction. Reverse the direction to clockwise during winter months and set fans on a low speed so warm air can circulate from the ceiling to the lower levels of the room. Remember, ceiling fans cool people, not spaces. Be sure to turn them off when you leave the room.

Source: Dept. of Energy



Emergency Response Number
1-800-228-0579

Toll - free Office Number
1-800-950-COOP (2667)

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