

EMPIRE ELECTRIC ASSOCIATION

Echoes of the Empire

JULY 2023

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MEASURING VALUE

BY ANDY CARTER MEMBER ENGAGEMENT MANAGER

Determining the value of a product or service we spend money on can be difficult sometimes because the concept of value goes beyond just the dollars we pay. The excitement of finding early season peaches on sale at the grocery store can quickly fade when you get them home and find they don't taste nearly as good as they looked in the produce department.

As your electric service provider, we at Empire Electric Association work hard to ensure that you are receiving excellent value at your home or business. The rates EEA uses to charge members for the power service they receive each month is an objective way to determine the value for the power we provide. EEA has different rates for different types of power service so that we can charge as close to our cost of service as possible.

EEA is a not-for-profit rural electric cooperative and we set our rates based on what it costs to provide you the power you require. The power requirement for a home is very different from a machine shop with three-phase power or a retail superstore. To be fair, we separate members into rate classes, which allows us to fairly recover the cost to provide service from members that use power in a similar way.

You may have heard that electric rates increase 3% every year on average. It is a common number, but you must dig deeper to understand if it is really true. A rate has different components that recover the cost incurred for different types of co-op activities. The Grid Access Charge is used to recover costs associated with being a customer of EEA, such as billing, metering, and customer service. We also include about half of our operation, maintenance, and overhead costs in the GAC. In our Time Of Use Demand Rate, on and off peak



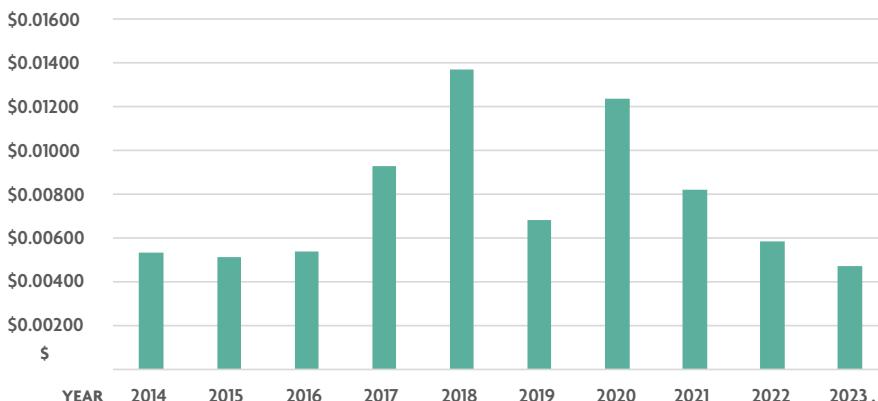
ANDY CARTER

energy charges are used to recover EEA's purchased power cost. The Distribution Demand Charge is used to recover the operation, maintenance, and overhead costs not recovered in the GAC. In the All Energy Rate, the GAC is higher to recover a higher percentage of the operation, maintenance, and overhead costs. The remaining operation, maintenance, and overhead costs as well as all purchased power costs are recovered in the energy charge.

Ten years ago, EEA recognized the need to change its cost allocations to charge members in a more equitable way. Instead of relying on kWh sales to recover purchased power costs as well as the majority of the operation, maintenance, and overhead costs, some of the operation, maintenance, and overhead costs were moved from the energy charge to the GAC. In 2012, the residential GAC was \$19.50/month, and the energy charge was \$0.11271/kWh. That changed in 2013 to a GAC of \$30.73/month and \$0.09599/kWh. The 58% increase in the GAC seems steep, but the 15% reduction of energy charges balanced the revenue collection to keep it revenue neutral. For the average member that used 700 kWh per month, their bill decreased by \$3.62 or 3.6%.

EEA's residential kilowatt hour rate was \$0.09599 from 2013 until we changed the rate structure in September 2021, when it was lowered to \$0.09452 in the All Energy rate. We lowered it because we passed on a wholesale power rate decrease from Tri-State Generation and Transmission. This was true for all EEA kWh rates except for Large Power and Transmission; this rate changed in 2013

EEA Residential PCA



EEA Power Cost Adjustment over the last 10 years.

First implemented in 2014, the PCA adjusts the total energy charge to compensate for EEA's monthly wholesale power bills. The wholesale power bills fluctuate due to monthly variations in the cooperative's total power usage.

and 2016 because of changes in the Tri-State wholesale rate structure.

What did change during that time frame was EEA's Power Cost Adjustment. The PCA was first implemented in 2014 and adjusts the total energy charge in a rate to compensate for fluctuating Tri-State power bills. Our Tri-State power bills fluctuate month to month because our energy use and demand changes, not because the Tri-State rate charges change. Just like your power usage and demand fluctuates from month to month, EEA's fluctuates as well. The Tri-State rate can change, like the reduction in 2021, and that may be reflected by a change in the PCA or in the tariff energy charge itself. Tri-State is in the process of evaluating its rate structure and reviewing

its cost of service to determine if it needs to make changes to make sure it is recovering the revenue required to meet its expenses. EEA anticipates an increase in the Tri-State energy and demand charges and some minor modifications to their rate structure that will require an update of EEA rates in January 2024. More information will come when Tri-State has made its final decision on its rate modifications.

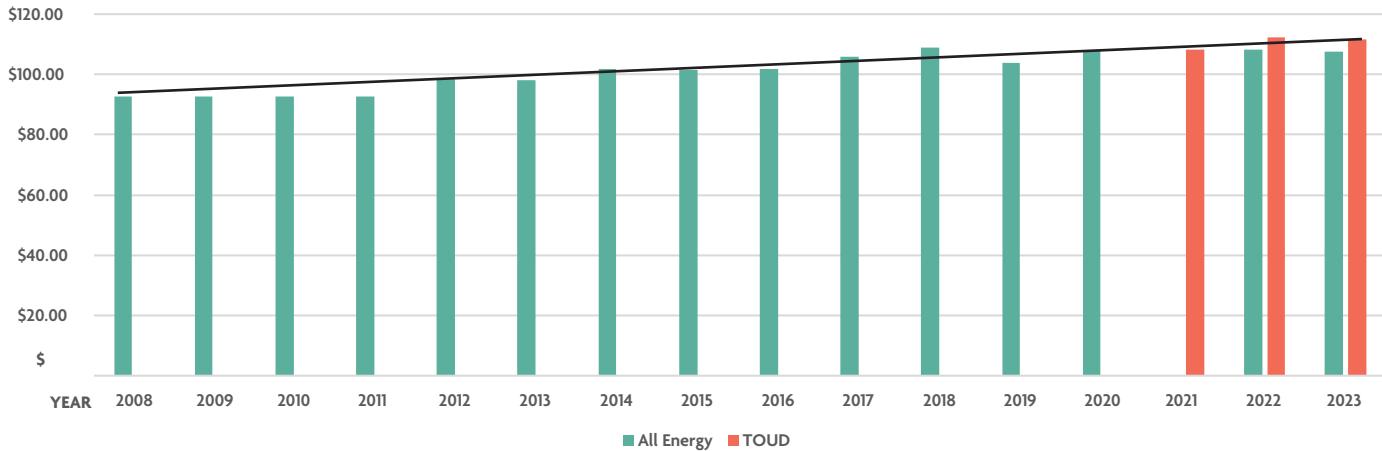
The year-over-year variation in PCA can be large on a percentage basis. Over the last 10 years the PCA has increased as much as 82% and decreased as much as 50%. If you look at \$/kWh, it rose as much as \$0.0056/kWh and decreased as much as \$0.0069/kWh. Because the PCA is a small part of the total energy charge, it does not have a

large impact on your total bill. The average change in the PCA over 10 years has been a decrease of \$0.0001/kWh, so over time we have not really seen EEA's purchased power costs driving up rates.

Digging into the rates, we see components do change over time, but trying to discern the overall impact is difficult. To get an overall perspective on what has happened with EEA rates in the past, let's look at how the average EEA member's monthly bill has changed. The average residential member uses 700 kWh per month, split into 280 kWh On Peak and 420 kWh Off Peak, with a Distribution Demand of 6 kW. If we apply that energy use profile to EEA's rates over the past 15 years, the average member's bill has increased by an average of 1.3% year over year from \$92.64 in 2008 to \$111.46 in 2023.

Given the rise in cost in almost every other product or service you have used in the last 15 years, the numbers show EEA is providing excellent value for the money you spend for electric service. The value is not just in dollar savings either. EEA has continued over those 15 years to provide very high reliability with members averaging over 99% power available. We also support our community with educational scholarships and monetary donations. We can do this in part because of dedicated employees, but it also could not happen without you, our member-owners, who support us in all that we do. It is a testament to the power of the cooperative business model.

EEA Average Residential Monthly Bill





Co-op Photo Contest Winner July 2023 – "All-American" by Gina Boren

Director Fetterman Renews Director Gold Certification



Empire Electric Association District 1 Director Jerry Fetterman has successfully completed the renewal of his Director Gold Certification, the highest level of certification available to rural electric cooperative board members. Reaching the Director Gold achievement requires earning both the Credentialed Cooperative Director and Board Leadership Certificates and then completing follow-up coursework to gain insight and skills in electric cooperative management. In addition to serving as the EEA board secretary and treasurer, Jerry is EEA's representative on the Tri-State Generation and Transmission Association Board of Directors. He has served as an EEA director since 2005, and his experience and knowledge of the electric power industry is a great asset to EEA. Please join us in congratulating Jerry for his achievement and in thanking him for his continued dedicated service to the EEA membership.

My Co-op Employees



Terence Gardner accepted the System Technician position at Empire Electric Association and started on March 6. His years of experience as an I&E Technician at Kinder Morgan CO2 will help him in his new role at EEA. He is responsible for operating and maintaining electrical control equipment and circuitry; communication and metering systems; and SCADA equipment. Terence is a Dove Creek native and lives there with his wife Katti and three sons. When he isn't at work ensuring the safe and reliable delivery of power to EEA members, he is most likely at a sporting event or at practice encouraging his sons to do their best. Please join us in welcoming Terence to the EEA team!



Foster Parents Needed!

WhimSpire Child Placement Agency is seeking foster parents for youth of all ages in Dolores and Montezuma Counties. We offer support, training, and great benefits.

Please contact Lynnette at (970) 769-6249 to learn more or visit www.whimspire.org.

Member designed ad submitted IAW Board Policy 26. EEA does not necessarily agree or disagree with the content.



July 4 – Independence Day holiday. EEA office closed.

July 14 – EEA's board meeting begins at 8:30 a.m. at its headquarters in Cortez. The agenda is posted 10 days in advance of the meeting at eea.coop. Members may attend in person or remotely. Instructions to attend remotely are included on the agenda.

Congratulations!

2023 EEA Scholarship Winners



Kiersten Anderson
Monticello - Adult



Julie Atwood
Monticello - Adult



Talissa Bahr
Mancos - Adult



Izabella Balfour
MC-HS - EEA Dependent



Trista Barnett
Dove Creek HS



Braden Boyd
Dolores HS



Emma Briggs
Dolores HS



Lexie Burton
MC-HS



Leticia Camis
Cortez - Adult



Riley Cannon
Mancos HS



Gabriel Crowley
MC-HS



Farrar Deslog
MC-HS



Sophie Eschallier
Mancos HS



Lilly Fiquera
Mancos HS



Katti Gardner
Dove Creek - Adult



Kendall Gardner
Dove Creek HS



Reagan Gill
Monticello HS



Alexa Gray
Dove Creek HS



Ashlyn Hall
MC-HS



Kade Hankins
Dove Creek HS



Shelby Jabour
Mancos HS - Tri-State



Evan LaMunyon
MC-HS



Taylor LaRose
Dolores HS



Brianna Lee
Monticello HS



Yanba Lee
Monticello HS



Amy Lewis
Monticello HS - Tri-State



Benny Lewis
Mancos HS



Lizabeth Likes
MC-HS



Quinn Maness
MC-HS - Basin



Jasmine Martinez
Dove Creek - Adult



McKay Mitchell
Monticello HS



Ammon Petersen
Monticello HS



Madilynn Ritter
Mancos HS



Megan Schmalz
MC-HS



Madison Shubert
Dolores HS



Cole Taber
Dove Creek HS



Breanna Tankersley
Mancos HS



Jayden Thomason
Mancos HS



Emmry Wilcox
Monticello HS - EEA Dependent



Tanner Williams
Dove Creek HS



Easton Young
Monticello HS

