

EMPIRE ELECTRIC ASSOCIATION, INC.



PRESS RELEASE

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“Our primary mission is to safely, responsibly, and reliably meet the electrical energy needs of our member-owners.”

**Energy Experts
Working for You!**

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EEA Rates Changing in 2024

EEA rates updated to reflect wholesale rate changes and reduce subsidization

Cortez, CO – The Empire Electric Association (EEA) board of directors approved rate changes at its August 11, 2023 meeting. EEA’s rate design policy calls for rates that are equitable, minimize subsidization, generate margins that meet lender requirements and financial objectives, and generate adequate revenue to provide safe and reliable service. In 2013 EEA began the process of aligning revenue collection with how we incur costs to better position EEA for a sustainable future. This change moved some costs not associated with buying electricity from our wholesale power provider, Tri-State Generation and Transmission Association, from the variable energy charge to the fixed monthly Grid Access Charge. This change helped to reduce subsidization in each rate class from members who use a lot of energy to those who do not. EEA had its last base rate increase six years ago when GACs were increased to collect additional revenue because of rising costs.

In September 2021 EEA continued the path to fairer rates and a sustainable future by adding our Time Of Use Demand rate structure. The TOUD rate provides our members better price signals through on and off peak energy pricing and brought rate fairness to a new level with the distribution demand charge. Distribution demand is priced in \$/kilowatt and is used to recover some costs incurred in operating and maintaining our grid. Those costs were previously collected in the \$/kilowatt hour energy charge. The distribution demand is determined by a member’s highest 15 minute kWh usage measured during the billing period. Charging for monthly demand by member is fairer than lumping those costs in the energy charge.

Along with introducing the TOUD rate, EEA increased the All Energy residential and general service single phase GAC to recover more operation and maintenance costs in the monthly fixed charge. This removed some remaining in-class subsidization by high load factor members to those with lower load factors. Load factor indicates how much energy a member buys in relation to their demand. A high load factor member buys a lot of energy compared to their demand, and a low load factor buys little energy compared to their demand.

The rates approved to become effective in January are another step toward making rates more equitable. They also incorporate changes required by new Tri-State rates. In addition to a 6.4% increase in their demand and energy rates, Tri-State reduced their peak period from 12:00 Noon through 10:00 PM to 1:00PM through 9:00 PM, Monday through Saturday. EEA’s tariff updates include:

- Increasing All Energy and TOUD Residential and All Energy General Service Single Phase GACs to make their rate classes revenue equal to costs. We refer to this as zero net margin. The All Energy GAC increases are larger to remove in-class subsidization.
- Changing all Time Of Use Demand rates peak period to 1:00 PM through 9:00 PM Monday through Saturday to match Tri-State. On and off peak energy charges will also be changed to account for the smaller peak window. These changes are revenue neutral. Individual members may pay more or less.
- The Large Power and Transmission rates will change to formula pricing for the generation and transmission demand charges and the energy charges to maintain the straight pass through charges the current tariff has. There will be no increase in their GAC or distribution demand charge.

The Tri-State increase will impact EEA member bills in February 2024 when we update the Power Cost Adjustment charge for each rate class. This charge will continue to be adjusted each February to true up EEA’s forecast purchased power cost to actuals.

EEA has posted the new tariffs on our web site at eea.coop. You can also find rate comparison tools that will allow you to take your current usage and determine if the new All Energy or TOUD rate is best for your home or business. You can find your usage by logging into your SmartHub account at eea.smarthub.coop or from your monthly bill statement. We appreciate your support as we work to safely provide reliable power at an affordable price.

Josh Dellinger General Manager