The Park Electric Monthly Newsletter

PARK SPARKS

NOVEMBER 2024

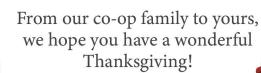




Park Electric is offering one lucky high school sophomore or junior an all-expense-paid trip to Washington, DC, in June 2025! To enter, complete the application available online, at our office, or through your guidance counselor, and submit an essay on the given topic. The chosen student will join peers from across the state and country for an exciting and educational experience. Applications and Essays are due to Park Electric by Dec. 1st.



in observance of the Thanksgiving holiday. We are incredibly grateful for your membership as our team spends this special time with loved ones.





ENERGY EFFICIENCY TIP OF THE MONTH

If you're heading out of town during the holiday season, remember to set your home to vacation mode. You can save energy while you're away by lowering your thermostat a few degrees or creating an "away" schedule with a smart or programmable thermostat. Newer water heaters include a vacation mode setting to help you save on water heating costs, or you can simply lower the temperature manually.

Small actions can also stack up to energy savings. Unplug devices that consume energy when they're not in use, including phone chargers, toothbrush chargers, TVs and gaming consoles.

OCTOBER 2024

Managers Comments By Matt Haggerty

PEC will implement a rate increase beginning in early 2025. Currently, Park Electric's board and management team are working to establish rates for 2025, with a goal of keeping them as low as possible. We anticipate our rate increase to range between 1.5-3.5%, depending on your usage patterns. Once the new rates are approved by our Board of Trustees, we will notify you of the changes.

In August, our power supplier informed us that wholesale power costs would rise more than initially anticipated, with a nearly 9% increase effective January 1st, 2025. While the original rate hike was set to be even higher, PEC and other cooperatives advocated for the increase to be spread over two years to reduce the impact on our members. Our power supplier agreed and will utilize cash reserves in 2025 to help with this adjustment.

What this means for PEC is that we will have to have a rate increase in 2025, as well as in 2026. While we managed to reduce the 2025 increase, the remaining portion will take effect in 2026. According to our power supplier, the main factors behind these increases are 1. Rising costs of materials, tools, labor, and equipment due to inflation, and 2. The expansion and replacement of transmission system infrastructure. These combined factors have created financial challenges that have required them to raise power rates.

You've likely heard that Park Electric Cooperative is a not-for-profit, member-owned organization, which means we operate differently from for-profit companies. Instead of aiming to generate a profit, we charge just slightly above what our cost to operate is. Any excess funds at the end of the year are allocated as capital credits, which are returned to our members. These credits are either retired on a 15-year cycle or offered at a discounted option the following year. As long as our board of trustees deems the cooperative financially stable, the surplus is returned to you. This means, as a member, you only pay the cooperative's operating costs without any added profit for shareholders.

While we do not like to raise rates, we have expenses such as wholesale power, maintenance, outage restoration, and taxes. We fund these costs through the revenue we collect from members for the electricity they use. As these expenses have increased, we must adjust our electric rates to meet the rising costs.

Let's Review:

Why is the rate change necessary?

 Power supply. Our power supply costs have increased. As our wholesale power supply costs continue to rise, we will have to raise rates with them. Our 2025 whole power costs were going to be even higher, but PEC negotiated to have this increase layered in over two years to lessen the effect on members in year one. We expect to have to raise rates in 2026 when the remainder of this power supply increase goes into effect.

Should PEC start its own generation project, and would it lower our rates?

- The short answer to both of these is No, and No. Here's
 why. PEC has an All-Requirements Contract through Central
 Montana Electric Power Cooperative through 2075. This
 contract states that PEC must buy 100% of its power supply
 through CMEPC, and CMEPC must provide 100% of PEC's
 power supply needs.
- Would having our own generation site lower our rates?
 No, it would not. Base load generation sources are very expensive to build. This is why our All-Requirements Contract is through 2075. Our power provider has to take loans to build out generation sites that cost hundreds of millions of dollars to build, and generally take 6-7 years to go online after construction starts. The only way banks will loan on these projects is if our power provider has long-term All-Requirements contracts in place. These contracts are good for both sides.

Would a solar generation plant lower PEC costs since the sunshine is free?

• No. it would not. 1. This would break our all-requirements contract. 2. Solar generates at off-peak hours the majority of the year, which means it's generating electricity when it's not needed the most. 3. On cloudy days in the spring, fall, and winter in Montana generation would be lower or non-existent. 4. Large-scale battery storage would need to be built to store the power until it needs to be used. Currently, there are several projects with 4-8 hours of storage are being tested in several locations across the US.

If you have any questions, please don't hesitate to call our office at 406-222-3100.

Park Electric Board of Trustees

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Connect with Park Electric

Billing and general information: 406-222-3100 Outage and project information: 406-222-7778

Online: www.parkelectric.coop Email: info@parkelectric.coop

Office hours: 8-5 Monday - Friday

Location: 5706 US Hwy 89 S Livingston, Montana

