

# PARK SPARKS

JANUARY 2025



## Manager Comments By: Matt Haggerty

Access to safe, reliable, and affordable electricity is essential in today’s modern, connected world. Park Electric Cooperative is committed to providing this service to you, 24/7. We take pride in delivering competitively priced electricity, offering responsive member service, and making proactive, necessary investments in the electricity grid, all while maintaining the financial strength to retire member capital credits regularly.

I’m writing to inform you that your rates for these services will increase on February 1st, 2025. You will notice the change in your March bill, which reflects February’s usage.

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.

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.

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.

The following is what our rates will change to February 1st, 2025. The areas in red are being changed.

### RESIDENTIAL RATE FOR SERVICES UNDER 400 AMPS IN SIZE:

Base Rate*	\$ <del>23.00</del> 26.00 per month
Demand fee	\$ 2.00 per kW per month
0-1500 kWh	\$ .086 kWh per month
All over 1500	\$ <del>.059</del> .0665 kWh per month
Heat Rate	\$.059 kWh per month

### LARGE RESIDENTIAL RATE FOR SERVICES 400 AMPS AND HIGHER:

Base Rate*	\$ <del>28.00</del> 31.00 per month
Demand fee	\$ 2.00 per kW per month
0-1500 kWh	\$ .086 kWh per month
All over 1500	\$ <del>.059</del> .0665 kWh per month
Heat Rate	\$.054 kWh per month

### NET METER RATE:

Base Rate 1*	\$ <del>32.00</del> 35.00 per month 320 amp services or <
Base Rate 2*	\$ <del>63.00</del> 66.00 per month 400 amp services or >
Demand fee	\$2.00 per kW per month
0-1500 kWh	\$.086 kWh per month
All over 1500	\$ <del>.059</del> .0665 kWh per month

### INCOME ELIGIBLE SENIOR RATE:

Base Rate*	\$ <del>16.00</del> 19.00 per month
Demand fee	\$ 2.00 per kW per month
0-1500 kWh	\$.074 kWh per month
All over 1500	\$ <del>.059</del> .0665 kWh per month

### LEASE SINGLE-PHASE RATES:

Base Rate	\$ <del>100.00</del> 103.00 per month
Demand fee	\$ 2.00 per kW per month
0-1500 KWH	\$.086 kWh per month
All over 150	\$ <del>.059</del> .0665 kWh per month

### THREE PHASE, SMALL COMMERCIAL RATES:

#### Single Phase:

Base Rate	\$ <del>28.00</del> 31.00 per month
Demand fee	\$2.00 per kW per month
0-3000 KWH	\$.09 kWh per month
All KWH over 3000	\$ <del>.06</del> .0665 kWh per month

## Three Phase:

Base Rate	<del>\$35.00</del> 38.00 per month
Demand fee	\$2.00 per kW per month
0-3000 KWH	\$.09 kWh per month
All KWH over 3000	<del>\$.06</del> .0665 kWh per month

## IRRIGATION RATES:

Annual Base Rate	\$19.00 per horsepower per season
First 500 KWH/Billing H.P.	\$.06 per kWh per season
All over	<del>\$.053</del> .059 per kWh per season

## 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.

How much will this rate increase affect the average household?

- On PEC lines, the average household uses 1127 kWh per month, so the average household will see only the \$3.00 rise on the base rate. That works out to about a 2.3% increase. Now, this number can vary based on your usage patterns and weather. (Members with higher-than-average usage will see an increase to \$.0665 per kWh, in the second block rate over 1500 kWhs.)

Why are you increasing the second tier of the block rates?

- As our power supply costs continue to increase these second-tier block rates will need to be increased, this allows us to recoup our cost of power from our wholesale power supply.

Should PEC start its own generation, would it lower 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. 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 being tested in several locations across the US.

Please note that as a not-for-profit utility, Park Electric aims to provide high-quality service at the lowest possible cost. Our rates are designed to cover costs, not generate profit. Despite ongoing growth and cost management, a rate adjustment is necessary. Even with this increase, our rates will remain among the lowest in the region.

As a member-owner, your concerns are our priority. We appreciate your business and strive to offer reliable, affordable service. For details on how this change affects your bill, contact us or visit our website's rate increase page for more information and tips. Maximizing energy efficiency is key as energy prices rise, and we're here to help you achieve your goals.

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