



# RISING ENERGY COSTS

By Tim Stewart, CEO/Manager

In today's economic climate, we are all concerned about rising costs. You may recall me talking about supply chain issues and a dramatic increase in lead times with prices going up. A couple of years ago it was not uncommon to see what used to take weeks take 18-24 months to obtain. Some items, such as transformers, doubled in cost, cable costs increased 30% and pole costs increased 57%. In addition to these raw material costs, major maintenance programs such as vegetation management, pole testing, and breaker maintenance have increased as well. Fortunately, the speed of these price increases has slowed, but unfortunately, most of these items have not decreased in price since then.

Clark Electric Cooperative has been successful in keeping our base rate charged for electricity stable for the past two years, as there has not been a change in base rates since April 1, 2023. Over the past few years, the cost of goods and services has steadily risen. Inflation continues to impact every sector of our economy, and the energy sector is no exception. As we look at economic indicators, we see inflation has improved; however it continues to be sticky and be of concern to many of us. The Cooperative must keep up with the market forces that are impacting us.



To maintain and improve our electrical grid, continuous investment in infrastructure is necessary. Upgrading the grid, such as substations, power lines, breakers, new services, system upgrades, and pole and breaker maintenance (facilities), is necessary and expensive.

Effective April 1, 2025, the Cooperative will implement a slight change to the price we charge for electricity. The fixed charge will be increasing approximately 16.4 cents per day or \$5.00 per month and there will be a modest increase in kWh. In aggregate, this increase is approximately 3.0% to overall revenues. The Cooperative will continue to have a power cost adjustment on the bill. The adjustment can either be an addition to or a subtraction from your billing statement. This tracks the fluctuations in wholesale power costs.

No one likes price increases. As a not-for-profit electric utility, the continued goal of your Board of Directors is to keep prices as low as they can be and only change prices when necessary. **In fact, this will be only the second price adjustment to base rates in eight years (the previous one was March 1, 2017).** If you have any questions please feel free to contact our business office at 715-267-6188. The rate tariff sheets can be found on our website at [www.cecoop.com](http://www.cecoop.com).

## Answers to some commonly asked questions regarding a price adjustment

No one likes a price increase. Yet, sometimes cost increases can't be avoided. The cooperative's last adjustment to base rates was effective two years ago (April 1, 2023). **In fact, this will be only the second price adjustment to base rates in eight years (March 1, 2017).** However, we must now implement a 3.0% increase to annual revenues to help fund the operations, maintenance, and construction programs that go into providing you electric service. Here are some answers to some commonly asked questions regarding a price adjustment. If you have additional questions, please don't hesitate to contact us. This is your cooperative.

### How much does the cooperative plan to increase prices?

Clark Electric Cooperative will implement a 3.0% overall price adjustment to annual revenues effective April 1, 2025. This increase is \$5.00 per month per meter, or stated another way, approximately 16.4 cents per day and a modest increase in kWh.

### How do Clark Electric Cooperative's prices compare with those of other utilities?

Clark Electric Cooperative's rates are very competitive with those of other utilities and, on an average basis, are generally lower than many of the other utilities located in Wisconsin, especially those served by other cooperatives and investor-owned utilities.

### Are other electric utilities seeking rate increases?

Yes, generally speaking, rising costs have affected all utilities and many are seeking increases. Recent articles have highlighted utilities throughout the region and across the nation that have announced increases. In addition, several other utilities seek to adjust base rates annually.

### What's a facility charge and what is included in it?

The facility charge is a fixed monthly price that reflects

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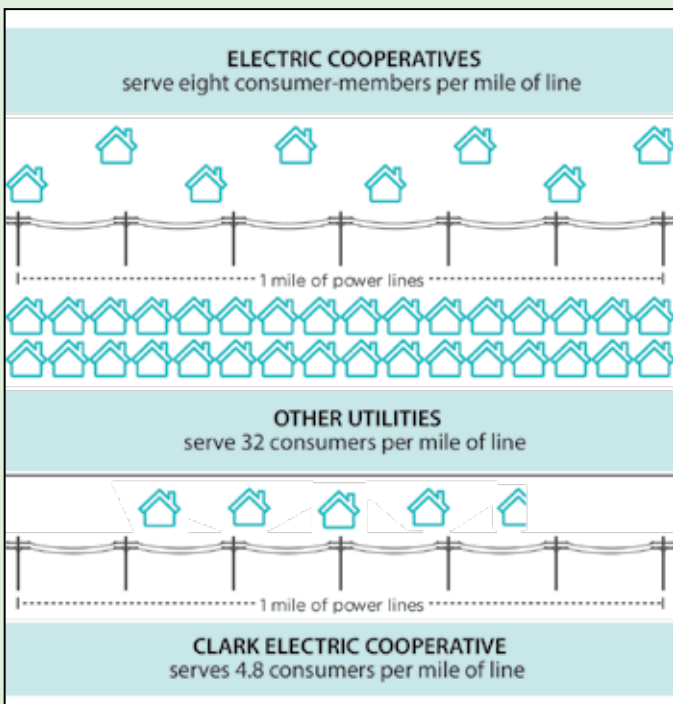
the cost of having service facilities in place and available for use by the members. This monthly charge remains the same whether or not electricity is used. It helps pay for the fixed costs of the Cooperative that don't change based on how much electricity is used (kWh) such as administration, operations, poles, wires, transformers, meters, regulators and other equipment necessary to bring power to you. It also helps pay for employees who build the lines, fix the equipment, process payments and do all the other things that make the cooperative run. It helps pay for fixed costs that don't change if electricity demand goes up or goes down. Because all cooperative members benefit from having reliable electric service available when they need it, the facility charge ensures that everyone pays their fair share for the basic costs. Some of our members use a lot of electricity all year long, and some may use electricity only one or two months per year. Whether you use a lot or a little, the cost of getting electric power to your home remains the same. The facility charge helps cover basic costs, and the per kWh charge for the actual amount of electricity consumed.

**How much is the facility charge increasing?**

The facility charge is increasing approximately 16.4 cents per day, or \$5.00 per month. There is a small change in the base energy charge.

**Why is the cooperative's facility charge higher than the facility charge of the local investor-owned utility (IOU)?**

The Cooperative's facility charge, even after this increase, is still one of the lowest for rural electric systems in Wisconsin. However, we are higher than the IOU. Why is that? The answer is simple; it's because of low customer density. Clark Electric Cooperative has less than 5 meters per mile of



line while IOU's average density is more than 30 meters per mile of line. So our facility charge contributes about \$200 per month for fixed costs (5\*\$40) and their facility charge brings in about \$480 per month (30\*\$15). It is always more economical to serve areas of higher density.

**Why does the cooperative need to increase prices?**

Purchased power accounts for roughly 70 percent of our total costs of providing electric service. Even though purchased power accounts for our largest single expense, we have experienced increases in our internal costs as well. Our fixed costs—items such as depreciation, tax expense, and interest expense—have increased. Operating and maintenance costs have also increased. In addition to these expense items, capital costs have increased as well. We have seen dramatic increases in material costs that include a doubling of transformer costs, over 30% increase in cable costs, 57% in pole costs and 90% increase in conduit costs. Employee cost has also increased in this time frame. These costs all affect our investment into the electric distribution system. On average we invest approximately \$2.0 - \$2.5 million annually. Unfortunately, the cooperative is not immune from inflationary cost pressures.

**Is the cooperative doing anything to hold down rates?**

Clark Electric Cooperative strives to operate efficiently while offering reliable, affordable, competitively priced energy to our members. We're always looking for ways to manage and mitigate costs where feasible. The cooperative offers load management strategies, time-of-use options and budget billing as ways to help manage cost. The load management strategy helps conserve energy when power demand is at its peak. It helps delay needed construction of power plants, which ultimately keeps capital needs and costs down. The time-of-use rate option helps to shift consumption to non-peak hours. In addition to these strategies, the cooperative has also reduced staffing 20 percent since 2004. Clark Electric Cooperative's local cost (total cost less power cost divided by kWh sold) remains one of the lowest in the cooperative segment of the electric industry in Wisconsin.

**What can I do to help the cooperative hold down rates?**

There are a number of things you can do. First, you can participate in load management programs. The load management strategy helps conserve energy when power demand is at its peak. It helps delay needed construction of power plants, which ultimately keeps capital needs and costs down. Secondly, pay attention to on-peak times and peak alert notices. The wholesale rate is very summer sensitive (June, July, August) as well as time sensitive (primarily afternoons in the summer season). Time-of-use rate options may help you to shift consumption to non-peak hours. Third, be efficient by using energy wisely. The Cooperative, as well as Focus on Energy, offers rebates to help boost your energy efficiency.

### When can members expect the next increase?

It's hard to say. Some utilities adjust rates every single year. This is something that we have strived to avoid. Clark Electric Cooperative has not had a price adjustment to base rates in two years. The adjustment before that lasted six years. Lots of things can come into play that can affect rates. Many of these are unplanned and can be tied to rising costs of wholesale power, fuel, natural gas, regulations, extreme storms, inflation and supply chain issues. We are committed to doing our best to minimize the impacts of these issues by being proactive in our planning and focusing on maintaining the reliability, quality, and integrity of our system.

### What is the cooperative doing to help members manage their bills?

Clark Electric Cooperative offers a number of options

to help members manage their power bills. Some of those services that our members find valuable are automatic payment options, budget billing, load management programs, time-of-use offerings and rebates. We also offer online energy audits and guides for conserving energy. The Cooperative is also a member of Focus on Energy, so Clark Electric Cooperative members can also participate in Focus on Energy's offerings as well.

### You said the cooperative will be adjusting total annual revenues by 3.0%. How come the increase in my energy cost is higher, or lower, than that?

The effects of the price adjustment on your bill will vary depending upon the type of service you require and the extent of your usage.



### EMPLOYEES RECOGNIZED FOR YEARS OF SERVICE

Clark Electric Cooperative recently recognized five employees and two directors for their years of service.

Pictured left to right: Back row: Tim Stewart, 20 years; Jesse Friedenfels, 5 years; Tanya Pagenkopf, 5 years. Front row: Jeff Fellenz, 10 years; Director Jim Hager, 10 years; Director Scott Johnson, 10 years; Zach Johnson, 5 years.

*Congratulations for reaching these employment milestones and thank you for your dedicated service.*

### SAVE THE DATE



Clark Electric Cooperative's Annual Meeting  
**May 21, 2025**

Neillsville American Legion  
Business meeting starts at 9:30 a.m.

## REMINDER TO HIGH SCHOOL SENIORS



Scholarship applications must be received in our office by **Monday, March 3, 2025.**

Applications are available at your school's guidance counselor's office or online at [www.cecoop.com](http://www.cecoop.com).





Daylight Savings Time will begin at 2 a.m. on Sunday, March 9, 2025. Don't forget to set your clocks ahead!

## TIPS TO AVOID ENERGY SCAMS

Scammers will try anything to deceive utility customers, including a tactic that claims customers have overpaid their bill. If you receive a call, text or email from someone claiming you overpaid a utility bill and need to provide your banking or credit card information to receive a credit, it's likely a scam. In most cases, your utility will apply a credit to your account to cover future charges or refund an overpayment with a mailed check.

Source: Utilities United Against Scams



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- (1) Mail: U.S. Department of Agriculture  
Office of the Assistant Secretary  
for Civil Rights  
1400 Independence Avenue, SW  
Washington, D.C. 20250-9410;
- (2) Fax: (202) 690-7442; or
- (3) Email: [program.intake@usda.gov](mailto:program.intake@usda.gov)


Clark Electric Cooperative is an equal opportunity provider and employer.

### Tim Stewart, CEO/Manager

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**Clark Electric  
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**Office Hours: 7:30 a.m. – 4:00 p.m.**