



Kilowatt Korner

NOVEMBER 2023

As colder weather begins to set in, WREA members tend to take a closer look at their utility bills. Each fall, more than any other season, WREA receives calls asking, "Why was I charged a service charge. I wasn't late?" The "Service Charge" is not a late fee at all. It's a line item that is included on each monthly bill, regardless of consumption, and serves a very important purpose. One of the primary purposes is to help cover the cost of maintaining important infrastructure and overhead expenses, such as meters, lines, poles, transformers, and substations which contribute to a more reliable grid.

The service charge, also called an access fee or customer charge among other utilities, may differ based upon rate class. Industrial or large commercial accounts will pay a larger service charge than the average residential account because upgraded equipment can be substantially more costly to purchase and maintain. In addition, increasing pressure for consumers to make a quick transition away from fossil fuel energy sources is leading to a surge in electric energy consumption and has contributed to the strain on the material supply chain. That, coupled with inflation and a decline in manufacturing and materials since the pandemic, has caused equipment commonly used in the electric industry to become a hot commodity. Material orders for meters and poles can take 40+ weeks to fulfill and larger transformers are at a three or four-year backlog in shipping, which can make determining an appropriate service charge feel like a moving target for electric utilities.

One thing is for certain; there is no perfect science to rate design. The WREA Board of Directors and senior management spent several hours with a rate consultant during the October board meeting to best determine the potential impact to WREA resulting from Tri-State G&T's wholesale rate increase (6.36 percent) that will take effect in January 2024. The wholesale rate increase will affect each of Tri-State G&T's members differently based upon their individual load factors. Fortunately, for WREA, a high load factor is proving favorable and preliminary figures indicate a less than 6.36 percent pass through increase for WREA members. Following WREA's comprehensive review and final analysis of the rate study, the direct impact to each of WREA's rate classes expect to be solidified by mid-November.

In addition to the rate analysis, the WREA Board of Directors voted unanimously to name one of the existing WREA renewable scholarships in memory of the late Joe Holeyfield, who passed away earlier in the month. Joe dedicated his career and talent to the electric industry as a young man and became the longest tenured General Manager at WREA to date. Joe began his 25-year career with WREA in 1975 where he helped shape and mentor young linemen and worked his way into the hearts of veteran staff - whose respect, affection, and adoration for him remains today. For those who knew Joe, he embraced life with zest and his commitment to WREA and this community will live on for years to come. In March 2024, the first Joe M. Holeyfield Memorial Scholarship will be awarded by WREA in his memory. Rest easy, and we'll keep the lights on, Joe.