



# Ozark Border Electric Cooperative

April 2023

*Owned by those served*

## Availability Charge to Increase Starting With April 1<sup>st</sup> Bill

OBEC has not had to impose a rate increase since September 2016. We have been thrown a number of obstacles in the past few years: the pandemic, fuel cost increases, supply chain issues, increased interest expense, and any number of other shortages and cost increases that have been plaguing everyone. Through all of this Ozark Border has been able to position itself to hold the line, so that increased costs were not passed on to our members. However, the cooperative operates with a very thin margin (typically less than 2.5% of total sales) and a substantial increase in some expenses can be enough to disrupt the delicate balance we try to maintain. Such is the case with power cost.

The power OBEC sells to you is purchased from its suppliers that are part of the 3-tiered cooperative system in Missouri. In our particular case, Associated Electric generates the power, M&A Electric transmits it from Associated's system to its own substations, and Ozark Border distributes it to the members. This 3-tiered system in Missouri has brought its members all across the state some of the most affordable and reliable energy in the country and has done so consistently for decades.

The cost of this purchased power represents more than 61% of OBEC's operating budget. Needless to say, our power suppliers have been as deeply impacted by cost increases as everyone else, so when they announced a price increase

of more than 10% for 2023, with the possibility of more increases for 2024 and 2025, we found ourselves no longer in a position to absorb it all.

The monthly bill for your electric usage is made up of two components: a fixed monthly availability charge and a kilowatt usage charge. For most of you, these two components are lumped together as a single line item on your bill. For the standard single phase residential user, the availability portion of your bill is currently \$26/month, an amount which has remained constant since 2016.

Any time OBEC is in a position that necessitates reviewing rates, we work with an independent firm to determine what steps should be taken. The cost-of-service study they recently conducted for us supported an increase of \$10/month on the availability charge. However, OBEC's Board of Directors has been very forward thinking, and has deferred revenue in recent years in order to offset a sizeable portion of this. As a result, beginning with the April 1<sup>st</sup> bill, the availability charge will increase by \$5.00 for all accounts in all categories. The kilowatt usage charge and security light charges will not change at this time. Our plan is to implement this \$5 increase and then take a "wait and see" approach to any other adjustments to the rates. Hopefully circumstances will improve, and no other action will be needed until 2024.

