

K.C. ELECTRIC ASSOCIATION

JANUARY 2024

K.C. ELECTRIC STAFF

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Our mission is to provide our members with safe, reliable service at the lowest cost, while maintaining an environmentally responsible, accountable and sustainable operation now and in the future.

RATE CHANGE

BY DAVID CHURCHWELL GENERAL MANAGER

On the following page, you will see the new rates passed by the K.C. Electric Board of Directors during its November 2023 meeting. Earlier this year our power supplier, Tri-State Generation and Transmission, notified us that it would be implementing a rate design change and a rate increase effective January 1, 2024. Tri-State's rate change and rate increase will affect the amount K.C. Electric pays for both the demand and energy components of our power bill on your behalf. Since our annual cost of power is normally 75% of our total expenses, any increase in our wholesale rate results in upward rate pressure on our retail rates.

In 2016, K.C. implemented a revenue neutral rate design change to better align with the wholesale rate that Tri State was utilizing at that time. In 2017, K.C. implemented a rate increase for six of our 11 rate classes, mainly affecting those rate classes that had a demand component in their rate. Yet, as the price of milk, bread, coffee, gas, and virtually everything around us has all increased significantly over the years, K.C. has not adjusted or raised rates since 2017. According to a recent study by the U.S. Bureau of Labor Statistics Consumer Price Index Program, the average price increase for groceries was 20%, 24% for gas, and 24% for electricity from January 2021 through October 2023. A typical overhead distribution transformer found near your home used to cost around \$770 in 2020, and today costs \$1,443.

We expect the rate design change and rate increase being implemented by Tri State will result in a 6.9% increase in our wholesale power cost in 2024. After many years of stable rates, and increased operating costs, the K.C. board came to the difficult decision to adjust our retail rates. K.C. will not pass



DAVID CHURCHWELL

through the entire Tri-State rate increase of 6.9% but will have an overall retail rate increase of 4.7% over all our rate classes. Not all of our rate classes will experience a rate increase with this change.

In early 2023, K.C. hired a rate consultant to conduct a cost of service study to determine if our members were being charged proportionately. The cost of service study was utilized to determine whether each rate class was paying its fair share and whether our member's rates reflected what it costs K.C. Electric to provide reliable electric service. Currently, K.C. has 11 rate classes and the cost of service study helped us determine if any rate classes were subsidizing other rate classes.

The data from our cost of service study indicated that we need to increase retail rates for five of our 11 rate classes: rural residential, large commercial, large power, wind TOU, and irrigation. Five rate classes will have a revenue neutral rate adjustment: town residential, non-domestic, small commercial, oil well pumping, and wind. Street lighting rates will be unchanged in 2024.

While this increase presents a very real challenge to maintain affordability, your cooperative has taken proactive steps that protect all of our member-owners from the full impact of these rising costs without compromising the quality of service you deserve and expect.

These rate adjustments will become effective February 1, 2024, and will be reflected on your March 2024 bill. If you have any questions about the rate changes, please do not hesitate to contact our office at 800-700-3123.

NOTICE OF CHANGE IN RATES

K.C. Electric Association — 422 Third Avenue, Hugo, Colorado 80821

You are hereby notified that K.C. Electric Association will make the following changes to rates. They become effective on February 1, 2024, and reflected on your March 2024 electric bill.

RATES	CURRENT	NEW
Town Residential - 1		
Facilities Charge - per month	\$25.00	\$25.00
All kWh - per kWh	\$0.1031	\$0.10013
Rural Residential - 2		
Facilities Charge - per month	\$30.00	\$34.00
First 800 kWh - per kWh	\$0.1142	
All kWh over 800 - per kWh	\$0.0967	\$0.10436
Non-Domestic - 3		
Facilities Charge - per month	\$32.50	\$32.50
All kWh - per kWh	\$0.1197	\$0.11659
Small Commercial - 4		
Facilities Charge - per month	\$41.50	\$41.50
All kWh - per kWh	\$0.0876	\$0.08451
Large Commercial - 5		
Facilities Charge - per month	\$141.00	\$141.00
Demand Charge - per metered kW	\$10.00	\$12.53
All kWh - per kWh	\$0.0601	\$0.05024
Oil Well Pumping - 6		
Facilities Charge - per month	\$102.00	\$102.00
Demand Charge - per metered kW	\$13.00	\$15.58
All kWh - per kWh	\$0.0632	\$0.05494
Large Power - 7		
Facilities Charge - per month	\$3,765.00	\$3,765.00
Demand Charge - per metered kW	\$16.00	\$20.34
All kWh - per kWh	\$0.0469	\$0.04209
Street Lighting - 9		
50 Watt LED	\$10.45	\$10.45
175 Watt Mercury Vapor/Halide per light	\$10.45	\$10.45
250 Watt Mercury Vapor/Halide per light	\$13.91	\$13.91
400 Watt Mercury Vapor/Halide per light	\$19.16	\$19.16
250 Watt High Pressure Sodium per light	\$14.70	\$14.70
400 Watt High Pressure Sodium per light	\$19.16	\$19.16

RATES	CURRENT	NEW
Wind - 10		
Facilities Charge - per month	\$24.70	\$33.00
Demand Charge - per metered kW	\$17.79	\$17.89
All kWh - per kWh	\$0.0445	\$0.03769
Wind - 10A		
Facilities Charge - per month	\$25.00	\$25.00
Demand Charge - monthly peak per metered kW	\$0.50	\$0.50
TOU Demand Charge	\$19.34	\$23.78
Monthly coincident peak per metered kW between the hours of	12–10 PM	1–9 PM
All kWh - per kWh	\$0.0445	\$0.03769
Irrigation - 14		
Annual Facility Charge - per Metered Horse Power (billed in March)	\$16.37	\$16.37
Demand Charge - per metered kW (April – September)	\$10.50	\$13.84
Demand Charge - per metered kW (October – March)	\$7.50	\$10.84
All kWh - per kWh	\$0.07	\$0.06731
Demand cap per kWh on overall charge applied as necessary	\$0.30	\$0.30

Renewable Resource Power Service - R

Rate Per Month — Market Based Surcharge Determined by Wholesale Power Supplier

Block = 100 kWh of Renewable Resource Power

Service under this rate schedule is in addition to, and subject to the terms, tariffs, and conditions of the Association.



STAY SAFE INDOORS

Install smoke alarms and carbon monoxide detectors with battery backups. Test them to make sure they work.

REMINDER: Scholarship Applications Due Soon



Application forms and copies of rules and procedures for scholarships are available online at kcelectric.coop. Additional copies are available by calling George Ehlers at K.C. Electric at 1-800-700-3123.

All applications must be received at K.C. Electric, PO Box 8, Hugo, CO 80821, by February 8, 2024, 5:30 p.m., which is the second Thursday of the month.

Send all applications to:

K.C. Electric Association, Inc.
Attention: George Ehlers,
Manager, Member Services
PO Box 8
Hugo, CO 80821

If you have questions or need an application mailed to you, please call George Ehlers at 719-743-2431.



Claim Your Savings

Each month, K.C. Electric members have a chance to claim a \$20 credit on their next electric bill. All you must do is find your account number, call the Hugo office at 719-743-2431, and ask for your credit. The account numbers are listed below. How simple is that?

You must claim your credit during the month in which your name appears in the magazine (check the date on the front cover).

Bryan Gorton, Stratton — 1119995100

Martin Lopez, Bethune — 303969011

Jason Buzzard, Kit Carson — 7096500007

Paul Reida, Arriba — 1100840007

In November, two consumers called to claim their savings: Charlotte Poet, Flagler and Terry Randolph, Hugo.

4 SAFETY TIPS ALL DRIVERS NEED TO KNOW



1 THAT TEXT CAN WAIT

When texting while driving, the shortest amount of time a person takes his or her eyes off the road is five seconds. At 55 mph, that is like driving the length of a football field with your eyes closed.

2 DON'T GET OUT

If you are in a car accident involving a power line or padmount transformer ("green box"), stay inside the vehicle and call 9-1-1. Unless the car is on fire or giving off smoke, do not get out. If there is a fire, make a solid jump from the vehicle without touching it and hop with your feet together as far away as you can.

3 RESPECT WORK ZONES

One work zone crash occurs every 5.4 minutes. Remind teen drivers to consider anyone doing their job in or near the road as someone they know and love. Encourage them to move over and slow down for workers.

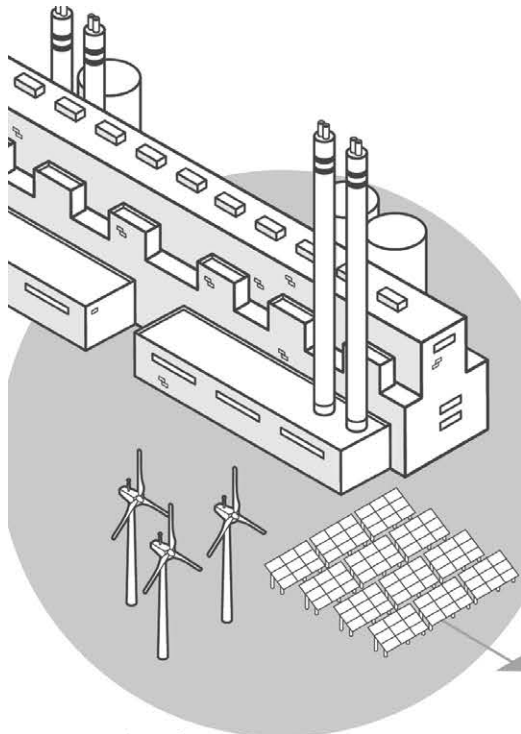
4 DON'T DRIVE DISTRACTED

Texting is not the only form of distracted driving. Driving and doing anything else is multitasking. Eight deaths occur EVERY DAY due to drivers who drive distracted.

Learn more: 

CRITICAL CONNECTIONS: HOW ELECTRICITY GETS TO YOU

The electric grid is considered one of the most complex machines in the world, delivering the electricity we need for everyday life.



step 1
GENERATION

Power plants generate electricity using a variety of energy sources, like solar, natural gas, nuclear and wind energy.

step 2
**STEP-UP
TRANSFORMER**

A step-up transformer increases the voltage to push the electricity over long distances.

step 3
TRANSMISSION LINES

High-voltage electricity travels over long distances through these lines.

step 5
DISTRIBUTION SUBSTATION

These substations lower the voltage again so the electricity is ready to travel on distribution lines.

step 6
DISTRIBUTION LINES

Lower-voltage electricity travels through distribution lines, like the ones you typically see on the side of the road.

step 4
**TRANSMISSION
SUBSTATION**

Voltage is lowered at a transmission substation so electricity can travel across the local distribution system.

step 7
FINAL STOP

A transformer located on the ground or a utility pole reduces the voltage a final time, then electricity is sent inside your home, school or business.

