

Bridger Valley Electric Association will have a rate increase this spring. This posting is to help you understand how BVEA establishes rates. As always you can give us call at any time to discuss questions you may have.

Electricity rates have 3 parts: 1-Facility Charge; 2-Energy charge; 3-Demand charge.

1-The facilities charge should be able to cover all fixed costs of the utility. If there were to be a month when BVEA sold no energy we would still have expenses to pay. Those are fixed costs. Poles, lines, substations, and transformers are a major component of fixed costs. Labor is also a major component of fixed costs. Most cost analysis studies show that the facilities charge for the residential rate class should be between \$60 and \$70 each month. The current BVEA charge is \$36 per month. Half of the Wyoming cooperatives have a monthly charge higher than BVEA with the highest being \$48/month. Our last few rate increases have all been increases to the facility charge rather than to energy or demand rates. That is to more closely align actual costs with revenue resources. It is likely that our next rate increase, which will be in 2022, will also be an increase to the monthly facility charge.

2-The energy charge is the total amount of energy that flows through your meter multiplied by the energy rate portion of the bill. The amount of energy you use is a function of what type of heat source you have, how efficient your appliances are, how well your home is insulated, the outside temperature, and how many energy consuming appliances (tv's-computers-space heaters-lights-etc.) you have in your home. It is like an odometer on your vehicle. It keeps adding up any time the car moves.

3-The demand charge is determined by the rate at which you use electricity. If the stove, the water heater, and the furnace are all drawing energy at the same time your demand will be higher than if each of them ran at different times. Demand is like the speedometer in your vehicle. If you go on a 200-mile trip that takes you 3 hours you have averaged 66.6 MPH. However, that doesn't tell you how fast you might have driven at some point on the trip. If you passed someone and needed to go 80 MPH for a short stretch your demand would be set at 80. It costs more to build a vehicle that must be able to go 80 MPH than one that can only reach a maximum speed of 66.6 MPH.

The Board of Directors makes decisions regarding rates with much deliberation and discussion. The goal is to provide safe, reliable, and affordable energy and to treat all members equitably. The power is safe and we follow all applicable state and federal safety guidelines. The power is reliable with a 99% available record for several years. The power is affordable. Your cooperative electricity rates are among the lowest in the state and the nation. We are fortunate to operate as a cooperative where together we make things better.