



Factors That Impact Electricity Prices and the Components of Your Electric Bill



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General Manager/CEO

I was recently asked about what impacts electricity prices. We talked about how the daily cost of living seems to have increased across the board.

Just as inflation has impacted everything from the price of gasoline to the price of eggs, costs for the fuels required to produce electricity have also risen. This is a timely topic, so I wanted to help explain some of the factors that impact electricity prices (and energy bills) in this month's issue of the CNMEC Newsletter.

While there is no short answer, there are a few key elements that impact electricity prices and rates. Some of these factors CNMEC can manage; some of them you can impact, and other factors are beyond our control. So, let me break it down.

There are three primary parts to your monthly residential electric bill: a service charge, an energy consumption/kWh charge, and a Pass-Through Cost Adjustment (PCA). Commercial accounts also have demand but for simplicity's sake, I would prefer not bringing demand into this so if you have demand on your bill and want information, please contact our office so we can visit further. To understand your total energy costs and what impacts your bill, let's unpack one piece at a time.

The first is a fixed monthly service charge, which covers the costs associated with providing electricity to your home. This includes equipment, materials, labor, and operating costs necessary to serve each meter in CNMEC's service territory, regardless of the amount of energy used. To ensure the reliable service you expect and deserve, we must maintain the local system, including power lines, substations, and other necessary equipment. Like many other businesses, we've experienced supply chain issues and steep cost increases for some of our basic equipment. For example, the cost of a 100 KVA distribution transformer went from about \$1,700.00 in 2021 to over \$4,500.00 this year. Wire has increased by 50% and power poles have doubled in price, while wait times to receive this essential equipment are up to 72 weeks in some cases.

Another component of your monthly bill is the kWh charge, which covers how much energy you consume. You've likely noticed the amount of energy you use can vary from month to month and is typically impacted by extreme temperatures. When temperatures soar or dip, your cooling and heating equipment run longer, which increases your home energy use. Regardless, energy consumption is an area that you have some control over, and you can lower your monthly bill by actively reducing energy use. Your thermostat is a great place to start, so be sure to keep it close to 78 degrees during summer months. CNMEC can help with an in-home energy evaluation. We also offer a Time of Use rate that gives you a reduced rate during off-peak hours, when power is in less demand.

The last component of your bill are the PCA's, which is the same billed factor for all co-op members within the same class of service. There are two different types of PCA's that CNMEC bills. One is for the fuel costs above or below the base built into the kWh charge. The other PCA is for costs above or below our interest cost on debt. The PCA for fuel will be increasing. You will see the increase on your February 2024 bill. The increase is because of higher fuel prices and operating costs associated with our wholesale power cooperative, which means the power that CNMEC purchases from our wholesale provider is more expensive. The PCA's cover positive and negative cost fluctuations without having to continually restructure electricity rates as a rate filing can be costly.

I hope this information sheds light on some of the factors that impact electricity prices. While we can't control the weather or the rising costs of fuels, and supply chain challenges, please know CNMEC is doing everything possible in applying strong stewardship of the Cooperative funds to protect and strengthen our system.

We're here to help you, too. Contact us if you have questions about your energy bill or for advice on how to save energy at home.

CNMEC

2023 NRECA Government in Action Youth Tour



Every year CNMEC sends some of our top students from the Co-op service territory to tour Washington D.C. at the NRECA Government in Action Youth Tour.

The following are the 2023 recipients:

Jessica Barbosa
Makenzie Butler
Aracely Caraveo
Hanna Davis
Riley Gallacher
Jahkeem Graham
Jasmine McKinney
Jordan Perez,
Reese Thackerson
Erica Tillery

CENTRAL NEW MEXICO ELECTRIC COOPERATIVE

Jahkeem Graham & Reese Thackerson (back row L to R); Riley Gallacher, Makenzie Butler, Jordan Perez & Erica Tillery (middle row L to R); Jessica Barbosa, Jasmine McKinney, Aracely Caraveo & Hannah Davis (front row L to R)

Give Us your Feedback



enchantment Magazine Survey

CNMEC is helping our statewide electric cooperative association conduct a digital opinion survey about *enchantment*, the official magazine of electric cooperatives in New Mexico.

Our goal is to make sure the *enchantment* is a valuable source of information for our cooperative members across our great state.

Please visit

<http://surveys.greatblueresearch.com/s3/NMRECA-Readership-Survey-2023>, or scan the QR code on this page, to access the survey and tell us what you think about *enchantment* magazine's content and format.

Questions or assistance? Call 1-888-969-7956 or send email to info@nmelectric.coop.



Scan to give us
your feedback on
enchantment

Energy Efficiency Tip of the Month

Did you know ceiling fans can make a room feel 4 degrees cooler?

To save energy through ceiling fan use, remember to raise your thermostat a few degrees while fans are turned on. Ceiling fans can help improve comfort year-round. In the summer, operate ceiling fans in a counterclockwise direction. Reverse the direction to clockwise during winter months and set fans on a low speed so warm air can circulate from the ceiling to the lower levels of the room.

Remember, ceiling fans cool people, not spaces. Be sure to turn them off when you leave the room.

Source: Dept. of Energy



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