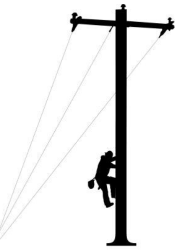
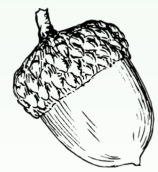
Otsego Electric Cooperative, Inc. November 2025



OEC Current

Happy Thanksgiving

Office Closed:
November 11
November 27
November 28



Multi-Year Rate Increases

As discussed at our annual meeting, the Cooperative is likely facing multi-year rate increases. Several factors contribute to this need for adjustments including rising material costs for transformers, equipment, tools, poles, wires, increased labor expenses, and challenges in retaining skilled workers.

Maintaining a team of first-class linemen is essential for the safety and reliability of our electric system but, in recent years, we've experienced situations where talented employees have been recruited away to other utilities. Four first class linemen have left OEC as a result and OEC loses a good worker and the 5 years of investment that we have made into these young people. Ensuring competitive wages and benefits is crucial to keeping our experienced workforce intact.

While rate increases are never ideal, they are necessary to help us continue providing reliable, safe, and efficient service now and in the future. We appreciate your understanding and support as we work to manage these challenges responsibly. As we have further details on what these increases will look like, we will get notification out to you as soon as possible. The increase could partly be on your monthly service charge or energy usage or a combination of the two.

Please see our graphic on page 2 that shows the increases we have seen in material costs alone!

PPA on your bill: What is it?

The PPA (Power Purchase Adjustment) factor on your customer bill reflects the cost of wholesale power that we must purchase to meet the total power demand for our system. This cost is meant to cover the power we need to buy above our contracted base rate, ensuring we can supply reliable electricity to all our members. The PPA includes not only the wholesale price of the power itself but also the cost to transmit that power through the transmission lines to our system plus any NY Independent System Operator costs.

It's important to note that the PPA rate can fluctuate monthly and even hourly depending on market conditions. During periods of high demand, such as cold winter temperatures, the cost of purchasing power tends to increase which can cause the PPA charges to rise. These fluctuations help us cover the real-time costs of providing electricity, especially during peak usage times.

Otsego Electric Cooperative
P.O. Box 128,
Hartwick, NY 13348

Office Hours
7:30 – 4:00
Monday – Friday

Phone:
607-293-6622

Pay-by-Phone
1-844-963-2837

After Hours and Outages:
1-866-591-3192

Call **UDig New York** before you dig at **811** or
1-800-962-7962

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www.otsegoec.coop

www.oeconnect.coop

ENERGY EFFICIENCY
TIP OF THE MONTH

With the holiday season approaching and more time spent in the kitchen, consider ways to save energy in the heart of your home. When possible, cook meals with smaller, energy efficient appliances, such as toaster ovens, slow cookers and air fryers. When using the range, match the size of the pan to the heating element. Keep range-top burners and reflectors clean so they reflect heat more efficiently. After your holiday meals are complete, load the dishwasher fully before starting the wash cycle.

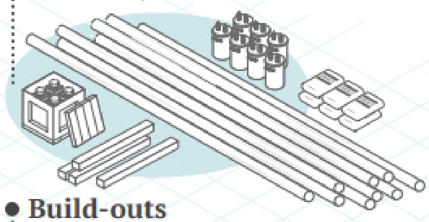
Source: energy.gov

Cost Increases

The past five years have been a period of exploding costs for the electric utility industry and for broadband providers, pushed by soaring demand, supply chain challenges, raw materials shortages, increased labor costs and tariffs. The impact has been rapid increases in the cost of producing power, longer and more unpredictable project timelines and the need for more financing, all of which have driven electric rates up for residences, businesses and other end-users. Here's a look at what's contributing to the trend. **Percent increase since 2020:**

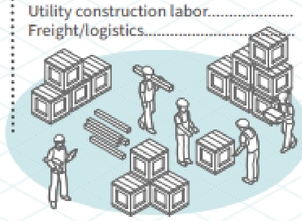
Infrastructure

Utility poles (wood, steel, composite)	+25–40%
Crossarms & braces (steel/wood)	+20–35%
Conductor wire (aluminum/copper)	+30–50%
Transformers	+70–100%
Grain-oriented electrical steel	+80–100%
Oil/dielectric fluids	+25–40%
Copper wiring	+50%
Concrete	+25–35%
Smart meters	+20–35%
Pad-mounted switchgear	+25–40%
Circuit breakers/reclosers	+20–35%



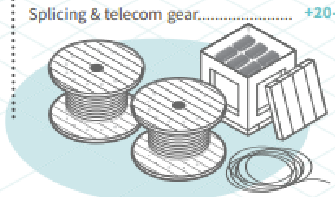
Build-outs

Utility construction labor	+20–40%
Freight/logistics	+30–60%



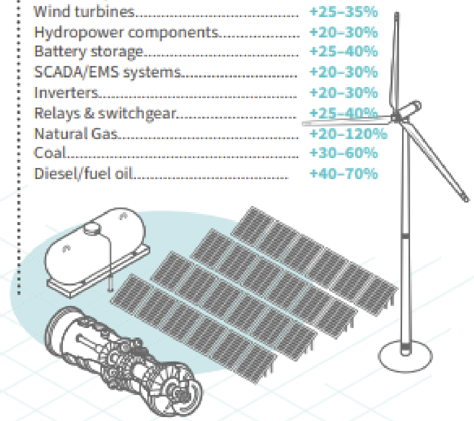
Broadband

Fiber-optic cable	+25–40%
Splicing & telecom gear	+20–30%



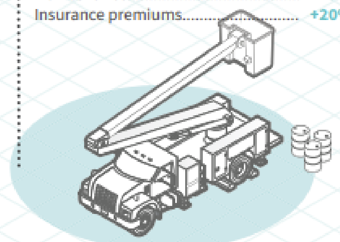
Generation

Diesel gensets	+20–40%
Gas turbines	+20–30%
Solar PV systems	+25–35%
Wind turbines	+25–35%
Hydropower components	+20–30%
Battery storage	+25–40%
SCADA/EMS systems	+20–30%
Inverters	+20–30%
Relays & switchgear	+25–40%
Natural Gas	+20–120%
Coal	+30–60%
Diesel/fuel oil	+40–70%



Fleets

Light trucks	+25–40%
Bucket trucks, digger derricks	+20–50%
Fuel costs (especially diesel)	+20–30%
Maintenance	+15–25%
Insurance premiums	+20%



Design: Kevin Kepple

Sources: BLS; energynews.com; Reuters; Wood Mackenzie; NREL; IEA

Capital Credits Check Unclaimed Funds

As a member-owner of the Cooperative, you benefit from our annual profits through Capital Credits, which we return to our members. While the process takes time, especially when paying back historical credits, please rest assured that we diligently track all amounts owed and will return them as soon as possible. We will be sending out checks for this year's retirement between November and December. If you've moved and haven't updated your mailing address with us, please give us a call to update your information.

Additionally, we also have a record of unclaimed funds for members from previous years. You can search for any unclaimed funds belonging to you or a family member on our website: https://www.otsegoec.coop/capital-credits.

If you find your name or have any questions, please contact our office at 607-293-6622. We're here to help!