

Three T's of Rate Communications

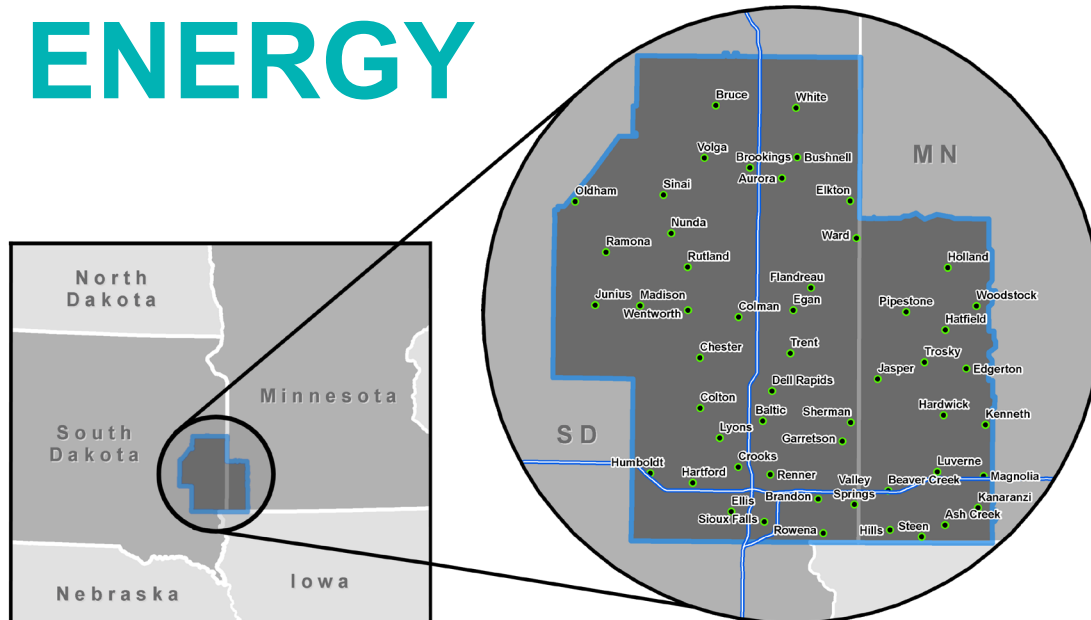
Carrie Vugteveen, Sioux Valley Energy



Serving Our Members. Always.

Serving Co-op Members in South Dakota and Minnesota

SIOUX VALLEY ENERGY



Revenue

\$114,700,000
(2025 projected)

Assets

\$401,303,839
(2025 projected)

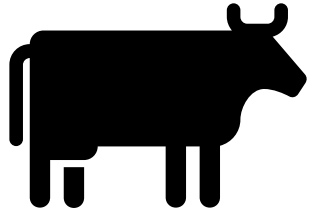
Meters

30,100
(Minnehaha – 60%)

Miles of Line: 6,232: **64% URD & 34% OH**

- **Member Density:** 4.8 per mile of line
- **2024 Retired Capital:** \$1,764,828
- **Employees:** 114 (29 lineworkers)
- **Contract Labor:**
60 contract utility workers at any given time
- **Dispatch:** In-house dispatch
Provide dispatch services for City of Brookings, Kingsbury, Codington-Clark, Union, Nobels (MN)
- **Growth Rate:** 3.92% usage and 700-800 new meters/year

Diverse Membership



Livestock



Dairy



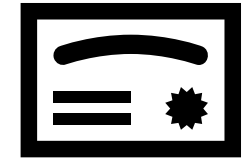
Distributed
Generation



Ethanol



Retail



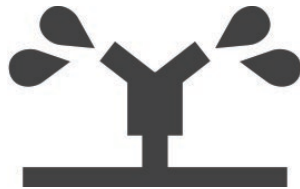
Education



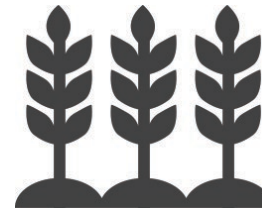
Urban &
Rural
Residential



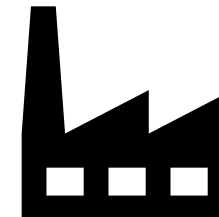
Data
Processing



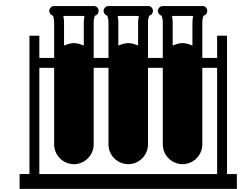
Irrigation



Grain
Processing



Industrial &
Manufacturing



Research

Rate Increase in 2024 and in 2025

2024
April

6.38 %

Adjustment to:
Basic Service Charge
& Energy Charge

2025
January

4.9 %

Adjustment to:
Energy Charge

As SVE develops rate adjustment communication plans – we focus on the three T's...

Target

Timing

Transparency

2025 Rate Adjustment Communication Plan

- **Employees**
- **Members**
- **Directors**
- **Key Accounts**
- Media
- Partners
- General Public

A large, light gray rectangular box with a thick blue border. Inside the box, the word "Target" is written in a large, bold, blue sans-serif font. Below it, the word "Audience" is written in a smaller, bold, dark gray sans-serif font.

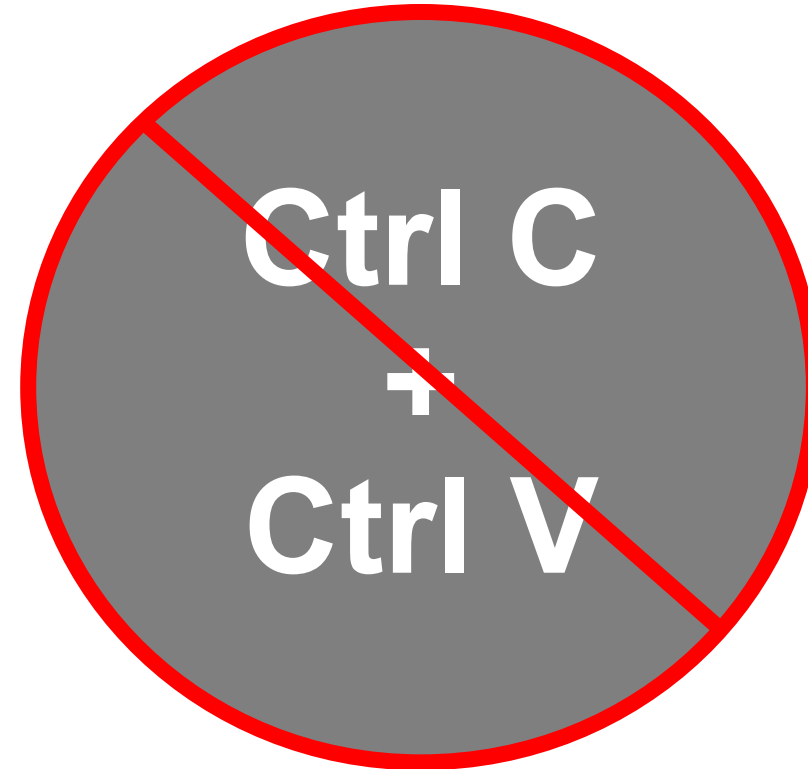
Target
Audience

Target Audience

Isn't just the “who” but also the “how”.

The How – Can't Copy and Paste Between Co-ops

1. Digital?
2. Printed Newsletter?
3. In Person Meetings?
4. Social Media?
5. Bill Insert?
6. SmartHub Ads?
7. Video?
8. Website?
9. Email?
10. Podcast?



2025 Rate Adjustment Communication Plan

- Construct a logical communication path through:
 - **STRATEGY**
 - Member and employee education is key.
 - Build the story – Don't assume members understand!
 - Sequencing is important – Too much, too soon is too much and too soon!
 - Tone matters as much as words.



September

Newsletter

Video

Email to Members

October

Newsletter

Video

Email to Members

November

Newsletter

Video

Email to Members

Power Supply Rate Pressures



Tim McCarthy
General Manager/
Chief Executive
Officer
Tim.McCarthy@
siouxvalleyenergy.
com

Electric utilities around the country and in this region are facing mounting rate pressures and Sioux Valley Energy is not immune to that. We are starting to get a clearer picture of what that could mean for our members this coming year, and we want to make sure to communicate that as early as possible.

As you can imagine there are a lot of factors that are considered when determining rates – but the most significant of those factors is power supply expenses. The reason power supply is a driving factor of your electric rates is because over 60 percent of Sioux Valley Energy's costs go towards paying for power. Our wholesale power supplier, Basin Electric, has announced a substantial increase for the coming year. We are working closely with their staff to minimize the increase as much as possible and should know its full extent soon. In addition, the Western Area Power Administration (WAPA) has announced a nearly 14 percent rate increase over two years. Approximately 17 percent of our power supply is made up of our WAPA allocation.

When Sioux Valley Energy receives a rate increase from its power suppliers, it is passed directly through to members which unfortunately means any increase we see will be reflected on our members' bills.

Other factors that will continue to impact rates this coming year and in future years include the inflationary increases in distribution costs reflected in our materials, equipment, and labor as well as our financing costs. Higher interest rates continue to drive up the cost to borrow money to complete necessary ongoing infrastructure upgrades to our distribution system.

We are working on the 2025 budget and workplan and will do what we can to hold down distribution costs as much as possible, but there is no way around the increase in power supply costs. Members need to be prepared for rate increases in the coming years. We will be working on nailing down the rate impact to members as quickly as we can and hope to have that information to you in the next couple of months. Our pledge will be to work towards minimizing the impact and we will keep you informed as the rate forecast evolves.

Over
60%
of Sioux Valley
Energy's costs go
towards paying for
power.

TAKE THE TIME. EVERY TIME.



2 COOPERATIVE CONNECTIONS | SEPTEMBER 2024



siouxvalleyenergy.com | 800.234.1960



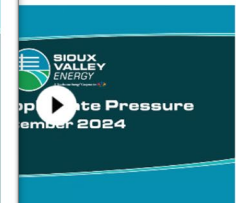
WHAT'S HAPPENING AT YOUR ELECTRIC COOPERATIVE?



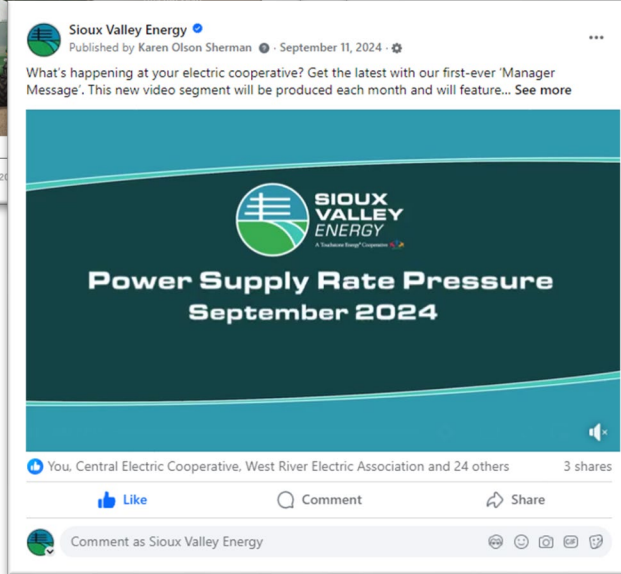
MANAGER MESSAGE

Tim McCarthy
General Manager/CEO

Manager Message: This new video segment will feature Sioux Valley Energy's General Manager, Tim McCarthy, who provides information to cooperative members about the rate pressures Sioux Valley Energy is facing and how we are working to minimize the impact on your bill.



[Watch the Video >](#)





December

Newsletter Video Email to Members Q&A Key Account Letter Dedicated Webpage Podcast Bill Ads Bill Onsert

January

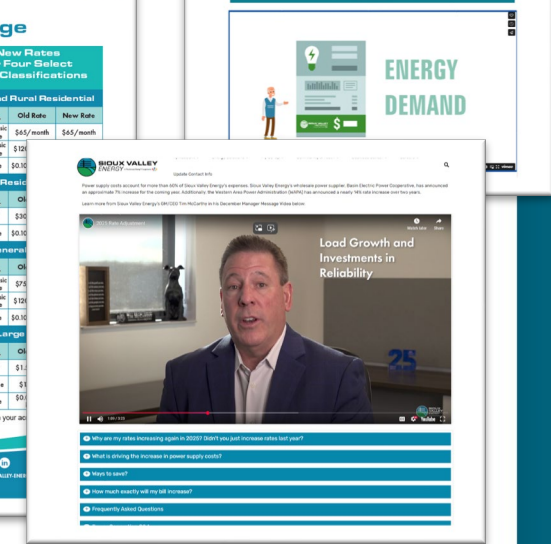
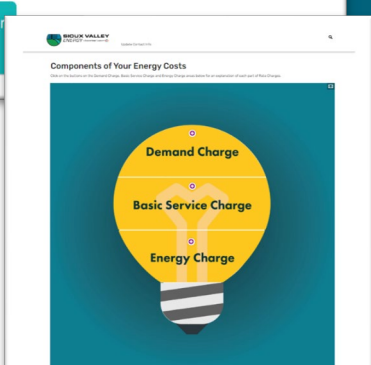
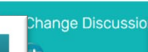
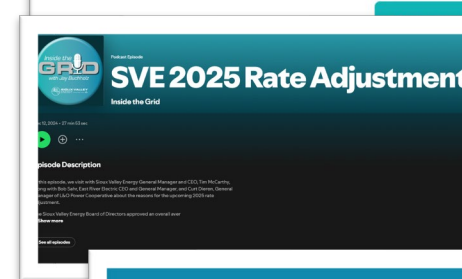
Newsletter Video Email to Members

February - April

Newsletter Video Email to Members Meeting Videos District Meeting Script

Want to learn more?

Check out these videos featuring Tim McCarthy, GM/CEO



2025 Rate Adjustment Communication Plan

- Communicate early—Give employees and members time to plan and digest information.
- You may not have all the details but communicate what you **do** know and what you **don't** know.
- **Who** delivers the message matters.
 - Members & employees want to hear from leadership
- Information changed? **Don't blame**—explain.
- **Acknowledge challenges.**
- Share with **employees** before members.

Transparency
Builds Trust



Special thanks to this AWESOME PR team!

Questions?

