Johnson • Alexander • Massac • Union • Pulaski • Pope

JAMUP

published by Southern Illinois Electric Cooperative, Dongola, Illinois

A Touchstone Energy® Cooperative

Navigating the rising costs of wholesale power

Transparency in billing: Why the Power Cost Adder fluctuates

David A. Johnston
General Manager

Transparency is a core value of your member-owned cooperative. We believe that when you understand the factors influencing your monthly bill, we are better able to work together to manage our energy future. Today, we want to share an important update regarding the **Power Cost Adder (PCA)** line item on your bill.

The foundation: Our Cost-of-Service Study

In February 2025, we concluded a comprehensive Cost-of-Service study. The purpose of this study was to ensure our base rates were set accurately to cover the local operations, maintenance and infrastructure of our grid. At that time, we used the best available data to project the cost of "wholesale power" — the electricity we must buy from our supplier, Southern Illinois Power Cooperative, before delivering it to your home.

Based on those projections, our board of directors approved a base rate adjustment that took effect on July 1, 2025. This was a necessary step to maintain the reliability and safety of the service you expect from Southern Illinois Electric Cooperative.

The shift: A volatile energy market

The energy landscape can change rapidly. In November 2025, our wholesale supplier notified us of a rate increase to be effective Jan. 1, 2026, that exceeded the projections used in our February study. External market pressures, including fluctuating fuel prices and national grid demands, have driven the cost of wholesale electricity higher than anticipated.

Because the PCA is designed to bridge the gap between our "projected" wholesale costs and the "actual" costs we are billed, the increase from our supplier means that the PCA on your bill will reflect a higher difference than it did previously.

A two-way street: credits and adders

It is important to remember that the PCA is not always a charge; it is a balancing mechanism. When the actual cost of wholesale power is lower than our study's projections, the PCA becomes a credit (a reduction) on your bill. Kevin W. Cain

For example, in January 2024, our members received a credit because wholesale costs were lower than anticipated. However, as many of you have seen in the news, the energy industry as a whole has faced persistent upward pressure on prices. Because of these rising costs, it has been some time since market conditions allowed for a credit. Whether it is a credit or an adder, the goal remains the same: ensuring you pay the exact cost of power, with no surplus kept by the Cooperative.

How the PCA works: agility and accuracy

You might wonder why we use a Power Cost Adder instead of simply changing our base rates again. The PCA is a protective, transparent tool that ensures you pay only the true cost of power:

- **Monthly adjustments with a 1-month lag:** We review and adjust the PCA every single month. To ensure absolute accuracy, we use a "nearly real-time" calculation. This month's PCA is calculated based on the actual wholesale costs from the previous month. This ensures your bill is always rooted in verified data, even if it appears one billing cycle later.
- **A true pass-through:** The PCA functions as a dollar-for-dollar pass-through. Southern Illinois Electric Cooperative does not retain any of these funds; every cent collected goes directly to pay the power supplier for the energy you used.
- **Market responsiveness:** Unlike fixed base rates, the PCA is flexible. Because we adjust it monthly, we can react to volatility quickly. If wholesale power costs decrease next month or next season, the PCA allows us to pass those savings back to you immediately without a lengthy base rate adjustment.

Continued on page 18D

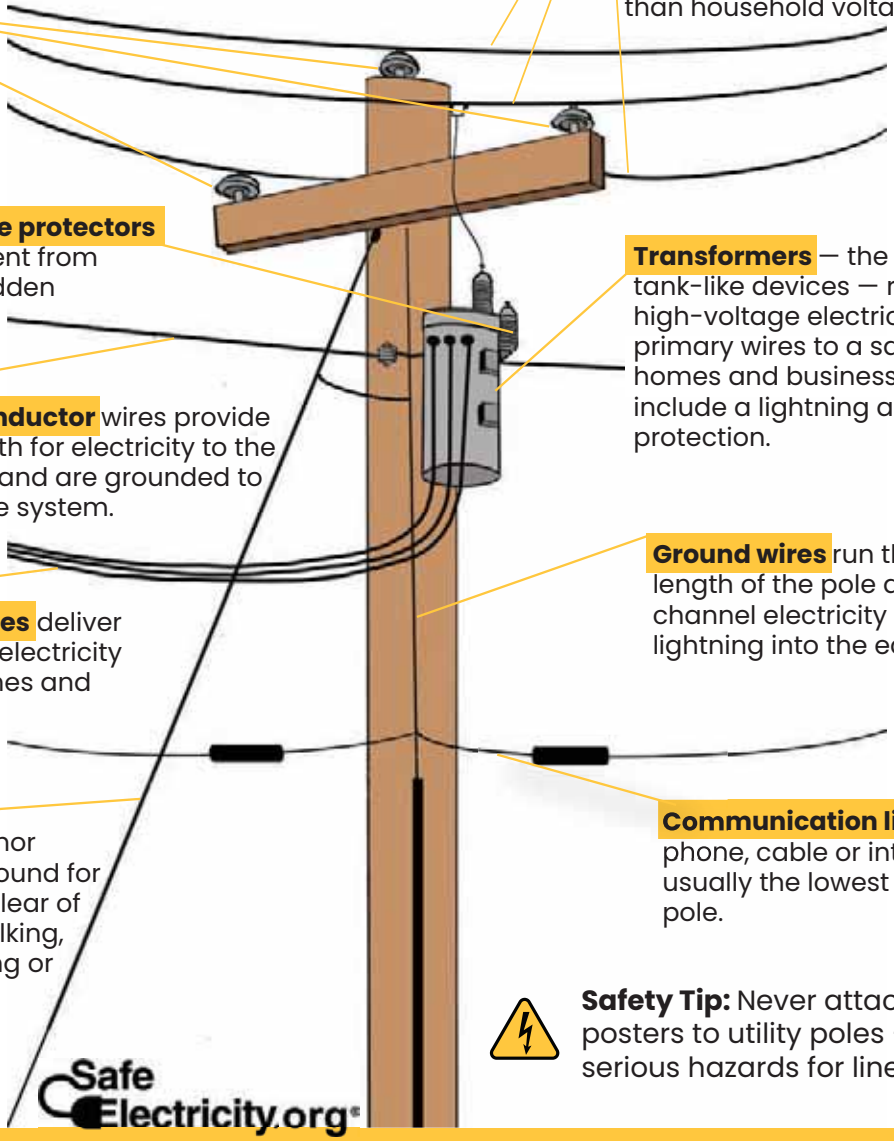
The parts of a **POWER POLE**

Ever wonder what's on a power pole and how it delivers electricity to your home? Learning about each part can help you and your family stay informed — and safe.

Here are some common parts found on power poles.
Equipment can vary depending on location and service needs.

Insulators keep energized wires from touching the pole or other wires, preventing dangerous contact.

Primary wires are the main series of wires that carry high-voltage electricity (often 7,200 volts) from substations through the distribution system — about 60 times higher than household voltage.



Lightning surge protectors shield equipment from lightning or sudden voltage spikes.

Transformers — the round, metal tank-like devices — reduce high-voltage electricity from primary wires to a safer level for homes and businesses. Many include a lightning arrestor for protection.

Neutral conductor wires provide a return path for electricity to the substation and are grounded to balance the system.

Ground wires run the entire length of the pole and safely channel electricity and lightning into the earth.

Secondary wires deliver lower-voltage electricity directly to homes and businesses.

Communication lines — for phone, cable or internet — are usually the lowest wires on the pole.

Guy wires anchor poles to the ground for stability. Stay clear of them when walking, playing, mowing or driving nearby.

Safety Tip: Never attach signs or posters to utility poles — it creates serious hazards for lineworkers.

SafeElectricity.org

The power surge

Factors driving the rising demand for electricity

Across the U.S., the demand for power is climbing at one of the fastest rates in decades. As the economy becomes more reliant on electricity and data centers continue to sprout up in many parts of the country, electric cooperatives are preparing to meet the challenges that skyrocketing demand brings.

The North American Reliability Corporation — the watchdog for the U.S. electric grid — recently released the 2025-2026 winter reliability assessment, which echoed other recent reports, including longer-term outlooks that expect sufficient energy resources during normal conditions but potential supply shortfalls and outages under more intense weather conditions.

Extreme weather coupled with additional factors that are driving increased demand creates challenges for electric utilities, including cooperatives, in their mission to provide reliable power around the clock.

Several key factors are driving increased demand — including economic growth, expanded manufacturing, data center development and increased electrification in transportation. Together, these trends are reshaping how much electricity we consume and how quickly utilities must adapt to meet future needs.

One of the biggest drivers of rising demand is increased electrification. More homes and businesses are transitioning to electricity for home heating, water heating and transportation. EVs are becoming more common on the road, and many states are offering incentives to help consumers make the switch. Additionally, electric heat pumps are replacing traditional furnaces in many homes due to their efficiency. These transitions mean more energy use and pressure placed on our electric grid.

Data centers are another major contributor to rising demand. As AI, cryptocurrency and cloud computing technologies grow, the need for data processing and storage has skyrocketed. Data centers require huge amounts of power to operate servers and cooling systems 24/7. Tech companies are building new facilities nationwide — many of which are in electric cooperative-served areas — and these regions are experiencing multi-year surges in electricity demand as a result.

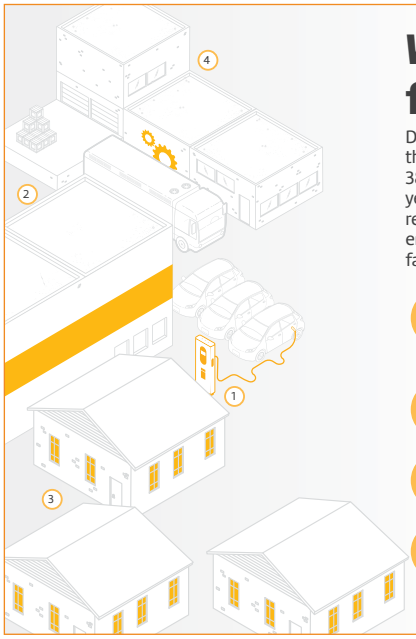
Economic and manufacturing growth are also contributing to higher electricity use. As businesses expand and new industries take root, especially in rural and suburban areas, the demand for reliable, high-capacity power is increasing. The resurgence of domestic manufacturing has led to major facility construction. These facilities often require substantial energy loads, and many operate continuously to keep production lines running. This growth brings jobs and investment, but it also puts new pressures on the electric grid. Jon R. Orell

Population growth and housing development are also contributing to rising demand in many regions, and everyday life is becoming more energy dependent, too. Smart appliances, connected devices, home offices and entertainment systems are adding to overall consumption, even as efficiency improves.

While increased demand presents new challenges for electric utilities, it also has the potential to create significant opportunities for co-ops and the communities they serve, such as job growth, steady revenue and improved infrastructure. Electric co-ops are responding by planning carefully for the future — investing in grid modernization and offering programs and services to help co-op members conserve energy.

Electricity powers nearly every aspect of today's economy, and its role will only grow stronger. As electrification accelerates, long-term planning becomes more important than ever.

Southern Illinois Electric Cooperative is ready to meet rising demand in our local communities. Through innovation, investment and collaboration, we are preparing for a more reliable and resilient energy future.



Why is the Demand for Electricity Rising?

Demand for electricity in the U.S. is booming. Recent data shows that power consumption nationwide is set to increase by at least 38 gigawatts (enough electricity to power 3,600 homes for one year) between now and 2028. Meeting this new demand will require a combination of new power plants, grid upgrades and energy storage technology advancements. Here are the key factors that are driving increased demand.

1. **Increased Electrification:** Electric vehicle adoption, electrification of home heating and industrial electrification are increasing overall U.S. energy consumption.
2. **Data Centers:** Driven by explosions in AI, cryptocurrency and cloud computing, total U.S. data center load is projected to increase by 65% by 2050.
3. **Economic Growth:** Residential power consumption is expected to increase by 14% to 22% through 2050 due to increases in population and steady economic growth.
4. **Manufacturing Growth/Onshoring:** New, expanding and "onshored/reshored" manufacturing capacity driven by federal incentives is expected to increase industrial demand by 13,000 GWh per year.

Member prize

In this issue of the JAMUP, we printed the names of three SIEC members who are eligible to receive a $10 credit toward their utility bill. If you find your name printed in this center section and it's not part of the story, call Brent with your account number at **800-762-1400** to claim your prize.

"Navigating" continued from page 18A

Looking ahead

Our management team and board of directors remain vigilant, monitoring energy market trends daily. We are committed to fiscal responsibility and will continue to advocate for the best possible wholesale prices. As a not-for-profit entity, our priority is not to generate a profit, but to ensure the lights stay on at the most fair and transparent price possible for every member-owner.

We thank you for your continued support and for being a valued part of the Southern Illinois Electric Cooperative family. **Christopher W. Jones**

Southern Illinois Electric Cooperative

7420 U.S. Highway 51 South
P.O. Box 100
Dongola, Illinois 62926

618-827-3555

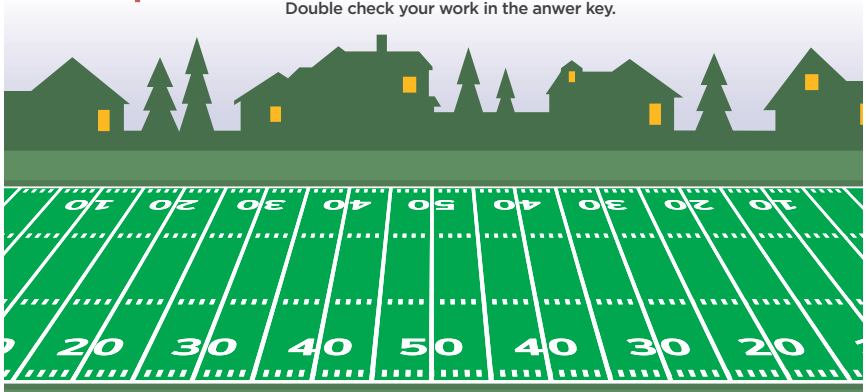
Office hours: 8 a.m. – 4 p.m.

www.siec.coop

Energy Explorers

Score Big with Energy Savings!

Every Super Bowl MVP makes big plays—and you can too! Use the clues below to fill in the blanks and learn how you can help save energy at home by making smart, efficient plays. Double check your work in the anwer key.



1. Spend time outdoors or unplugged to reduce your _____ time and save energy.
2. Turn off the _____ while brushing your teeth.
3. When it's cold, wear an extra layer of _____ instead of turning up the thermostat.
4. Keep doors and _____ closed when your home's heating/cooling system is turned on.
5. Unplug smaller electronics like _____ when you're not using them.
6. Turn off _____ when you leave a room.

Word Bank:
windows
clothing
water
lights
screen
chargers

Answer Key: 1. screen 2. water 3. clothing 4. windows 5. chargers 6. lights

TIPS TO AVOID ENERGY SCAMS

Enrolling in autodraft payments with your utility provider can help prevent certain types of utility bill scams. If a scammer contacts you with fake disconnection threats, you can rest easy knowing your bill is paid automatically through a pre-arranged, secure channel. Autodraft payments also eliminate the risk of exposing checks and personal banking info through the mail. If your utility offers autodraft payments, consider enrolling to stay on track and avoid certain scams. *Source: AARP*