

Energy Cost Adjustment 101

Over the past year, energy prices have increased significantly across the country. If you have purchased gasoline for your car or looked over your home heating bill, you have seen the increases for yourself. Natural gas is often used to generate electricity and as natural gas prices rise, so do electricity prices.

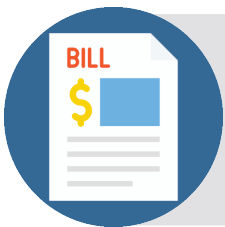


Princeton Public Utilities purchases power from the Southern Minnesota Municipal Power Agency (SMMPA). SMMPA obtains that power from a variety of resources, including renewable resources, traditional power plants, and the regional energy market. Since this spring, electricity prices have been unusually high in the regional energy market due to the high cost of natural gas, increased costs due to difficulties moving electricity from where it is generated to where it is used, and other supply-chain constraints affecting the economy.

Throughout 2022, SMMPA and Princeton Public Utilities have been able to use cash reserves to keep your energy prices stable. However, due to energy prices remaining high for a sustained period of time, SMMPA's reserves were drawn down to the point where it became necessary for the Agency to increase its energy rates and implement an Energy Cost Adjustment.

What is an Energy Cost Adjustment (ECA)?

An Energy Cost Adjustment is charged if the cost to supply the electricity needed for our customers exceeds projections. This adjustment is made in cases such as high fuel costs and high market pricing for electricity. An ECA can also lower your costs in the event that fuel costs and market prices are lower than projections. In that case, you will receive a credit on your bill. This adjustment is based on your electric usage and varies by each billing period. While an ECA on your electric bill may be unfamiliar to you, ECAs are common and are used by most of the large electric utilities in Minnesota. Natural gas utilities have been using cost adjustments with their customers for years.



How will the ECA impact my monthly utility bill?

The ECA may lead to more month-to-month variation in your utility bill. With the ECA, your bill will more accurately reflect the actual costs that your utility incurs for providing the electricity that you use.

What can I do to reduce my electric bill?

Take advantage of our rebates to save money, energy, and the environment. We offer attractive rebates on high-efficiency lighting, appliances, cooling equipment, and more to boost your home's efficiency and comfort. Saving energy means saving money – as much as 20% of your utility bill, depending on your home improvements. Visit [SaveEnergyInPrinceton.com](https://www.princetonpublicutilities.com/saveenergy) to learn more.



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