

PARK SPARKS

AUGUST 2023

LUCK OF THE DRAW WINNERS

At the 2022 Annual Meeting, we gave away 20 \$2000 Luck of the Draw scholarships for fall 2023. We use unclaimed Capital Credits to fund these scholarships and each year can be different. Congratulations!



Haven Sager - U of Montana
Haven is studying Criminology and Journalism. She enjoys spending time with family, playing the piano, hiking and reading.



Lorelei Jarrett - Dickinson State
Lorelei is majoring in International Ag Business and will be competing in track and cross country. She enjoys an active outdoor lifestyle.



Noah Payne - Montana State
Noah is a Junior in the Hospitality Management Program. In his spare time he enjoys spending time with family, reading and playing guitar.



Levi Wolfe - Montana State
Levi is studying Criminology with hopes to join the Bozeman police after graduation. He loves playing ultimate frisbee and working on his F150.



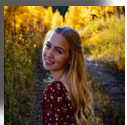
Monte Cole - U of Montana
Monte is in his third year of law school with plans to clerk for the MT supreme court. In his free time, he likes to trail run and cook.



Simon Coleman - Northeastern
Simon is studying Computer Science and Economics. He plays rugby for the university and is part of the Econ Society. He loves to hike.



Bailey Opitz - Montana State
Bailey's goal is to become a nurse after graduation. She enjoys hiking, spending time with friends, and going to football games.



Haley Rigler - Montana State
Haley is a Freshman majoring in Agriculture Education. She also serves as the Montana FFA State Reporter.



Calvin Caplis - U of Montana
Calvin is studying Finance and Business in his Freshman. He enjoys soccer, basketball, and hunting and fishing with his family.



Dylan Flatt - Rocky

Dylan is in his second year studying business and playing football at Rocky Mountain College. He enjoys fishing, dirt biking and skiing.



Mariah Creason - Montana State

Mariah is a multi-generational Montanan going to study Animal Science in the fall. She is active in her church, community and 4H.



Matthew Marlowe - Lehigh

Matthew is entering the IDEAS honors program at Lehigh University in the fall. In his free time, he enjoys getting outside, taking photos and drones.



Megan Jackson - Rocky

Megan is a sophomore pursuing a bachelors in Elementary Education. She enjoys snowboarding and boating.



Quintin Lucas - Montana State

Quintin is enrolled in the Physics program and working towards a PhD in Astrophysics. He loves hiking and exploring the outdoors.



River Smith - Wenatchee Valley

River is attending WVC to play baseball and start his Kinesiology degree. He is active in the Wenatchee community and a star ball player.



Caleb Jergenson - U of Northwestern

Caleb is working towards a Math major at UNW and is playing tennis for them. He is looking forward to someday becoming an Engineer.



Gabriella Lord - Montana State

Gabby is studying Computer Engineering and Mathematics at MSU. She enjoys hiking and wildlife photography.



Kayla Johnson - U of M Western

Kayla is a Junior studying Business Administration and farm and ranch operations. She hopes to use her degree for photography and obtain a masters.



Luke Apenburg - Cedarville

Luke is a senior in Mechanical Engineering and minoring in Biblical Studies. He enjoys spending time with friends and playing Pickleball.

Be sure to read my comments this month and next to stay informed about a future rate change for the cooperative. This is the final month in the series about factors that will cause a rate increase in the future. This month we will review inflation and its effects on the cost of materials and software.

EFFECTS OF INFLATION

Our last rate increase was in 2012 and next month, in my column, I will be announcing the future rate change for the cooperative. This month in our three-month series about factors that will cause a rate increase in the future, we will review inflation and its effects on the cost of materials and software.

Inflation is something we all feel the effects of in our daily lives. We can all identify items that have gone up significantly in cost in the last few years. In fact, I think it would be hard to think of an item that costs the same now as it did three years ago or even last year. Park Electric has been absorbing these cost increases on the materials and supplies we need to operate. Unfortunately, the increase in material cost is not an area we have any control over.

Let's look at the following examples:

- Our cost to buy new transformers has increased by 300% in the last three years. In 2020, they cost us \$219,769, in 2021, they cost \$417,794, and in 2022, they cost \$895,845.

(We did have to purchase a slightly higher number of transformers each year from 2020-22 due to our rapid growth, but the pricing is set by the distributor.)

- In other material costs, which include poles, cross arms, insulators, and wire, we purchased \$601,514 in 2020, \$1,118,714 in 2021, and \$1,264,762 in 2022.

(Again, we did see more growth in 2021 and 2022 which required us to buy slightly more materials than in 2020, but the majority of this cost is due to increased cost per item.)

- We have also seen a price increase of 5-15% on our software needed to meter and bill our membership.

As you can see, many of the goods and services required to keep the electricity flowing have seen a sharp increase in cost over the last few years. While we do everything to keep our costs low, increased prices from our vendors have made everything more expensive. These changes increase the cost of our duty to serve our membership,

repair outages, install new services, and complete system upgrades to accommodate growth. We have reached the point where we can no longer absorb these costs. If we do not implement a rate increase our costs to operate will soon be higher than the revenue we collect from our members.



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