UNDERSTANDING RISING ELECTRIC BILLS IN 2025

CAPACITY PRICE INCREASE

Deshler Municipal Utilities works hard on residents' behalf, yet not all aspects of electric industry services are within our control. One provision of electric service is called capacity, and it is slated to increase customers' electric bills starting in June.

What is capacity?

Our local electric system is connected to a regional transmission system, or a grid, that helps ensure the lights stay on, even on the hottest and coldest days of the year. To do this, power plants are paid to be available at all hours of the year. This availability is called "capacity," and the capacity price paid to each plant is based on an annual auction. In the most recent auction, prices increased significantly, resulting in higher costs for most electric utilities.
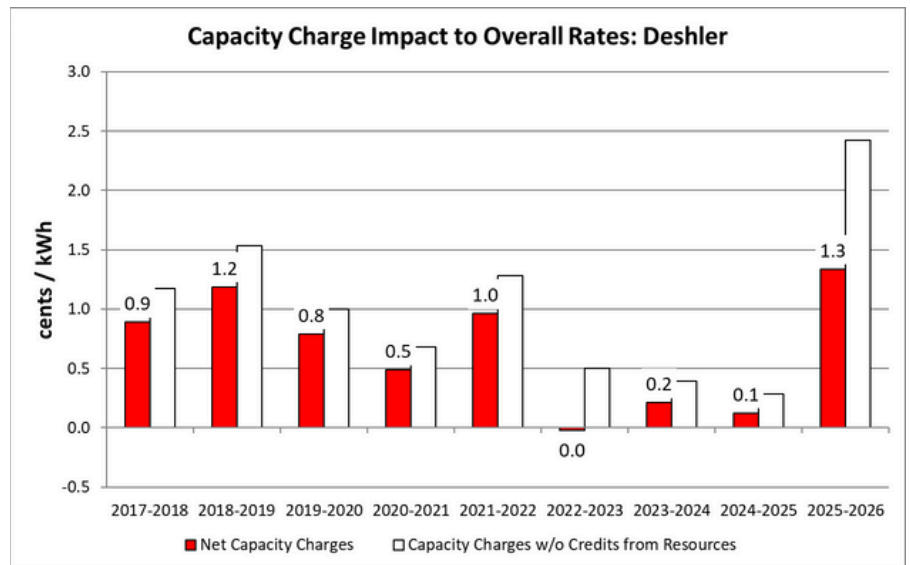
How and why will the capacity auction prices affect me?

The cost associated with capacity is paid by customers who rely on the market for the electricity they use, and Deshler's share of capacity costs is determined by how much electricity we use on the days with the highest electric demand in our region.

It is expected that, for Deshler, the increased cost for capacity will be about an additional 1.3 cents per kilowatt-hour (kWh) starting in June 2025, which adds about $12/month to customers' bills, or about $141 over a 12-month period, based on average usage of 875 kWh per month.

In comparison, we will see a lower increase than customers of nearby American Electric Power, which recently announced that its customers would see an increase of about $27 a month starting in June.

We know rising rates affect household budgets. We strive to keep rates manageable. If you have any questions, please reach out to our utility office.

This chart shows how capacity costs are impacting Deshler's overall rate. The white bar shows how much capacity adds to your bill; the red bar accounts for capacity credits Deshler receives from participation in, and ownership, of generation projects.