

Village Electric Rates to Remain Unchanged

By: Kyle R. Francis, Versailles Village Administrator

Over the past several months, and perhaps even longer, you may have heard reports about power prices going up this summer across Ohio and the nation as a whole. These reports are unfortunately very true as the cost of electricity on the wholesale power market, the cost of transmission to move power from generation assets to customer locations, and the cost for electric capacity all continue to go up. These three items are the bulk of the cost factors that go into the actual energy charge that you see on your customer utility bill price per kilowatt-hour (\$/kWH).

For Village of Versailles Electric customers, we are pleased to report that our customers will not be seeing electric rate increases this summer and for the remainder of 2025. Rate increases in the first half of 2026 are appearing to not be likely either at this time. There are always risks that could change wholesale power supply costs beyond the control of the Village such as geopolitical unrest, fuel supply costs changes (especially natural gas), and other such market factors related to the regional transmission organization (RTO), PJM, that the Village of Versailles and all other utilities in Ohio are connected to. In the event that a major power supply cost change would take place, the Village may institute a Power Cost Rider (PCR) charge on customer utility invoices to recover additional power supply costs. The PCR was last used in 2022 and 2023 when power supply costs skyrocketed in large part due to high natural gas prices. Natural gas prices control the US power grid wholesale power prices as it replaced coal several years ago as the largest single power generation fuel type. The current Village electric rates across all rate classes have not changed since January 2024. The Village works diligently with our electric utility consultant, Sawvel & Associates, as well as American Municipal Power (AMP) to ensure the Village's has plenty of affordable and reliable power supply resources through long-term power purchases and the electric generation assets that the Village has an ownership share in through AMP.

The Village recently had an electric rate comparison report completed by Sawvel & Associates that compared the Village's current electric rates against AES Ohio and Darke Rural Electric Cooperative who are both located outside of the Village's service territory. For a residential Village electric customer located in town using 750 kWH/month, their total electric bill would be \$117. If that customer was located outside of the Village corporation limits, the cost would be \$123. That same customer if they were on AES Ohio would pay \$133 and if they were on Darke Rural Electric would pay \$152. The Ohio statewide customer average right now is \$125 per month. Village power rates for commercial and industrial customers were also lower than that of AES Ohio across all rate classes.

Those in the area will likely see news reports on television, online, and in print over the next month or so about high electric utility bills due to the higher consumption totals during the summer months when electric usage typically peaks for the year. One of the largest recent cost increases for electricity started June 1, 2025 for electric capacity rates on utilities. Capacity costs within the PJM footprint are a power market mechanism designed to ensure there's enough electric supply to meet current and future electric demand. Each electric utility, whether it be a municipal provider like the Village, a cooperative (co-op), or an investor-owned utility (IOU) is subject to capacity costs ensuring that they have an adequate power supply accounted for to serve their customers. Current capacity market prices through PJM have gone up seven-fold from a year ago. Capacity costs are driven in large part by supply and demand. AES Ohio customers will especially see higher power prices on their utility bills due to these higher capacity market prices. The reason for this is that AES Ohio owns less than 10% of their own

power generation and are heavily reliant on the open power purchasing market. Such a business model has helped them have lower power prices from approximately 2014 to 2020, but is now having detrimental effects on their power supply costs with market prices being high. These increased costs are passed down directly to their customers and are not subject to Public Utility Commission of Ohio (PUCO) rate reviews and approvals. The Village is currently well positioned in these higher-priced market conditions as we have approximately 87% of our total power supply secured through ownership and/or long-term power purchase agreements. Utilities with power generation ownership assets, like Versailles and other area municipal electric utilities, receive capacity market credits that help offset the higher capacity market prices. On the flip side, large investor-owned utilities such as AES Ohio, AEP, and FirstEnergy who have been retiring and selling off their generation units are not receiving those capacity credits with power supply costs increasing substantially for their customers.

The total electric generation capacity within PJM and across the US right now is becoming very close to that of the current electric demand. When demand goes up and supply goes down, higher prices are the end result. Electric demand is out-pacing new electric generation coming online in large part due to data centers and artificial intelligence (AI) centers. These facilities are in large part popping up within the PJM footprint, with a very large concentration focused around the central Ohio area. These centers are putting a very large strain on the power grid taking a large amount of baseload power generation to operate. Baseload power resources such as coal, nuclear, and hydroelectric produce power 24/7, 365 days a year. Coal generation units over the past ten years have been retiring in large numbers without nearly enough new baseload resources replacing those retired units. Baseload resources are the backbone to our modern way of life. We will look to further explain and educate how the power grid works in the US in other future articles.

Please rest assured that the Village Administration, Mayor, Village council and our various partners work tirelessly to provide all customers the best, most reliable, and most cost-effective electric service possible. This commitment started all the way back in 1901 with the Village's first coal-fired power plant along N. Center St., all the way to today with us now bringing in power supply resources from across the Midwest and beyond to each and every customer around the clock. If there are ever any questions regarding the Village's electric utility, rates, service, or just general questions, always feel free to contact the Village Utility Office at (937) 526-3294 or email kylefrancis@versaillesoh.com.