

# Seasonal Accounts

**One way the cooperative spreads the responsibility is through monthly fixed charges which are charged before any kilowatt hours are sold.**

by Brenda Kleinjan

**I**N THE SCENIC SOUTHERN HILLS OF WESTERN South Dakota, it's easy to dream of having a small lot of forested land as one's retreat from the day-to-day hustle.

For an increasing number of people, that dream is becoming reality as people build vacation homes.

About 19 percent of Black Hills Electric Cooperative's accounts are seasonal. These seasonal accounts range from the traditional well accounts used to water livestock during summer months to the increasingly popular vacation home. Altogether, these accounts used almost 5 million kilowatt hours in 2005, or about 5 percent of the total electricity used by cooperative members.

"It used to be that a seasonal home was a small cabin or trailer house, often without power or running water," said Mike Chase, manager of marketing and member services at Black Hills Electric Cooperative. "Now, people are building \$200,000 plus homes to use a couple of weeks a year. Many of these homeowners take advantage of our low electric heat rate to keep their homes heated even when not being used."

Chase said that the majority of the seasonal home owners plan to retire to the Black Hills. "Many of these people vacationed in the Black Hills and fell in love with the area" he said. "Land prices and construction costs in western South Dakota are low compared to where many of them come from so they can afford to build their dream home."

The seasonal accounts create challenges for cooperatives. The amount of infrastructure – lines, poles, meters, etc., – for a home or account used only a few days or months of the year is the same as what is needed for another account used year-round.

"Our seasonal rate includes a monthly service charge that is \$6 higher than a primary residence and a slight increase in the kilowatt-hour charge," said Chase. "These accounts average about 3,600 kilowatt-hours a year, which is mostly heat during the cold months."

The trend cooperatives are seeing is consistent with what the 2000 Census found about Vacant Housing Units in the state. The census does not differentiate between a vacation property or a vacant property.



# Create Challenges

Custer County, where Black Hills Electric is headquartered, had a vacancy rate of 14.4 percent to 19.4 percent. Ten counties in the state reported vacancy rates equal to or greater than 20 percent. Some can attribute those vacancies to vacation homes; for others it's a sign of out-migration as ag enterprises increase in acreage, thus decreasing the number of families needed in the area.

In western Minnesota, Traverse Electric Cooperative in Wheaton has about 450 seasonal accounts, most of which are lake homes on Lake Traverse or Big Stone Lake on the South Dakota/Minnesota border. The seasonal accounts are about 16 percent of the cooperative's membership.

Co-op manager Don O'Leary said the cooperative put a line into 66 new lots last year, but none of the lots, which the developer is asking \$75,000 to \$100,000 for, have been built on yet.

"They use nowhere near the same kilowatt hours as a year-round residence," said O'Leary, noting that the seasonal accounts use about 2 million kwhs of electricity annually.

"Most of them aren't permanent homes. They're old trailers, cabins where the owners use them a few weekends of the year, close them up in October and open again in May," said O'Leary.

And yet, the cooperative has responsibility for year-round maintenance of the lines, some of which require more attention due to tree growth than more heavily used lines.

One way the cooperative spreads the responsibility is through monthly fixed charges which are charged before any kilowatt hours are sold.

"That way every site that has a meter pays that before any kilowatts are used or charged for," said O'Leary, noting that the practice allows all cooperative members to share the costs of maintaining and operating the cooperative which each member owns.

"Otherwise the larger users would be paying for everything," O'Leary said.

In the northern Black Hills, Butte Electric Cooperative, headquartered in Newell, also has a number of members who reside elsewhere in the state yet maintain homes or cabins that are used a few weeks of the year. With the scenic charms of Spearfish Canyon and the Galena area within the cooperative's service area, a number of these part-time members may eventually become full-time members when they retire.

"There are a lot planning on retiring out here into those homes," said Kim Richards, member services manager at Butte. "We're seeing a lot of building – new construction that are nice places. There are more and more homes that aren't used other than in the summer."

"We welcome the growth," said Richards.



**Top and Cover:** This seasonal home was recently constructed west of Custer, S.D., on Black Hills Electric Cooperative's lines. Seasonal accounts make up about 19 percent of the cooperative's total accounts and account for 5 percent of the kilowatt hour sales. **Left and Above:** Black Hills Electric Cooperative Manager of Marketing and Member Services Mike Chase talks with the construction forman at the site of a seasonal home undergoing remodeling with an addition north of Custer.