

It All Adds Up: Part One

Transformers

Last month, we shared a graphic along with the CEO column that addressed some of the changes in costs we are experiencing.

As is the case everywhere, cost and delivery time are huge factors in how we do our work.

One of the biggest impacts on our day-to-day work involves transformers.

Transformers are devices that convert high-voltage electricity to a lower voltage so it can be used in homes and businesses safely.

They are part of the electricity delivery system and can be pole mounted or pad (ground) mounted.

If you have overhead service, you will see the pole mounted, if you have underground service, you will see a green pad mount. In this case, there is no true difference, other than the location of the unit.

Over the years there has been little change to cost and availability of transformers. However, between 2020 and 2022 alone, they have increased in cost anywhere from \$468 for a pole mount transformer to \$1,603 for a pad mount transformer.

With approximately 29,000 transformers on our system, those kinds of costs add up. Not only that, but the availability of this equipment has a wide window as well.

In the past, we would receive shipments of transformers weekly. Now, single-phase transformers take about five months from order to delivery, and three-phase transformers, which carry more power,



are eight to 12 months' delivery time.

Don't worry though, South River EMC retires what we call idle services, or services that have been unused for a period of time, and recover those transformers.

We have also rescheduled projects to ensure we have a stock of transformers.

"The escalation in material costs, along with longer lead times for delivery, has made us rethink our material acquisition and reclamation processes," said Chuck Richardson, vice president of Operations and Engineering. "In the future, should material and equipment availability be further impacted by a declining economy and work force, our dependence on third party maintenance shops and equipment brokers will grow."

Our ability to provide safe, reliable and affordable electricity is also due in large part to our partnership with the Tarheel Electric Membership Association (TEMA).

TEMA is a service company which supplies the materials needed to operate and maintain your electric utility system.

Established in 1975, TEMA provides bulk material purchases resulting in better lead times, price, and representation.

TEMA, like South River EMC, is a non-profit cooperative dedicated to service, quality, and cost containment.

While turnaround for certain products is looking better, others remain to be seen and cost is still a major part of the process.

South River EMC is looking out for you.