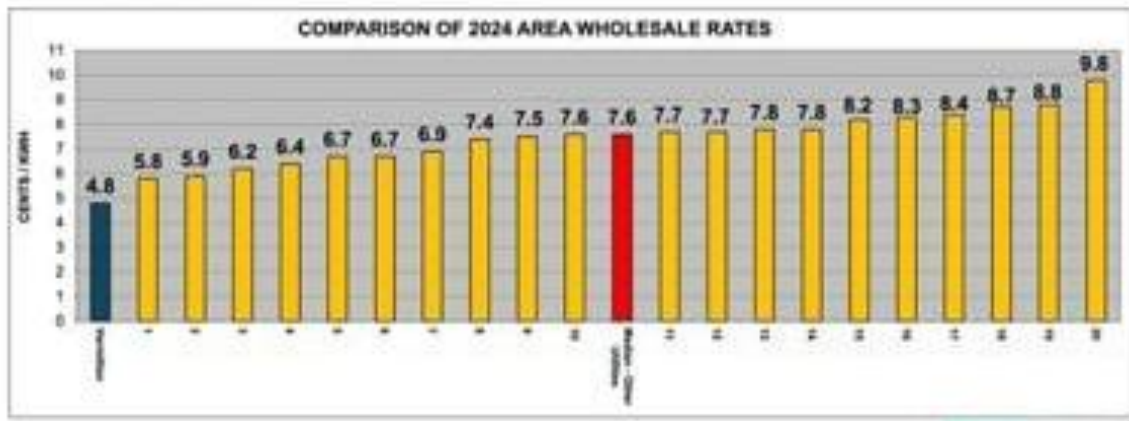


Vermillion Boasts Low-Cost and Reliable Entergy



By Sarah Wetzel for the Plain Talk, Oct 24, 2025

https://www.plaintalk.net/local_news/article_f3fb9397-93dc-4915-a63f-611693b9e13f.html



This chart presented by Andrew Johnson, member programs coordinator for Missouri River Energy Services (MRES), shows that Vermillion’s electric rates demonstrated by the bar at the far left in this graph are about 58% lower than the median wholesale average rates in other communities, with a total annual savings in 2024 of \$2.1 million. MRES Graphic

Andrew Johnson, member programs coordinator for Missouri River Energy Services (MRES) recently led an information-packed discussion of the value of public power and how MRES as a public power cooperative benefits the customers of their member utilities.

“What a gem you have here in Vermillion by being served by a municipally owned local electric utility,” Johnson said at a recent luncheon meeting of the Vermillion Rotary Club.

He said MRES recently celebrated its 60-year anniversary and currently has 61 members across four states, namely South Dakota, North Dakota, Minnesota and Iowa. It serves a little over 330,000 people.

Four of the 13 board members are from South Dakota including Vermillion’s own city manager, John Prescott.

Johnson pointed out that MRES is a supplemental power provider making up for the difference after the members receive their capped amount from the Western Area Power Administration (WAPA).

“If you aggregate them all together, all the power we ship out including WAPA power, about 45% of the power needs of our 61 members are met by

renewable power,” he said. “...We serve some very small municipal electric utilities all the way up to our largest member which is Moorhead, Minnesota.”

Johnson shared how several northwest Iowa municipal utilities joined forces in the 1960s to guarantee their WAPA allocation.

“Then in the 1970s those WAPA allocations, the amount of hydro power the dams were sending out to each of these people who had allocations, were capped,” he said. “More and more utilities joined in. They wanted to hang on to that low power. It’s the lowest cost power there is. It’s cost-based. It means it doesn’t depend on the market.”

When it comes to advocating for rights to resources, Johnson said we are better together.

“Together, these 61 members have a larger voice in Washington when it comes to matters of protecting that WAPA allocation,” he said. “That’s first and foremost.”

Johnson pointed out that Vermillion Mayor John Cole and MRES Ambassador Rich Holland have traveled to Washington, D.C. volunteering to ensure that the federal legislators hear from constituents about how important that power is.

“Please know we’re active not only in Washington but we’re also very active with a legislative voice and we advocate on your behalf at the state and regional level,” he said. “We don’t typically get involved unless it comes down to utility specific things but we keep our eye on a number of pieces of legislation that could impact rates, service territories, other things like that.”

Through MRES, Johnson said Vermillion residents have more of a voice with vendors as well, which also help keep services affordable and reliable.

“It reduces your risk of having to go out and find power on your own,” he said. “We have a very diverse generation portfolio both of generation source and geographic location. That ensures that if the wind isn’t blowing over here, we have other resources that can kick in and make sure that power deliveries are scheduled. That’s our end of the bargain that we have to hold up every day.”

Johnson said MRES looks forward to meeting future challenges together.

“You never know what’s coming around the bend as far as regulation or what types of fuel sources are preferred,” he said. “We’re here to help Vermillion navigate those waters.”

Some communities are not part of MRES, Johnson said, because they’re either part of another joint-action agency or they are big enough to operate on their own.

Even new members must go through a screening process, he said.

“We’re very protective of our members and we want to keep it that way,” Johnson said. “We don’t want to be exclusive in that sense but at the same time very protective. We want to be your energy partner. We don’t want to dilute that pool.”

He described the value of public power.

“It boils down to it’s locally owned,” Johnson said. “Its customers own the utility. The ratepayers own the utility. The municipality owns the utility. It’s local control with a laser focus on what’s best for the community.”

A local workforce can respond quickly and appropriately to the area along with governing decisions made by the city council as opposed to an out-of-town board.

“You as citizens have a voice in that,” Johnson said. “You can participate in that and you can step in front of the council and lay out concerns and engage in that process.”

He said public power is also affordable and not-for-profit, meaning any cost savings are passed back to the customers.

Public power counts as one of three types of utilities.

The other types include rural electric cooperatives and investor-owned utilities.

Public power and electric cooperatives are both nonprofit and governed by elected boards whereas Investor-owned utilities are for-profit and shareholder-owned.

“The biggest thing between public power and rural electric co-ops is funding mechanisms as municipal utility,” Johnson said. “You have access to tax exempt bonds to build infrastructure and that’s super important whereas rural electric co-ops have to go to some federal funding.”

He said although there are many more municipality-owned utilities, the investor-owned utilities serve a higher percentage of people in the country.

“These are your Excels, Mid-American, some of the bigger ones,” Johnson said. “Three different utilities. You’re in the good one.”

He said investor-owned utilities cost about 13.9 cents per kilowatt hour whereas public power utilities cost about 12.4 cents, which is one reason it is more affordable.

“Reliability is perhaps the most important thing we can provide to customers,” Johnson said. “Based on a 10-year average, rural co-ops average each year almost three hours of downtime. IU’s are a little over two hours and public power is about an hour.”

Johnson said since Vermillion has invested in buried lines and other transmission and distribution infrastructure, power is very reliable.

In Vermillion, public power helps fund community development, he said.

“For example, from 2020 to 2023 the electric utility transferred a total of \$3,756,000 or about 11.6% of

its operating revenues,” Johnson said. “Of this total, about \$3.3 million was for operating transfers to the general fund and another \$425,000 was for the city streetscape project. So that’s continued investment back into the community.”

He said the only other way to recoup that level of reinvestment would be property or sales taxes or other fees that would raise the cost of living in Vermillion.

“Your utility is extremely valuable in that it helps keep sales tax, property tax where they’re at,” Johnson said.

He laid out where exactly Vermillion power comes from, namely a direct contract with WAPA and a supplemental agreement with Missouri River Energy Services.

“As mentioned, 59 of the 61 MRES members have that WAPA allocation and annually that WAPA allocation kicks out about 40% of our members’ power needs.” Johnson said. “...We supply everything on top of that WAPA contract but it’s important to understand you still have a direct relationship with WAPA.”

WAPA allocation accounts for about 56% of Vermillion’s power, he said.

“These are cost-based rates,” Johnson said. “They’re not set by the market but are calculated to ensure WAPA recovers its operating costs and the repayment of federal investments in the dams and facilities up and down the Missouri River.”

Though the relationship is direct, he mentioned that MRES handles all the WAPA billing for Vermillion as an administrative service without markup.

“We also schedule all your power,” Johnson said. “One of the most underrated aspects of the Missouri River is we have an operations center that is monitoring daily power markets and they’re doing forecasting and hedging risk and all this stuff on your behalf.”

He explained that MRES monitors regional transmission organizations on the power grid which are sort of like migratory flyways for birds.

“Vermillion’s in the southwest power pool which extends from lower Canadian provinces all the way down to about Texas, right through the heartland,” Johnson said. “That’s your grid. We’re actively monitoring wind, sun and all the power costs up and down because sometimes it makes sense for us to buy cheaper power from the market than to generate it on our own. That’s how we keep costs down.”

According to a chart he shared, the largest percentage, 58%, of Vermillion’s power comes from hydro-generated electricity. Other much smaller percentages come from market purchases (18%), coal (12%), natural gas (5%), nuclear (4%), wind (3%) and less than 0.1% comes from solar and diesel.

Vermillion has done well with wholesale rates running 58% lower than the median average in 2024, according to Johnson.

“You have super low affordable reliable power here in Vermillion,” he said. “...That’s a huge thing for economic development in Vermillion. Just keep these in mind if people approach you and say, ‘Yeah we have cheap power. It’s a great place to live.’”

As good as things are, Johnson said there are potential increases in the future due to various factors like a two-year step increase from WAPA, infrastructure investments and inflation.

“Nationwide there’s 19% inflation just last year alone on power costs,” he said. “...We’re currently right about where we were in 2019 for rates, but in full disclosure that’ll go up a little bit next year.”

Johnson said MRES remains committed to serving its members.

“Our vision is to be the preferred provider of energy and services to communities,” he said. “I hope you understand the value of joining action, the value of public power and how we try to live up to that vision every day.”

For more information, visit their website at www.MREnergy.com