

Missouri Economy Indicators

Electricity Prices for Businesses

VOL. 4, ISSUE 4, 13 MAR. 2023

Electricity prices are often cited as an important factor in site selection for new manufacturing plants, data processing centers and distribution and logistics warehouses. The 2021 Area Development's [Corporate Survey](#) reported that 94.7% of respondents indicated energy availability and costs as very important, ranking third behind labor costs and availability of skilled labor.

Missouri's average 2022 electricity prices were 9.82 and 8.10 cents per kilowatt-hour for commercial and industrial customers, respectively, and were lower than the respective U.S. average of 12.55 and 8.45 cents. Compared to surrounding states, Missouri ranks second lowest in electricity prices for commercial customers but third highest for industrial customers.

Board Members Set Electricity Prices

Unlike other goods whose prices are determined by the market, like eggs and milk, electricity prices are agreed upon by a governing board overseeing utility operations or finances. For large investor-owned utilities (IOUs) like Ameren, Eversource, Exelon, and Entergy, the state's Public Service Commission oversees price setting; in exchange, these companies are the sole electricity provider in their territory.

For municipal systems like Columbia, Moberly or Springfield, a city board determines prices. In rural areas, board members of local rural electric cooperatives typically determine prices.

Missouri energy customers are served by three state-regulated IOUs, 120 municipal utilities and 40 distribution cooperatives that provide electricity to individual homes, farms and businesses.

2022 U.S. and State Average Electricity Prices by Customer Type

(cents per kilowatt-hour)

| Area | Commercial | Industrial |
|-----------|------------|------------|
| U.S. | 12.55 | 8.45 |
| Missouri | 9.82 | 8.10 |
| Arkansas | 10.23 | 7.38 |
| Illinois | 11.66 | 8.92 |
| Iowa | 10.48 | 7.09 |
| Kansas | 11.70 | 8.57 |
| Kentucky | 11.95 | 7.63 |
| Nebraska | 8.88 | 7.24 |
| Oklahoma | 10.39 | 6.95 |
| Tennessee | 12.15 | 6.88 |

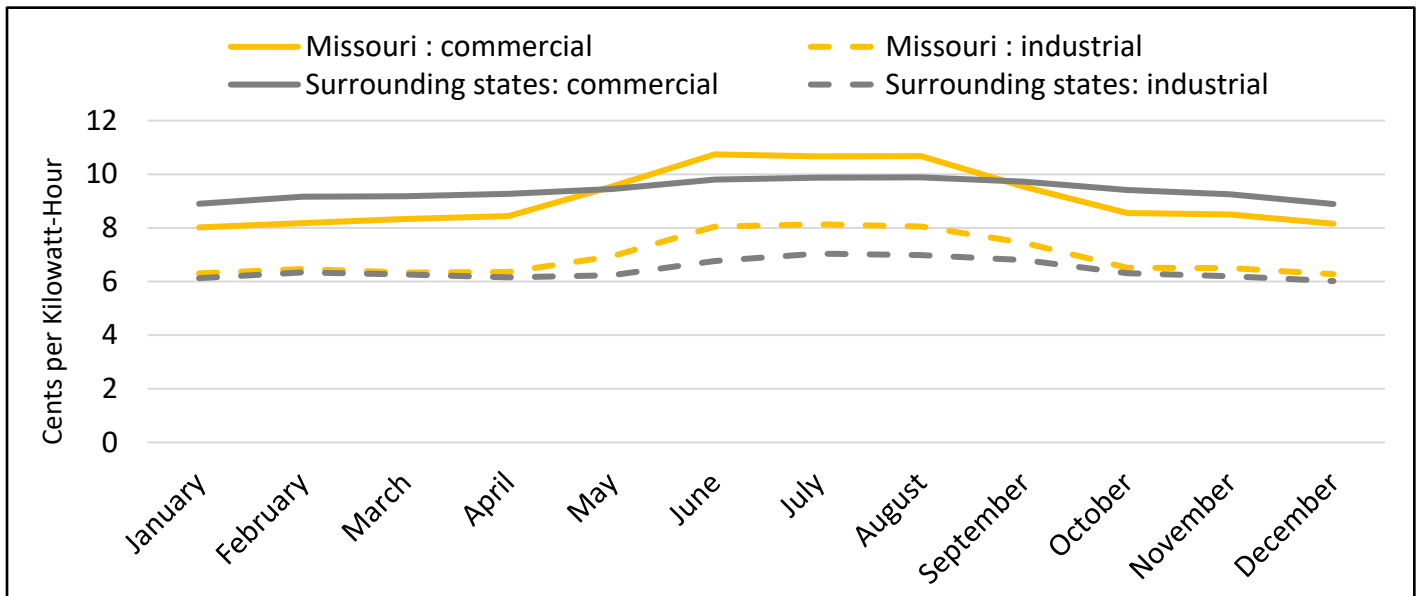
Source: U.S. Energy Information Administration 2022 Annual Energy Outlook.

Seasonality in Electricity Prices

Seasonality in electricity prices impacts energy expenditures. For industrial customers, Missouri average prices are consistently higher compared to surrounding states. However, commercial customers' rates fluctuate based on time of year; average prices are higher during summer months (June through August) and lower

during other times of the year, compared to surrounding states. In turn, energy demand and prices increase during summer months as companies require air conditioning to cool workers and equipment.

Electricity Price Seasonality by Customer Type, 2012-22



Source: U.S. Energy Information Administration Monthly Energy Review. Average monthly prices from 2012-22.

Electricity demand in Missouri has fallen in the last decade. The state saw a high in 2010, with 86.1 billion kilowatt-hours in annual sales, to 80.3 billion in 2022; the state's 6.67% decrease is a stark contrast to a 4.11% national increase in demand. Changes have also occurred in the share of sales by customer type. In 2010, industrial and commercial customers represented 20% and 37% of retail sales, respectively, with residential customers representing the remaining 43%. In 2022, industrial customers represented only 17% of sales, while commercial and residential customers accounted for 37% and 46% of sales, respectively.

Additional Resources

- A general map of [Missouri's Electric Service Areas](#) and a [list of local utilities](#) can be found on the Missouri Public Service Commission website.
- The [Midwest Industrial Assessment Center](#) at the University of Missouri provides no-cost energy and waste assessments to small- and medium-scale industrial facilities, such as companies producing automotive parts, pharmaceuticals, polymers, winemaking and food items.
- Through its Rural Development program, the [USDA](#) provides low-interest, long-term loans to state and local governments, non-profits and businesses in rural areas for energy infrastructure maintenance, upgrades and expansion.

All Missouri Economy Indicators briefs in this series are available at <http://muext.us/MissouriEconomyIndicators>

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