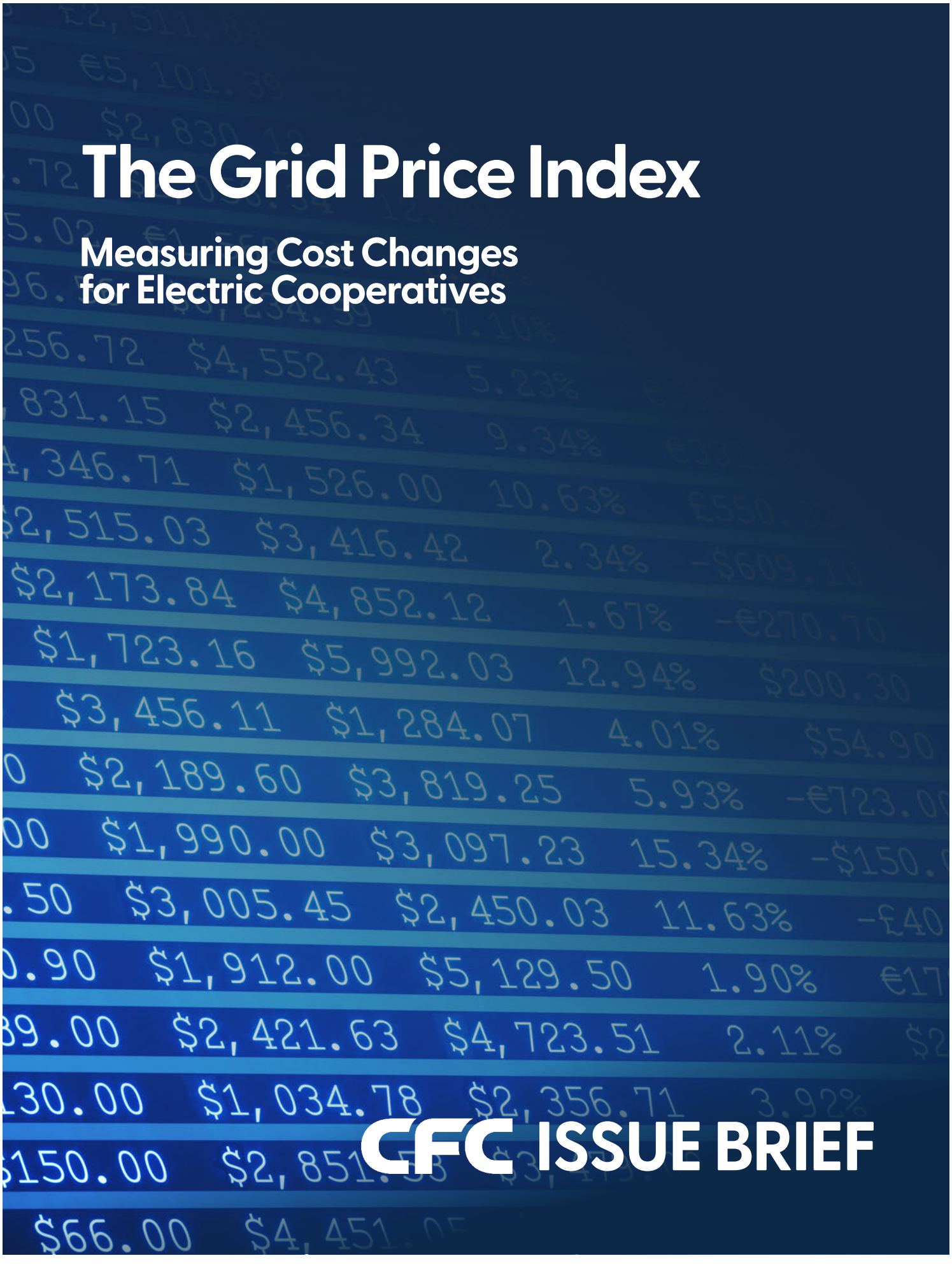


The Grid Price Index

Measuring Cost Changes for Electric Cooperatives

CFC ISSUE BRIEF

CFC GPI
GRID PRICE INDEX

What Is the CFC Grid Price Index?

The CFC Grid Price Index (GPI) is an index that measures the average change, since a 2019 baseline, in the wholesale prices supply cooperatives pay manufacturers for a fixed basket of electric distribution equipment. Developed and maintained by CFC and updated quarterly, it serves as a benchmark for inflation or deflation in those prices.

Eight category-level subindices, including transformers, conductors and wood poles, show how prices for different types of equipment have changed over time, allowing cooperatives to track both longer-term changes since 2019 and more recent quarterly changes, whether prices rise or fall.

The index can help cooperative leaders explain equipment cost changes to their boards and members, providing context for discussions about infrastructure costs and potential rate adjustments.

CFC members can access the full CFC GPI data series on the CFC Member Website.

KEY TRENDS

Key Inflationary Trends Affecting Distribution Costs

The cost pressures facing electric cooperatives reflect more than a single supply-chain disruption. Several overlapping trends are reshaping the cost of purchasing, maintaining and expanding the distribution grid:

Equipment prices have reset at a significantly higher level.

As of 2Q 2026, the CFC GPI shows distribution equipment costs up about 100% since 2019. Supply-chain conditions have improved since the height of the pandemic, but prices have not returned to those previous levels. Across many equipment categories, cooperatives are now operating from a much higher cost base. Slower equipment-price inflation could moderate the pace of future increases, but it does not restore the purchasing power of pre-pandemic construction budgets.

Growing capital investments are sustaining demand for grid equipment.

Utilities are spending to replace aging infrastructure, strengthen reliability and resiliency, and to serve load growth. Because these investments require many of the same types of equipment, competition is likely to remain strong.

Manufacturing capacity is expanding—but only gradually.

Electrical equipment manufacturers are investing in machinery, automation and new production capacity. However, specialized manufacturing systems can take years to order, install and bring online. Workforce shortages, training requirements and the retirement of experienced employees are further constraining manufacturing growth. As a result, investment today may take time before any significant relief in prices can be achieved.

Cost drivers increasingly vary by equipment category.

All equipment categories have increased in price since 2019, but the forces behind those increases differ. Transformers continue to face persistent cost pressure from constraints on specialized manufacturing capacity, electrical steel supply, historically long lead times and surging demand. Conductors and cable, by contrast, are more directly exposed to movements in copper and aluminum prices. Other categories—including underground cable accessories, utility hardware and enclosures, pedestals and pads—have recorded some of the largest cumulative increases since 2019, consistent with strong demand for underground construction and higher metals costs. Utility hardware and enclosures, pedestals and pads accelerated further in the second half of 2025. These differences show why equipment cost changes need to be examined by category as well as through the overall index.

The effects of market shocks on equipment prices are becoming less predictable.

Commodity price movements, tariffs, labor expenses, freight costs and geopolitical developments are not always reflected in finished-equipment prices immediately. Supplier contracts, metals-adjustment provisions, inventory positions and hedging practices can delay or alter their effects. As a result, cooperatives may continue to encounter higher costs months after the initial market or policy shock—including after broader inflationary pressures appear to moderate. These delayed effects are making both the timing and magnitude of equipment-price changes more difficult to anticipate.

The industry is moving toward a higher-inventory, higher-resilience supply-chain model.

Manufacturers, distributors and utilities are maintaining larger inventory buffers in response to the supply shortages of recent years. This shift is improving access to critical equipment, but it also increases storage and capital costs for inventory that may remain unused for extended periods. While this emerging model can improve equipment availability and supply-chain resilience, maintaining larger inventories is likely to carry a cost premium.

Putting Equipment Cost Changes Into Perspective: The CFC Grid Price Index

General inflation measures do not fully capture cost changes across the distribution equipment electric cooperatives purchase. The CFC GPI provides industry-specific measures of those changes, while this issue brief examines manufacturing constraints, demand, commodity prices and other factors that help explain them. Together, they show both what has changed and why.

CFC GPI
GRID PRICE INDEX

Outlook

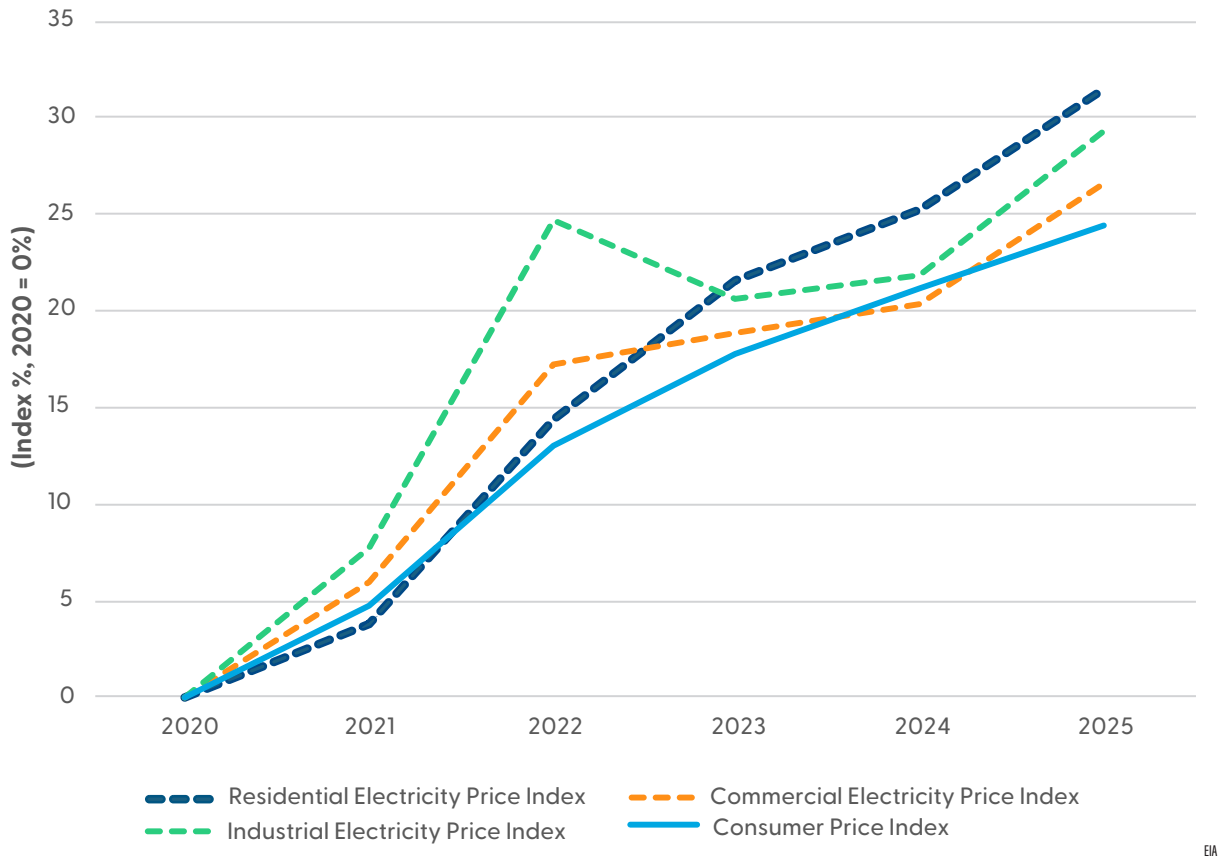
As the U.S. electric utility industry grapples with an unprecedented buildout, largely driven by growing power demand, improvements in system reliability and resilience, and the replacement of aging infrastructure, the market for electrical equipment continues to be a pain point for many electric cooperatives.

Supply chains for electrical equipment have experienced significant disruptions since the start of the COVID-19 pandemic in early 2020. Prices rose sharply for many types of utility equipment and remain elevated despite improvements in supply-chain conditions. These higher equipment costs continue to add pressure on retail electricity rates and affect consumers nationwide.

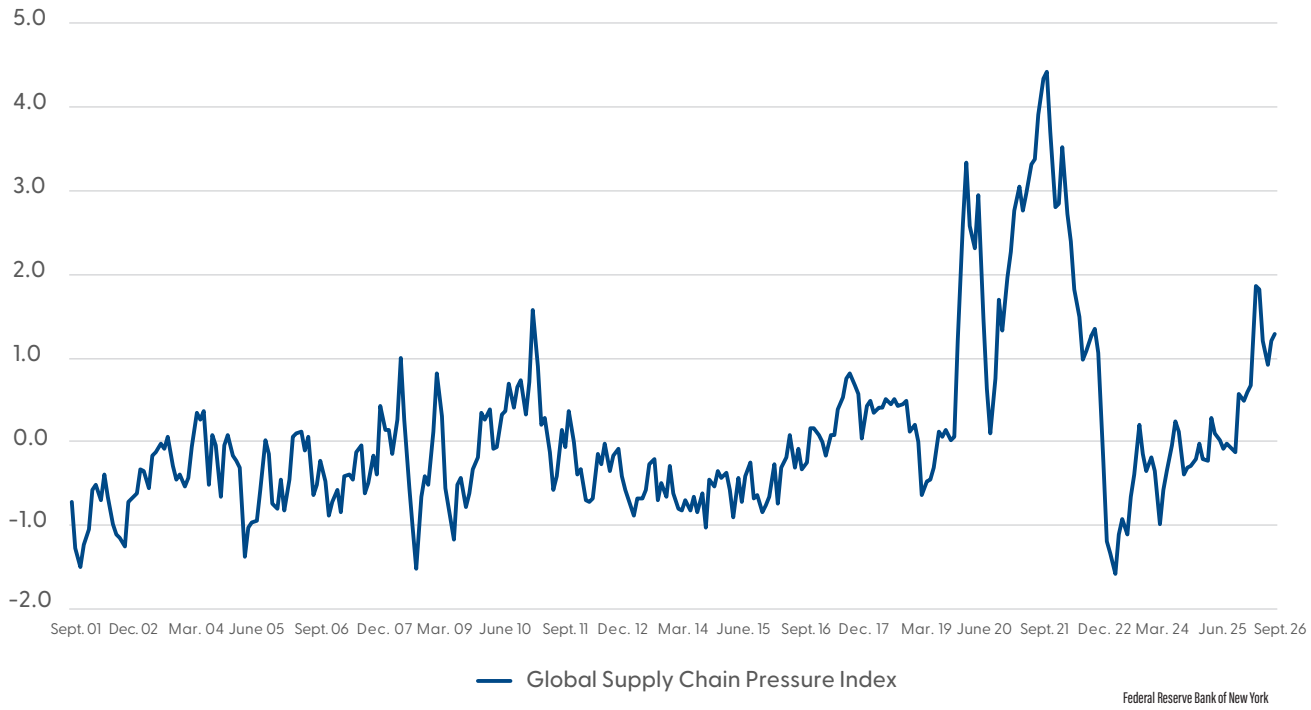
From 2020 to 2025, average U.S. residential electricity rates increased by 31.5%, outpacing Consumer Price Index (CPI) inflation by more than 7 percentage points over the same period, according to data from the U.S. Energy Information Administration (EIA). Growth in commercial and industrial rates also outpaced CPI inflation by a significant margin: around 2 and 5 percentage points respectively.

The global shutdown triggered during the pandemic created a highly uncertain operating environment, impacting both supply and demand. On the supply side, prolonged factory lockdowns stalled global manufacturing while port closures disrupted shipping patterns and caused record-high freight costs. On the demand-side, utilities saw a significant decrease in electricity demand and put nonessential infrastructure

Retail Electricity Rates vs. Inflation



Federal Reserve Bank of New York Global Supply Chain Pressure Index



The Global Supply Chain Pressure Index, which is developed and published monthly by the Federal Reserve Bank of New York, is a comprehensive indicator designed to measure stress, bottlenecks and disruptions across international manufacturing and shipping networks.

projects on hold to preserve capital. As this combination of supply bottlenecks and pent-up demand compounded throughout the pandemic, prices and lead times spiked in the immediate years that followed as global demand began to bounce back.

Today, lead times have become more manageable for many utility products, but prices have not come back down as a new wave of demand continues to test supply chains. According to consulting firm Grid Strategies, U.S. power demand is expected to grow by 166 GW through 2030.

Distribution utilities are a significant part of that buildout. An April/May 2026 survey from Lawrence Berkeley National Laboratory found that distribution utility capital expenditures have grown significantly for over a decade, with 33% of spending allocated to adaptation, hardening and resilience; 31% to system expansion; and 28% to infrastructure replacement. As infrastructure investment accelerates across the grid, electrical equipment suppliers and manufacturers are being stretched thin, with limited ability to expand capacity quickly.

To provide a clearer measure of wholesale distribution equipment cost changes, CFC developed the GPI. With 2019 as its pre-pandemic baseline, the index tracks cost changes for a fixed basket of equipment. This issue brief examines the market forces behind those changes.

CFC GPI: Tracking Wholesale Distribution Equipment Price Changes

The index measures cost changes based on purchases reported by participating supply cooperatives at the first commercial transaction—the point at which they purchase equipment from manufacturers. It focuses specifically on equipment and excludes installation and labor, engineering and project services, and internal accounting adjustments.

Explaining Equipment Cost Changes to Boards and Members

The CFC GPI gives cooperative leaders a common benchmark for communicating equipment cost changes to boards and members. Analysis of the index can provide context for discussions about capital budgets, construction work plans and potential rate adjustments. The index measures these changes while preserving individual supply cooperative confidentiality. Its eight category-level subindices show whether changes are concentrated in particular equipment categories or occurring more broadly.

The index is constructed using a fixed basket of equipment that reflects average purchasing patterns during 2023–2025. Each item's current price is compared with its average 2019 price, while quantities are held constant so that changes in the index reflect price movements rather than changes in what supply cooperatives purchase. An index reading of 150, for example, means the same fixed basket costs 50% more than it did in 2019.

One Supply Chain, Several Inflation Shocks

Since 2019, the distribution equipment supply chain has experienced several successive economic shocks, each affecting prices through somewhat different channels.

During the initial phase of the pandemic, the overall index remained relatively close to its 2019 level. That stability coincided with mounting supply-chain pressures. Factory shutdowns, transportation bottlenecks, component shortages and disruptions in steel, aluminum and copper supplies were constraining production. The New York Federal Reserve's Global Supply Chain Pressure Index eventually reached unprecedented levels, peaking at 4.4 standard deviations above its historical average in late 2021. For context, a reading 2 standard deviations above average signals a very difficult year; 4.4 is more than double that.

Those pressures became much more visible in equipment prices during 2021 and 2022. Transformers provide perhaps the clearest example. After remaining near their 2019 price level through the end of 2020, the transformer subindex climbed to 178 by the end of 2022—a 78% increase. At the same time, industry lead times lengthened sharply. The U.S. Department of Energy found that distribution transformer lead times increased from roughly three to six months in 2019 to 12 to 30 months by 2023 as manufacturers confronted material, labor and capacity constraints.

Conductors experienced another form of pressure. Their prices are more directly related to copper and aluminum markets. As commodity demand surged during the global reopening, underground conductors reached an index level of 190 in early 2023. Overhead conductors were even more volatile, exceeding 235 at the end of 2022.

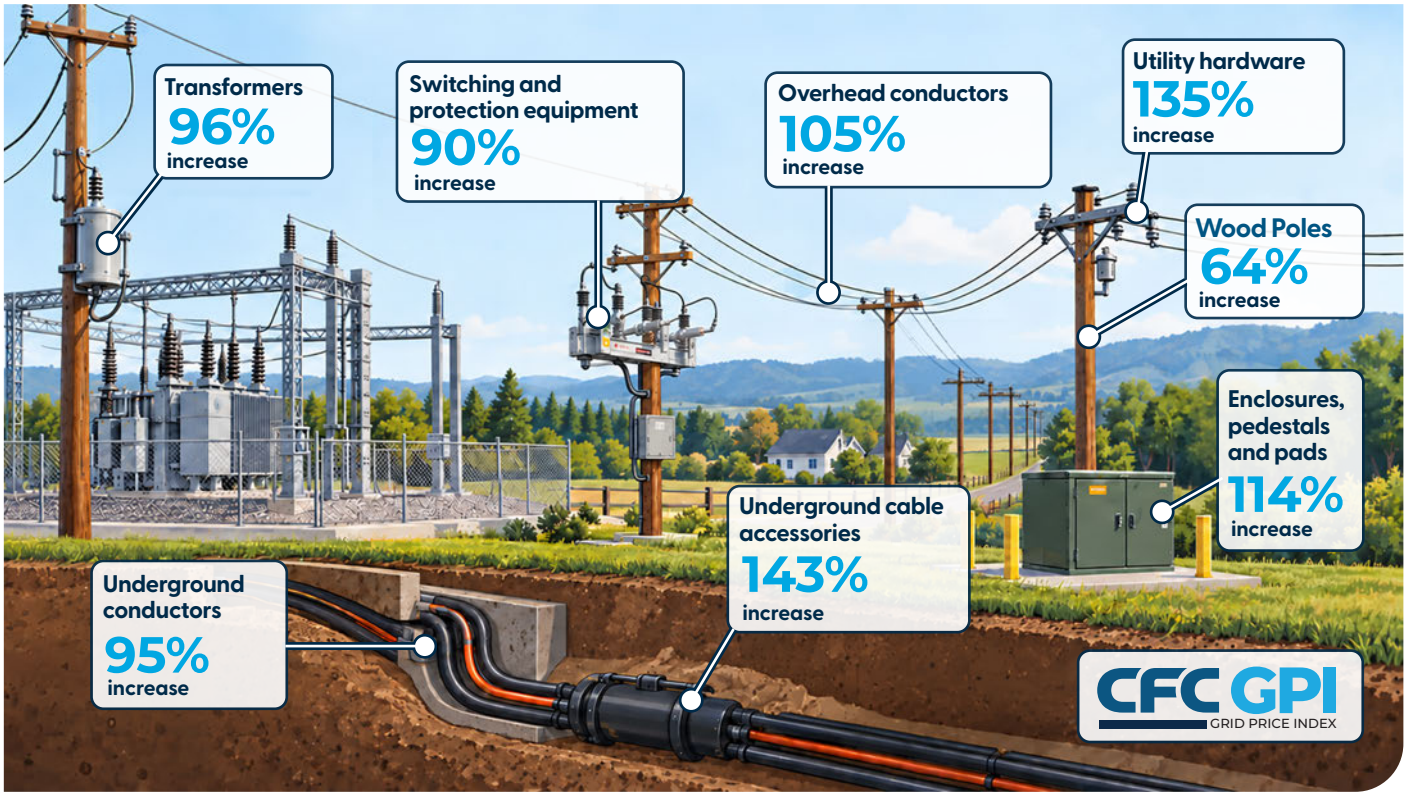
The result was an unusually broad inflation shock. Cooperatives were purchasing equipment shaped by several simultaneous jolts—commodities, industrial manufacturing, transportation and specialized electrical equipment capacity.

Supply Chains Normalized, Prices Did Not

By 2023, many of the conditions associated with the pandemic were beginning to improve. Shipping congestion eased, transportation costs declined and global goods demand moderated. The overall CFC GPI responded, falling from 175 at the end of 2022 to 166 in early 2023. Overhead conductors declined particularly sharply, from 235 to 188.

CFC GPI Category-Level Subindices, 2019–2Q 2026

CFC GPI up 100% based on subindices below.



Conceptual, Not Engineering Design

But there is an important distinction between equipment-price inflation and lower prices. Equipment prices did not return to their pre-pandemic levels as supply chains normalized.

By the second quarter of 2026, transformers were still 96% more expensive than in 2019. Underground conductors were about 95% higher and overhead conductors about 105% higher. Underground cable accessories were 143% higher, utility hardware 135% more and enclosures, pedestals and pads about 114% higher. Slower annual equipment-price inflation means prices are rising more gradually—not that they are falling.

A New Round of Cost Pressure

The CFC GPI recorded increases in wholesale equipment prices following a decline in early 2023. The overall index climbed to 190 by late 2024 and roughly 202 in late 2025. It eased to approximately 200 in the second quarter of 2026 but remained 9.1% higher than a year earlier.

The forces behind this second period appear different from those of 2021–2022. Utilities continue to replace aging infrastructure, strengthen system resilience and prepare for load growth. Manufacturing capacity, meanwhile, can take years to expand. Manufacturers are also operating with higher labor, material, energy and financing costs than before the pandemic.

Trade policy has become another variable. Steel and aluminum tariffs were already in place before the start of the pandemic, but the tariff environment expanded again beginning in 2025. Section 232 tariffs on many steel and aluminum imports increased from 25% to 50% in June 2025, followed by additional measures affecting aluminum, steel, copper products and derivatives in 2026.

Several metal-intensive CFC GPI categories accelerated during the same period. Underground conductors rose from 180 in the first quarter of 2025 to 202 by the fourth quarter, while overhead conductors increased from 152 to 188. Utility hardware increased from 216 to 247, and enclosures, pedestals and pads rose from 232 to 296.

These price increases coincided with tariff changes, but the CFC GPI does not isolate the contribution of individual cost drivers. Tariffs can raise the cost of imported metals and components, including inputs used in domestically manufactured equipment. Supplier contracts, commodity prices and hedging, inventory positions and purchasing schedules can affect when changes in input costs appear in equipment prices. Trade policy therefore belongs alongside demand, manufacturing capacity and commodity prices in the discussion of potential drivers—not as a standalone explanation for the measured increases.

Different Equipment, Different Price Stories

All equipment categories highlighted here were more expensive than in 2019, although the magnitude and drivers of the increases varied. Transformer prices have followed a relatively persistent upward trajectory, consistent with constraints on specialized manufacturing capacity, electrical steel supply and long production lead times. Conductors have been considerably more volatile, reflecting their greater exposure to copper and aluminum prices.

These differences illustrate why no single commodity price can fully represent the cost pressures facing distribution cooperatives. A transformer is not simply electrical steel, just as conductor prices are not determined solely by copper or aluminum. Finished equipment reflects raw materials, labor, manufacturing capacity, energy, transportation and other costs, with different combinations applying to different products.

CFC



Case Studies

Manufacturing Capacity Behind the Electric Grid

The supply chain for electric distribution equipment begins well before a transformer, conductor or switchgear unit arrives at a cooperative's warehouse. Behind those finished products are the factories, labor, machinery, automation systems and various production technologies that determine how quickly manufacturers can respond to rising demand. This case study looks upstream to show why today's investments in manufacturing technology may shape tomorrow's equipment availability, project timelines and cost pressures for electric cooperatives.

The Association for Manufacturing Technology (AMT), a Virginia-based trade association representing more than 1,000 manufacturing technology companies, tracks orders for machinery and equipment used across industrial production. Those orders provide an early indication of where manufacturers are expanding capacity, improving productivity and preparing for future demand.

According to AMT Principal Economist Chris Chidzik, the primary constraint facing manufacturers today is labor. Manufacturers continue to struggle to find machinists, technicians, production workers, service personnel and skilled operators. Those shortages affect both AMT members and their downstream customers and, in some cases, limit manufacturers' ability to expand production even when demand is strong. While these shortages slow capacity expansion, they are also helping drive a new wave of investment in automation and manufacturing technology.

Strong Demand and Increasingly Sophisticated Investment

Manufacturing technology orders have remained notably strong in 2026. AMT reported that orders exceeded $500 million for a fifth consecutive month in July, an unusually sustained level of investment. This trend stands out even more when comparing dollar growth with unit growth. Chidzik indicated that machine-tool orders grew 37.1% in dollar value, while the number of machines purchased increased only about 13%. Inflation explains part of that gap but not all of it. The difference suggests manufacturers are increasingly investing in more sophisticated, higher-value production equipment.

That investment includes more than conventional industrial robots. Manufacturers are adopting multifunction machine tools, automated material-handling systems, sensors, optimization software, machine-tending robots and automated inventory systems. Chidzik described automation primarily as a response to a labor shortage rather than an effort to eliminate jobs.

Electrical Equipment Manufacturers Are Investing Heavily

The accompanying chart on manufacturing technology orders from electrical equipment producers shows how strongly electrical-related industries have been investing in production capacity. The 12-month moving average for electrical equipment manufacturers rose sharply through 2025 and into 2026, reaching some of the highest levels outside of the large surge in the early 2010s. Orders from engine, turbine and power-transmission equipment manufacturers have also remained elevated relative to levels seen a decade prior.

Chidzik noted that electrical equipment manufacturers have recently outperformed many other manufacturing segments. Importantly, this relative strength predated the COVID-19 pandemic. Demand for transformers and other electrical equipment was already elevated beforehand, and the post-pandemic emphasis on reshoring and supply-chain resilience added another layer of investment. For electric cooperatives, that is an encouraging signal: Manufacturers appear to be responding to stronger demand by investing in production capacity.

Expanding Capacity Takes Time

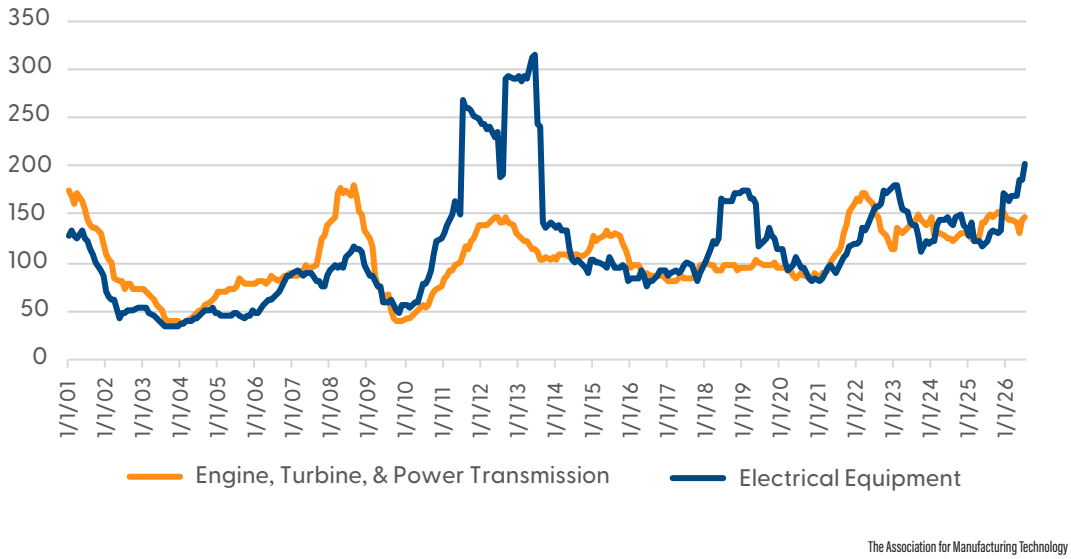
AMT's perspective also helps explain why strong manufacturing investment does not immediately translate into increased production or lower prices. For relatively standard machine tools, lead times have largely returned to pre-pandemic norms, and some equipment can be delivered within weeks. Specialized manufacturing systems are a different story. Customized equipment can still require more



Chris Chidzik
AMT Principal Economist

Manufacturing Technology Orders from Electrical Production

12-Month Moving Average, January 2001-July 2026



Manufacturing technology orders from electrical equipment producers accelerated through 2025 and into 2026, while orders from engine, turbine and power-transmission manufacturers also remained elevated.

than a year, while highly specialized systems may take nearly two years before installation begins.

In other words, the speed at which manufacturers can expand the production of transformers, conductors or other grid equipment depends largely on the supply chain for the machinery and systems used to make them. Manufacturers must order equipment, install it, configure production processes, recruit or train workers and bring the new capacity online before more finished products can reach utility buyers.

Businesses also appear to be reconsidering how much excess production capacity they are willing to maintain. Historically, manufacturers often waited until capacity utilization approached roughly 80% to 85% before making additional investments. Chidzik observed that today, companies appear more willing to build capacity buffers at lower utilization rates, reflecting lessons learned during COVID-era supply disruptions. However, maintaining more capacity with lower utilization is putting additional upward pressure on equipment prices, as manufacturers emphasize product availability and shorter lead times.

Labor and Materials Remain Constraints

Additional machinery alone will not solve every bottleneck. Workforce demographics are becoming increasingly important. Manufacturing employment recovered after COVID-19 but has since flattened and begun to ease, while retirements are removing highly experienced workers from the industry. Chidzik noted that replacing veteran workers can be particularly difficult; some manufacturers report needing multiple employees to replace the productivity of a single experienced worker.

Materials add another layer of uncertainty. Volatile metals markets can flow downstream into finished-equipment prices, adding to the labor and capacity constraints already affecting manufacturers. Together, these constraints help explain why equipment prices may remain elevated even after transportation disruptions and other pandemic-era bottlenecks improve. For electric cooperatives, the key takeaway is that supply-chain resilience now depends as much on upstream manufacturing capacity, workforce availability and materials markets as it does on finished-equipment inventories.

RESCO
SUPPLYING THE COOPERATIVE ADVANTAGE

RESCO—The Distributor as Supply-Chain Shock Absorber

If AMT provides an upstream view of manufacturing, Rural Electric Supply Cooperative (RESCO) sits in the middle of the electric equipment supply chain, between the manufacturers and the electric cooperatives that deploy the equipment. This position gives RESCO, a Middleton, Wisconsin-based supply cooperative, a unique view of how manufacturing costs, lead times, inventory decisions and changing demand ultimately translate into the prices paid by electric cooperatives.

RESCO President and CEO Matthew Brandrup described a supply chain that has largely normalized in terms of availability but not cost. Lead times for many products are much closer to pre-pandemic conditions, although several pockets of stress remain. Transmission conductors and large substation transformers continue to have long lead times. On the distribution side, the supply of primary underground cable also remains tight because of strong demand for underground construction. For RESCO's transformer manufacturer, distribution transformer lead times are now roughly 10 to 12 weeks, which is near pre-pandemic levels. For many cooperatives, price has become the more persistent pressure.

Costs Have Reset Higher

Brandrup estimated that, across the products RESCO sells, prices are roughly 70% higher on average than they were in 2020. That has important implications for cooperative capital budgets: A basket of inventory that once cost $10 million could now cost over $17 million.

Raw materials are an important driver because much of the industry's equipment depends heavily on aluminum, copper and steel. But commodity prices alone do not explain the rise in finished-equipment costs. Labor has become a major source of pressure, particularly in manufacturing jobs requiring skilled workers in demanding production environments. Freight costs have also risen, reflecting both higher fuel prices and driver shortages. Together, raw materials, labor and transportation have created what Brandrup characterized as a "perfect storm" of escalating cost pressures.

For some products, such as primary cable and conductor, prices can be more sensitive to changes in copper or aluminum because final prices are often tied to commodity levels at the time of shipment. That means cooperatives may not know the final price until the product is ready to ship, making it harder to budget with certainty. For many other products, manufacturers respond to longer-term cost trends rather than month-to-month commodity volatility. Labor, freight and supply-demand conditions can remain embedded in final prices even when metals prices decline.

Tariffs add another layer of complexity to an already stressed environment. Brandrup estimated that roughly 80% to 90% of the finished goods RESCO handles are manufactured domestically. However, many of the underlying raw materials are imported. As a result, tariffs can still raise input costs even when the finished product is made in the United States.

Transformers Show How Relationships and Capacity Matter

Transformers provide a useful example of how supply-chain outcomes can differ substantially across buyers. During the worst shortages, transformer lead times across the broader industry stretched to one or two years. RESCO, however, was largely insulated from that disruption because of its relationship with the Electric Research and Manufacturing Cooperative (ERMCO), a transformer manufacturer. ERMCO allocated production to cooperative distributors such as RESCO, which then distributed that supply among their members. As a result, RESCO continued receiving the transformers it needed even as other distributors faced severe shortages.

The broader market has since improved for two reasons. First, some cooperatives accumulated unusually large inventories after experiencing shortages. Faced with uncertainty, utilities ordered aggressively before eventually reducing purchases as inventories grew. Second, manufacturers invested heavily in new capacity. Brandrup noted that transformer manufacturing capacity is now substantially greater than before the pandemic.



Matthew Brandrup
RESCO President and CEO



RESCO's main corporate facility is located in Middleton, Wisconsin.

Brandrup cautioned against treating all transformer lead times as interchangeable. The improvement has been most visible in distribution transformers, including pole-mounted and pad-mounted units used by electric cooperatives. That market has improved considerably, particularly for three-phase units. Large transmission and substation power transformers remain a different story. Those units are still more constrained and can carry lead times up to two years.

Inventory Has Become a Strategic Tool

RESCO's cooperative business model shapes how it manages its inventory. As a not-for-profit wholesale cooperative, RESCO has historically carried more inventory than a typical for-profit distributor. Brandrup noted that its inventory turn ratio is roughly 2, well below the level a conventional distributor might target. RESCO's members value having critical equipment available when it is needed.

Since the pandemic, that commitment has increased. RESCO now carries roughly 25% to 30% more inventory in real terms than before COVID-19, with particular emphasis on three-phase transformers, cable, conductor and other critical equipment with longer lead times. It has also expanded its physical capacity, adding two warehouses over the past four years and building a larger facility near Fargo, North Dakota.

Lead times are a major factor in those decisions. When lead times for a critical product lengthen significantly, RESCO builds inventory. When lead times are shorter, it holds less inventory. The goal is to identify potential shortfalls before they become operational problems for members.



RESCO utilizes durable bulk storage bins to protect its vast inventory of smaller hardware components.

CONNEXUS® ENERGY
Your Community Energy Partner

Connexus Energy—From Just-in-Time Purchasing to Long-Term Planning

The first two case studies examine the electric equipment supply chain from the perspectives of manufacturing and wholesale distribution. Connexus Energy, a Minnesota-based distribution cooperative that serves approximately 150,000 members across the north metropolitan area of Minneapolis and St. Paul, provides the final link: a local utility purchasing and deploying that equipment in the field. Before COVID-19, shorter lead times and greater equipment availability allowed the cooperative to respond to needs as they arose. Today, even as some supply constraints have improved, Connexus must anticipate equipment requirements months or even years in advance.

From Ordering to Forecasting

The change is particularly apparent with transformers. Previously, when a commercial member requested new service, Connexus generally had enough time to order a three-phase transformer and receive it before the member needed to connect. However, in the years immediately following the COVID-19 pandemic, equipment lead times could extend beyond a member's development timeline. As a precaution, Connexus now forecasts three-phase transformer requirements roughly a year ahead to account for potential supply-chain volatility. Cable is similarly ordered in advance.

Forecasting inevitably creates risk. If Connexus expects to need seven transformers of a particular size but ultimately needs nine, engineers may need to redesign around another size, seek assistance from another cooperative or attempt an emergency purchase. At the same time, changes in electricity use are altering what equipment the cooperative expects to need. Electric vehicles, for example, have contributed to Connexus installing larger transformers in some residential developments than it would have historically.

Connexus Energy Director, Project Management Officer and Treasurer of Finance Jeff Hendrickson and Connexus Energy Senior Buyer Heidi Chandler described how procurement has shifted from a predominantly tactical function toward a blend of tactical execution and strategic planning. That shift has required closer coordination among procurement, engineering and other departments to align demand projections, equipment availability and project feasibility.

Long-range planning has become the new normal. Underground primary cable remains an important distribution-side constraint, while transformer availability varies considerably by manufacturer. Substation equipment presents an even more extreme example of how far planning horizons have stretched. Connexus is already reserving manufacturing slots for substation transformers needed in 2029 or 2030, even before knowing precisely where the equipment will be deployed. Switchgear, breakers and other substation components require similar long-term planning, with final prices sometimes subject to escalation before delivery.

Connexus has also changed how it manages suppliers. The cooperative places more emphasis on establishing strong vendor relationships and, where appropriate, entering longer-term agreements. Instead of relying primarily on one-year arrangements, Connexus may establish five-year agreements and incorporate price-escalation provisions that make costs more predictable. The objective is to secure availability and improve visibility into future costs.

Commodity Prices Can Change the Cost After the Order

Ordering equipment does not necessarily mean knowing what it will ultimately cost. Copper and aluminum prices have a significant effect on Connexus' equipment costs, particularly for cable. Some contracts include metals-adjustment provisions, meaning a product ordered today can ultimately reflect commodity prices much closer to the date of delivery. A sharp increase in copper during that interval can translate directly into a higher final equipment cost.

Those movements can be difficult to absorb in annual budgets. Hendrickson noted that if metal costs rise sharply



Jeff Hendrickson
Connexus Energy Director,
Project Management Officer
& Treasurer of Finance



Heidi Chandler
Connexus Energy Senior Buyer

after member cost-recovery rates have already been established, Connexus does not necessarily adjust those rates immediately. Commodity inflation, therefore, represents both a procurement risk and a budgeting risk.

External events often add to the uncertainty. Hendrickson said tariffs and the Iran conflict have contributed to keeping metals and fuel costs elevated. While some exposures can be managed—Connexus, for example, hedges a portion of its fuel—many geopolitical pressures remain beyond a cooperative's control.

More Inventory, More Resilience

Connexus nevertheless considers itself better prepared for future supply disruptions. The cooperative has strengthened relationships with primary, secondary and even tertiary suppliers, while also developing relationships with purchasing and supply-chain personnel at other local cooperatives. Those connections provide another potential source of equipment during emergencies—a prime example of "cooperation among cooperatives" applied directly to supply-chain resilience.

Connexus' internal tools have also changed dramatically. As recently as 2019, procurement involved reviewing lengthy paper printouts to determine what needed to be ordered. Today, Connexus uses more sophisticated forecasting and purchasing tools that provide faster visibility into requirements and inventory.

Connexus also carries more inventory. Hendrickson estimated that the balance-sheet value of inventory has grown significantly since 2019. The decision to carry additional equipment is driven primarily by expected demand and seasonality rather than an attempt to time prices.

Availability remains Chandler's biggest supply-chain concern. She pointed to certain automation products whose lead times had recently increased from roughly 40 weeks to 80 weeks. When that happens, the challenge extends beyond purchasing: Engineering resources may be needed to qualify alternatives or redesign around another manufacturer.

The Demand for Equipment Is Not Just About Growth

Connexus expects member growth of roughly 1% annually, but growth is only one reason it needs equipment. Much of its capital investment is devoted to replacing aging infrastructure and improving reliability. That includes replacing wire that has been in service for decades, converting difficult-to-access backyard overhead lines to underground service, upgrading substations and expanding automation. Connexus has also invested in systems that allow circuits to be back-fed and restored more quickly after outages.



A Connexus Energy lineworker helping to keep the lights on.

New loads are changing requirements as well. Connexus has adjusted transformer standards in anticipation of residential electric vehicle (EV) adoption, while large commercial EV fleets have required transformer sizes the cooperative did not historically encounter. Large, hyper-scale data centers are not yet operating in Connexus' territory, but prospective developers are approaching the cooperative, prompting Connexus to begin planning a framework for serving these large loads in the future.

Connecting Market Context With Board and Member Communication

Chandler identified board presentations as one potential use for industry benchmark data on equipment costs and inflation.

Hendrickson noted that the CFC GPI's value should increase as it develops a longer history.

For Connexus, the post-pandemic supply chain has fundamentally changed how the cooperative plans. Procurement has moved from ordering equipment as needs arise to forecasting requirements well in advance, maintaining larger inventories, developing deeper supplier relationships and coordinating purchasing more closely with engineering and long-term capital planning.

The CFC GPI provides an additional benchmark for understanding historical changes in wholesale equipment prices. Cooperative leaders can use that information to explain changing costs to boards and members, alongside current supplier information and their own planning assumptions. The index does not replace current quotes or project future equipment prices.

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