

Why the increase?

As a not-for-profit electric cooperative, our responsibility is to recover the costs of providing electric service while maintaining sufficient margins to reinvest in the system and meet debt obligations. This practice supports the long-term financial health of the Cooperative and allows us to continue providing safe, reliable electric service to our members.

In recent years, inflation has significantly driven up the cost of materials and equipment, which continues to place increased pressure on our operating budget. To address these challenges and ensure we maintain the level of service our members expect, the Board of Directors approved the 2026 Work Plan and Budget, which requires a 2% increase in revenue. In addition, our most recent cost-of-service rate study confirms the need for an overall 2% rate increase to meet revenue requirements and support ongoing system investment.

How will members be affected?

The rate increase took effect beginning with May 2026 energy use and will appear on June billing statements. It is important to note that while the overall increase is 2%, not every member will see precisely a 2% increase on their bill. Individual impacts will vary based on several factors, including the type of service you receive (residential vs. commercial), whether the service is single-phase or three-phase, and the level of demand placed on the electric system. As a result, some members may see an increase slightly higher or lower than the average.

Understanding the Impact

Residential Rural Rate: The average energy use by members on the Residential Rural rate is ~900 kWh per month. Based on this average usage, these members can expect an average monthly increase of \$4.35.

Residential Urban Rate: The average energy use by members on the Residential Urban rate is ~700 kWh per month. Based on this average usage, these members can expect an average monthly increase of \$3.05.

Who decides when a rate change happens and what it will be?

PEC's member-elected Board of Directors, along with the Cooperative's executive staff, continuously monitor the financial health of the organization. This includes reviewing operating costs, revenue requirements, and results from cost-of-service rate studies to determine whether a rate change is necessary.

When a rate adjustment is needed, the Board of Directors approves the rates based on the following rate-making principles:

- ▶ Rates must generate the revenue required to operate the Cooperative, including appropriate operating margins.
- ▶ Operating costs and margin requirements are shared equitably across all member classes.
- ▶ Rates reflect the cost of providing service to each member class.

We hope this information helps you better understand the Cooperative's rate philosophy and the reasons for the rate increase, which will take effect beginning with May 1, 2026 energy use and will be reflected on June billing statements.

We hope you find the information in this brochure helpful in understanding the Cooperative's rate philosophy and the rate increase that went into effect beginning with May 1, 2026 energy use, which is billed in June.

2026 Rate Increase

For more information visit:
www.peoplesenergy.coop/rates.

For any questions specific to your account, please email memberservices@peoplesenergy.coop or contact the office during business hours (M-F, 7:30 am – 4:00 pm).



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Cooperative**

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**People's Energy
Cooperative**



2026 Rate Increase

THE 2026 RATE INCREASE
was effective with energy usage beginning May 1, 2026, which is billed in June.

BILL TERMS

Power Cost Adjustment (PCA):

The chart shown to the right does not include a PCA, which may appear as a separate line item on your monthly bill. The PCA can be either a credit or a charge and is calculated based on the actual amount of electricity (kWh) used.

What is a Power Cost Adjustment?

The PCA is a monthly adjustment approved by the Board of Directors that reflects changes in the cost of wholesale power. When wholesale power costs are lower than expected, the PCA is applied as a credit on bills. When costs are higher, it is applied as a charge.

Utilizing a PCA, allows the Cooperative to account for these cost fluctuations without having to frequently restructure electric rates. The goal is to recover only what is needed and not to over collect.

What is an Energy Charge?

The energy charge is based on the kilowatt hours (kWh) consumed, based on the meter reading dates, and is multiplied by the current energy rate to calculate the charge.

What is a Demand Charge?

The demand charge (or informational demand) is based on the highest metered "demand," measured in kilowatts (kW), for electricity in a 15-minute period per billing cycle. In other words, it's the amount of electricity required in an instant to meet the need of all your connected equipment, lighting, devices, etc. at the exact same time. For those in a rate class with demand charges, the charge is calculated based on cost per kW.

RESIDENTIAL	Rate	BSC - Previous	BSC - Current	Previous Energy Rate	Current Energy Rate
	Rural	\$61.50	\$64.50 ▲ \$3.00	\$0.1270/kWh (Summer)	\$0.1285/kWh (Summer) ▲ \$0.0015
				\$0.1070/kWh (Non-Summer)	\$0.1085/kWh (Non-Summer) ▲ \$0.0015
Urban (within city limits)	\$41.00	\$43.00 ▲ \$2.00	\$0.1270/kWh (Summer)	\$0.1285/kWh (Summer) ▲ \$0.0015	
			\$0.1070/kWh (Non-Summer)	\$0.1085/kWh (Non-Summer) ▲ \$0.0015	

SPECIAL/INCENTIVE RATES	Rate	BSC - Previous	BSC - Current	Previous Energy Rate	Current Energy Rate
	Dual Fuel Heat	\$7.00	\$7.00	\$0.1070/kWh (Summer)	\$0.1085/kWh (Summer) ▲ \$0.0015
				\$0.0751/kWh (Non-Summer)	\$0.0751/kWh (Non-Summer)
Electric Shared Well and/or Septic	\$24.00	\$25.00 ▲ \$1.00	\$0.1270/kWh (Summer)	\$0.1285/kWh (Summer) ▲ \$0.0015	
			\$0.1070/kWh (Non-Summer)	\$0.1085/kWh (Non-Summer) ▲ \$0.0015	

GENERAL/COMMERCIAL RATES	Rate	BSC - Previous	BSC - Current	Previous Energy Rate	Current Energy Rate
	Small Gen Serv < 25 kW	\$61.50 (single-phase)	\$64.50 ▲ \$3.00	\$0.1270/kWh (Summer)	\$0.1285/kWh (Summer) ▲ \$0.0015
				\$0.1070/kWh (Non-Summer)	\$0.1085/kWh (Non-Summer) ▲ \$0.0015
		\$125.00 (three-phase)	\$127.50 ▲ \$2.50	\$0.1270/kWh (Summer)	\$0.1285/kWh (Summer) ▲ \$0.0015
				\$0.1070/kWh (Non-Summer)	\$0.1085/kWh (Non-Summer) ▲ \$0.0015
Medium Gen Demand Serv > 25 kW	\$65.00 (single-phase)	\$65.00	\$0.0630/kWh (all-year)	\$0.0630/kWh (all-year)	
			\$125.00 (three-phase)	\$127.50 ▲ \$2.50	
			Demand: \$17.00/kW (Summer)	Demand: \$17.25/kW (Summer) ▲ \$0.25	
			\$14.75/kW (Non-Summer)	\$15.00/kW (Non-Summer) ▲ \$0.25	

BASIC SERVICE CHARGE

The basic service charge (BSC) is a fixed monthly charge that helps cover the cost of providing and maintaining safe, reliable electric service, regardless of how much electricity is used. These costs exist even when no energy is consumed and include items such as:

- ▶ Substations, power lines, poles, transformers, and equipment needed to deliver safe and reliable electricity.
- ▶ Trucks, equipment, and tools required to build and maintain the electric distribution system.
- ▶ Facilities that house trucks, equipment, and supplies, along with technology and office supplies needed to operate.
- ▶ Wages and benefits for the skilled professionals who design, build, maintain, and operate the system.
- ▶ Vegetation management and system inspections to ensure the safety and reliability of the electrical system.
- ▶ Liability insurance, interest on long term debt, and property taxes.
- ▶ Investments in new technologies that improve reliability and operational efficiencies, such as the advanced metering infrastructure (AMI) system, outage management system, and renewable energy resources.

Because all members benefit from having safe, reliable electric service available when they need it, the BSC ensures that everyone pays their fair share of the fixed costs, even during months when little or no electricity is used.

NOTE: These charts show the most common rates affected by the rate increase. Additional information is available on our web page by visiting www.peoplesenergy.coop/rates.