

## Rate Restructuring

### Final year of five-year rate restructuring plan.

A class cost-of-service study was used to establish a five-year rate restructuring plan in 2019 that consisted of restructuring existing rates, implementing new rates, and merging Legacy and SMEC rates. Legacy rates were for locations within the PEC service territory served by the Cooperative prior to the Alliant acquisition. SMEC rates were for locations acquired from Alliant in 2015.

The process of merging Legacy and SMEC rates ensured all members were contributing equitably to cover the costs associated with system improvements and maintenance, vegetation management, and customer service.

Restructuring rates also ensured that rates reflected the cost of serving consumers. To ensure enough revenue is recovered in a fair and equitable way, the rates were adjusted to collect fixed costs in the fixed charge referred to as the Basic Service Charge. In addition, energy related rates were aligned with how our power providers bill for energy.

This year, 2023, is the final year of the rate plan and was intended to verify that members are on the correct rate and that the way rates are structured are meeting our revenue requirements. If any adjustments needed to be made, we thought they would be minor ones. Unfortunately, due to historic inflation, and despite our best attempts to avoid it, an across-the-board rate increase is necessary.



## Rate Determination

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

PEC's member-elected **Board of Directors** and **executive staff** continuously monitor the financial stability of the organization to determine if a rate change is necessary based on a cost of service study.

The Board of Directors then decides what the rates will be based on the following rate making principles:

- ▶ *Rates should generate the revenue required to operate the Cooperative, including appropriate operating margins.*
- ▶ *Operating costs and margin requirements should be spread across all member classes equitably.*
- ▶ *Rates should reflect the cost of serving each member class.*

# the 2023 RATE INCREASE

For more information visit: [peoplesenergy.coop/rates](http://peoplesenergy.coop/rates)

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



# the 2023 RATE INCREASE



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**People's Energy Cooperative**

Your Touchstone Energy® Cooperative

### THE 2023 RATE INCREASE

*will be effective with usage beginning May 1, 2023, which is billed in June.*

## Why the increase?

The cost of goods and services along with increased power costs has made it necessary to increase both the basic service charge (BSC) and energy charges.

As a not-for-profit organization, it is necessary to recover the costs of doing business, as well as maintain enough margins to reinvest in the system for reliability and cover repayment of debt.

The following table shows the increase in rates for the most common rates and encompasses about 95% of PEC members. Please note that summer is June through August, and winter is September through May. A full listing of rates is available on our website.

We hope you find the information in this brochure helpful in understanding the Cooperative's rate philosophy and the rate increase that will go into effect on May 1, 2023, which is billed in June.

RESIDENTIAL	RATE	BSC - NOW	BSC - MAY 1	CURRENT ENERGY RATE	ENERGY RATE EFFECTIVE MAY 1
	Rural		\$52.00/mo	\$53.70/mo ▲ \$1.70	\$0.1200 / kWh (Summer) \$0.1000 / kWh (Winter)
Urban and Single Phase		\$30.00/mo	\$32.00/mo ▲ \$2.00		

  

SPECIAL/INCENTIVE RATES	RATE	BSC - NOW	BSC - MAY 1	CURRENT ENERGY RATE	ENERGY RATE EFFECTIVE MAY 1
	Off-Peak Electric Heat & EV Charging	\$5.50/mo	\$6.00/mo ▲ \$0.50	\$0.0600 / kWh (all-year)	\$0.0620 / kWh (all-year) ▲ \$0.0020
	Dual Fuel Heat	\$5.50/mo	\$6.00/mo ▲ \$0.50	\$0.1000 / kW (Summer) \$0.0711 / kW (Winter)	\$0.1040 / kW (Summer) ▲ \$0.0040 \$0.0751 / kW (Winter) ▲ \$0.0040
	Electric Shared Well and/or Septic	\$20.00/mo	\$20.50/mo ▲ \$0.50	\$0.1200 / kW (Summer) \$0.1000 / kW (Winter)	\$0.1240 / kW (Summer) ▲ \$0.0040 \$0.1040 / kW (Winter) ▲ \$0.0040
	Residential Time-of-Use (Whole Home and/or EV Charging)	\$30.00/mo Urban \$52.00/mo Rural \$5.50/mo 2nd Meter	\$32.00/mo Urban \$53.70/mo Rural \$6.00/mo 2nd Meter	\$0.2500 / kW (On-Peak) \$0.0700 / kW (Off-Peak) \$0.0450 / kW (Overnight)	\$0.2560 / kW (On-Peak) ▲ \$0.0060 \$0.0740 / kW (Off-Peak) ▲ \$0.0040 \$0.0470 / kW (Overnight) ▲ \$0.0020

  

GENERAL/COMMERCIAL RATES	RATE	BSC - NOW	BSC - MAY 1	CURRENT ENERGY RATE	ENERGY RATE EFFECTIVE MAY 1	
	Small Gen Serv < 25 kW	\$52.00/mo (Single-phase)	\$53.70/mo ▲ \$1.70	\$115.00/mo (Three-phase)	\$0.1100 / kWh (Summer) \$0.0900 / kWh (Winter)	\$0.1140 / kWh (Summer) ▲ \$0.0040 \$0.0940 / kWh (Winter) ▲ \$0.0040
			\$122.50/mo ▲ \$7.50			
	Medium Gen Demand Serv > 25 kW	\$52.00/mo (Single-phase)	\$53.70/mo ▲ \$1.70	\$115.00/mo (Three-phase)	\$0.0610 / kWh (all-year) <b>Demand:</b> \$15.75 / kW (Summer) \$12.25 / kW (Winter)	\$0.0630 / kWh (all-year) ▲ \$0.0020 <b>Demand:</b> \$17.00 / kW (Summer) ▲ \$1.25 \$13.50 / kW (Winter) ▲ \$1.25
		\$122.50/mo ▲ \$7.50				
Large Power and Lighting > 50 kW all months	\$115.00/mo	\$122.50/mo ▲ \$7.50				

## How It Impacts Bills

**Residential-Rural Rate:** The average energy use by those on the Residential-Rural rate is ~925 kWh per month. These users will see an average increase of \$5.40 per month.

**Residential-Urban and Residential-Single-Phase Rates:** The average energy use by those on Residential-Urban and Residential-Single-Phase rates is ~710 kWh per month. These users will see an average increase of \$4.84 per month.

**Power Cost Adjustments (PCA):** The chart on the left does not include monthly power cost adjustments which are a line item on your monthly bill. It can be either a credit or a charge and is calculated based on the actual energy (kWh) used.

### What is a Power Cost Adjustment?

The PCA is a monthly adjustment dependent on differences in the base cost of wholesale power. If the cost is lower, the PCA is applied as a credit on bills. If the cost is higher, the PCA is applied as a charge.

Utilizing a PCA covers these fluctuations and can also be used to cover other costs without having to continually restructure electric rates. The goal is to only collect what is needed and not over collect.