

## Why the increase?

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 and cover repayment of debt. This practice ensures long-term financial stability for the Cooperative and allows us to continue providing safe, reliable electric service to our members.

Unfortunately, inflationary pressures over recent years, which caused a significant increase in the cost of materials, continue to place a heavy burden on our operations and budget. To address this, and to ensure we continue to provide the service our members have come to expect, the Board of Directors approved the 2025 Work Plan and Budget, requiring a 2.5% increase in revenue. This, along with our most recent cost-of-service rate study, indicates the need for an overall rate increase of 2.5% to meet revenue requirements.

### How will members be affected?

Beginning with February bills, reflecting January energy use, all members saw an increase in their bills through a power cost adjustment (PCA). The average residential consumer saw their bill increase by approximately \$3.25. This PCA will continue to be applied to energy use through April.

Beginning with May 2025 energy use, a formal rate increase will go into effect. This change will be reflected on the June billing statement. It is important to note that not all members will see precisely a 2.5% increase in their bill (some will see more, and some will see less), as member class (residential vs. commercial), type of service (single vs. three-phase), and energy load characteristics (the demand requirement a service puts on the system) can affect this.

### Understanding the Impact

**Residential-Rural Rate:** The average energy use by those on the Residential-Rural rate is ~900 kWh per month. These users will see an average increase of \$5.20 per month.

**Residential-Urban Rate:** The average energy use by those on the Residential-Urban rate is ~700 kWh per month. These users will see an average increase of \$4.60 per month.

## 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 revenue requirements and a cost-of-service study.

The Board of Directors then approves 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.

**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 beginning with May 1, 2025 energy use, which is billed in June.**



# the 2025 RATE INCREASE

For more information visit:  
[peoplesenergy.coop/2025-rate-increase](https://peoplesenergy.coop/2025-rate-increase).

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).



People's Energy Cooperative

1775 Lake Shady Avenue South  
Oronoco, Minnesota 55960  
toll-free: (800) 214-2694

[www.peoplesenergy.coop](https://www.peoplesenergy.coop)

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# the 2025 RATE INCREASE



People's Energy Cooperative

Your Touchstone Energy® Cooperative

## THE 2025 RATE INCREASE

will be effective with energy usage beginning May 1, 2025, which is billed in June.

## Bill Terms

**Power Cost Adjustments (PCA):** The chart on the right does not include monthly power cost adjustments which are sometimes 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.

### What is an Energy Charge?

The energy charge is based on the kilowatt hours (kWh) consumed during the 'statement read 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. For those in a rate class with demand charges, the charge is calculated based on cost per kW used.

RESIDENTIAL	Rate	BSC – Now	BSC – May 1	Current Energy Rate	Energy Rate Effective May 1
	Rural	\$59.00	\$61.50 ▲\$2.50	\$0.1240/kWh (Summer) \$0.1040/kWh (Non-Summer)	\$0.1270/kWh (Summer) ▲\$0.003 \$0.1070/kWh (Non-Summer) ▲\$0.003
Urban (within city limits)	\$38.50	\$41.00 ▲\$2.50	\$0.1240/kWh (Summer) \$0.1040/kWh (Non-Summer)	\$0.1270/kWh (Summer) ▲\$0.003 \$0.1070/kWh (Non-Summer) ▲\$0.003	

SPECIAL/INCENTIVE RATES	Rate	BSC – Now	BSC – May 1	Current Energy Rate	Energy Rate Effective May 1
	Dual Fuel Heat	\$7.00	\$7.00	\$0.1040/kWh (Summer) \$0.0751/kWh (Non-Summer)	\$0.1070/kWh (Summer) ▲\$0.003 \$0.0751/kWh (Non-Summer)
Electric Shared Well and/or Septic	\$22.50	\$24.00 ▲\$1.50	\$0.1240/kWh (Summer) \$0.1040/kWh (Non-Summer)	\$0.1270/kWh (Summer) ▲\$0.003 \$0.1070/kWh (Non-Summer) ▲\$0.003	

GENERAL/COMMERCIAL RATES	Rate	BSC – Now	BSC – May 1	Current Energy Rate	Energy Rate Effective May 1
	Small Gen Serv < 25 kW	\$59.00 (single-phase)	\$61.50 ▲\$2.50	\$0.1240/kWh (Summer) \$0.1040/kWh (Non-Summer)	\$0.1270/kWh (Summer) ▲\$0.003 \$0.1070/kWh (Non-Summer) ▲\$0.003
		\$123.00 (three-phase)	\$125.00 ▲\$2.00	\$0.1240/kWh (Summer) \$0.1040/kWh (Non-Summer)	\$0.1270/kWh (Summer) ▲\$0.003 \$0.1070/kWh (Non-Summer) ▲\$0.003
	Medium Gen Demand Serv > 25 kW	\$64.00 (three-phase)	\$65.00 ▲\$1.00	Demand: \$17.00/kW (Summer) \$14.75/kW (Non-Summer)	\$0.0630/kWh (all-year)  Demand: \$17.00/kW (Summer) \$14.75/kW (Non-Summer)
\$125.00 (three-phase)		\$125.00			

**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/2025-rate-increase](http://www.peoplesenergy.coop/2025-rate-increase).

## Basic Service Charge

The basic service charge (BSC) is a monthly fixed charge which provides the funds required to maintain the quality, reliability, and integrity of electric service that our members count on and have come to expect. The expenses include items such as:

- Substations, wire, poles, transformers, and equipment needed to distribute safe and reliable electricity.
- Trucks, equipment, and tools required to build and maintain the electric distribution system.
- Facilities that house trucks, equipment, and supplies, including the technology and office supplies needed to operate.
- Payroll for the wages of the professionals who design, build, maintain, and restore the system, as well as the staff needed to operate the business.
- 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.
- New technologies to provide increased reliability and operational efficiencies such as the advanced metering infrastructure (AMI) system, outage management system, and investments in renewable energy.

Because all cooperative members benefit from having safe, reliable electric service available when they want it, the basic service charge ensures that everyone pays their fair share of the fixed costs, which exists whether or not a single kWh is used.