

2019 Rate Change Talking Points (FAQ)

New rates effective March 1, 2019:

	<u>Access Charge</u>	<u>Energy Charge</u>	<u>Demand</u>
Residential/General Service- Plus or minus monthly Power Cost Adjustment.			
Summer	\$33.00	13.73¢/kwh	
Winter	\$33.00	11.74¢/kwh	
Spring/Fall	\$33.00	10.32¢/kwh	
Small Commercial- Plus or minus monthly Power Cost Adjustment.			
Summer	\$40.00	13.95¢/kwh	
Winter	\$40.00	12.15¢/kwh	
Spring/Fall	\$40.00	10.91¢/kwh	
Large Power- Rate adjusted annually for Power Cost Changes.			
Summer	\$74.00	6.00¢/kwh	\$24.85/kw
Winter	\$74.00	6.00¢/kwh	\$19.94/kw
Spring/Fall	\$74.00	6.00¢/kwh	\$15.87/kw
Large Power Time of Day –Available to all Large Power– Contact the Energy Services Team for details.			
	<u>Meter Charge Per Month</u>	<u>Energy Charge</u>	
Load Management Programs			
Dual Fuel	\$3.00	6.54¢/kwh	
Freedom Heat	\$3.00	7.98¢/kwh	
Off Peak	\$3.00	5.35¢/kwh	
Peak Shave	\$3.00	7.98¢/kwh	
Combination Heat	\$3.00	6.42¢/kwh	

Outdoor Lighting: For dusk to dawn lighting with lights mounted on existing poles with bracket attachments and connected to existing overhead Secondary circuits.

Platted areas, lakeshore developments, and any property of less than 5 acres -

- 50 W LED light – Cost \$10.20 per month

Rural area lighting (5 or more acres)

- 50 W LED light – Cost \$10.20 per month
- 75 W LED light – Cost \$12.20 per month

*Plus or minus monthly Power Cost Adjustment.

All rates and lighting cost are available if needed!

Why is Mille Lacs Energy Cooperative raising rates?

The cost of electricity has been increasing for many reasons. One factor is that technology is providing consumers with tools and information to help them use electricity more efficiently. Consumption of electricity isn't growing; it's remaining flat. Among our co-op investments is the implementation of AMI (automated metering infrastructure) within the next year. This system will greatly improve efficiencies and includes giving us more data to quickly detect outages and restore power. AMI will also allow our members additional usage information and improve communications. That said, the cost to install and maintain this equipment is expensive.

There are multiple large projects that are in various stages of design and implementation that will contribute to increased costs. These include: continuing our Right-of-Way (ROW) program; the design and implementation of a new metering system; a new GPS-based asset management system, and building modifications to update the heating system, make security upgrades, bring areas up to code and increase efficiency in layout.

Who determines when a rate increase is necessary and how do you establish the amount?

The final decision is made by the Board of Directors who have been voted in by the Cooperative's members. Cooperatives are member organizations, unlike most other businesses. This places a unique responsibility on cooperative directors to be sensitive to the needs of members and balance all members' interests. Therefore, director decisions are not based on profit, but on what the needs of the members are, while keeping the cooperative financially sound. All money received from members goes back into the cooperative, paying for our purchased power and funding improvements and maintenance to our infrastructure.

Why are new metering and asset management systems necessary?

We are currently working with design engineers on the new metering system called an Advanced Metering Infrastructure (AMI) system to replace our older AMR or Automatic Metering Reading system. Like other technologies, there have been significant advances in metering systems that will provide substantial benefits to our members. The existing AMR system was installed approximately 20 years ago and has been fully depreciated. Since an AMR system is a one-way communication system, it only allows MLEC to retrieve data from the meter, but does not allow us to communicate with the meter. This requires a separate load management system to control members load as part of the heat storage, water heating, and air conditioning cycling programs. The system currently being used is a 155 MHz low frequency radio system controlled by our energy supplier – Great River Energy. With an AMI system, MLEC will be able to not just read the meters real-time, but will also be able to control loads from our offices. This will reduce the need for the separate load management system and will allow us to offer new services and programs that will help members control their energy bills and provide additional value-added programs to members.

The new GSP system will allow us to better track our assets by location, leading to increased inventory efficiencies and preventative and predictive maintenance programs.

When were electric rates last changed?

MLEC had an increase in 2017

When will the rate change begin?

The rate change is effective March 1, 2019. You will see the increase on your April bill.

How will your April residential bill look compared to last year?

2018

Access Charge	\$ 30.00
kWh rates average (residential customer usage 10.22 cents x 1,000)	\$102.20
Tax	<u>\$ 9.09</u>
Total	\$141.29*

2019

Access Charge	\$ 33.00
kWh rates average (residential customer usage 10.32 cents x 1,000)	\$ 103.20
Tax	<u>\$ 9.36</u>
Total	\$145.56*

(*plus or minus power cost adjustment/local taxes may apply)

Are there copies of the rates available?

Yes. They can be found on our website or we can mail them to you.

What does the energy charge pay for?

The Energy Charge is designed to cover the cost of wholesale power and delivery to get the kilowatt-hours to your meter.

Seasonal Impact – MLEC has a three-season rate structure (winter, summer and spring/fall) to match our wholesale power billing and when you use the energy. Power is the most expensive during the summer months of June – August. Winter power costs are lower than the summer months but higher than spring and fall. The seasonal rates send the clearest price signal by reflecting these differences.

What does the access charge pay for?

The access charge is designed to cover each member's share of the cost of maintenance for wires, transformers, meters, right-of-way clearing, and other expenses on the distribution system associated with access to the electrical grid and providing service. Members have the benefit of reliable electric service being available when they want it, and the access charge ensures everyone pays their fair share of the fixed costs.

In 1987, the access charge was \$13.23. In April of 2003, it increased to \$20.00, March 2008 to \$24.00, January 2011 to \$25.00, and March 2017 to \$30.00.

Why is my electric bill higher than if I lived in a larger city?

MLEC has only seven members per mile of line, where in a metro area there may be up to one hundred. All costs to maintain lines are divided to the number of members. Fewer members per mile of line means costs per member is higher. MLEC's electric rates are very comparable to cooperatives with similar line miles and density.

What if I disconnect my service in the months I am not using my residence?

It will cost even more if you disconnect for less than one year, then reconnect. There is still a cost to maintain the infrastructure to all accounts connected or not. If disconnecting an account, you will be charged a \$150 reconnection fee, plus \$33 a month for each month disconnected to cover that cost. In short, the access fee is insurance that your power will always be available when you need it. (Includes main and load management meters)

What can I do to reduce my electric costs? Can MLEC provide any assistance?

Load Management Rate programs - such as off peak and dual fuel, designed to reflect the savings that result from the ability to control these loads during periods of high energy demand. Even with increased rates for these programs to cover wholesale power cost increases, they remain very competitive with other energy costs.

Electric Energy Use Assessment - equipment available to monitor usage on 120-volt appliances and equipment. Energy Advisors are available to answer questions and will visit your home or business to help you identify ways to reduce your energy costs, and perform a Heat Loss Analysis. They will use an infrared camera to highlight trouble spots to help you identify where home improvements could save you energy – thus money.