

April 1st Rate Adjustment

At Western Illinois Electrical Coop. we work hard to control costs without adversely affecting reliability or service, but eventually the rising costs we pay for wholesale power, materials and services needed to deliver reliable electricity make it necessary to adjust our rates.

One of the responsibilities of managing an electric cooperative is to provide the best possible service at the most affordable cost. To do this, the WIEC board of directors and our staff analyze the optimal way to manage the finances of the cooperative every year, looking closely at operating costs and comparing those to the income we expect to receive from electric sales. After careful consideration, WIEC's board of directors has adopted a rate adjustment effective April 1, 2020.

WHY IS A RATE ADJUSTMENT NEEDED?

This rate adjustment is primarily driven by the forecasted future increases to the cost of wholesale power. It is also necessary to cover the increased cost of doing business, maintain the quality, reliability and integrity of the services we provide, and maintain our right-of-way program which reduces outages and enhances safety.

WHAT ARE THE CHARGES ON YOUR BILL?

On a WIEC bill, members are charged for the energy they use each month with a kWh charge. There is another charge that is broken out separately called a facility charge. But what is a facility charge?

The facility charge is what should cover most of the fixed costs of providing basic service to each member. Some of the fixed costs are related to maintaining the electrical system components owned by WIEC. That includes approximately 1,200 miles of line, 23,000 poles and other line equipment like transformers plus the software to track and support it all. It includes equipment to do the work like bucket trucks, trenchers and trailers. It is the linemen on call 24/7 standing by so that if, by chance, you flip the



switch and nothing happens, there is someone to help. It is the voice on the phone that says hello when you call. Fixed costs are incurred whether a member uses 5,000 kWh or 0 kWh.

We are currently only covering about half of our fixed costs with our facility charge and are dependent on kWh usage and sales to recover the other half. This creates an issue with being dependent on kWh sales to cover our fixed costs. There are many factors that affect kWh sales such as Mother Nature and distributed energy resources (solar, wind etc.) We have shown little or no growth in kWh sales in recent years, therefore, WIEC is challenged to find a consistent way of covering our fixed cost. **9510-19**

To be proactive, we are restructuring the rates to provide more stability but keep members bills as low as possible overall. We are increasing the facility charge for our Residential rate, but are also decreasing the energy charge for those members. This will give the co-op more stability in covering our fixed costs by taking a lot of the volatility out of the equation. We will have a much better idea ahead of time how much revenue will be coming in rather than wondering if we'll sell enough kWh to cover our expenses each month.

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HOW MUCH IS THE ADJUSTMENT?

The following chart shows the change in residential rates effective April 1, 2020. Changes will be reflected on the bills due May 26, 2020 for April 2020 usage.

Rate 1 - Residential	Effective 4/1/20	Previous
Facility Charge	\$43.00	\$38.00
First 2000 kWh	.125/kWh	.1275/kWh
Next 1000 kWh	No Change	.1025/kWh
Over 3000 kWh	No Change	.09/kWh

Please note that the facility charge is increasing but the energy charge is decreasing. What that means, for example, is that if a member uses 2,000 kWh (general usage) they will not see any difference in their monthly bill total. The energy charge will go down by \$5 and the facility charge will increase by \$5. If a member uses 1,000 kWh their energy charge will go down by \$2.50. However, their facility charge increases \$5 so their total bill goes up by \$2.50. As your usage fluctuates your bill will vary accordingly.

ELECTRIC HEAT AND GEOTHERMAL

The last two years (2018 and 2019) WIEC has sold kWh to our heat and geothermal rate members below our actual cost of wholesale power for a loss. For this reason, we feel the need to increase both of those rates. **2811-8**

The following charts reflect the changes in these rates effective April 1, 2020. Changes will be reflected on the bills due May 26, 2020 for April 2020 usage.

Rate 40/41 Electric Heat October – April Only	Effective 4/1/20	Previous
Facility Charge	No Change	\$6.00
All kWh	.0925	.0825

Rate 60/61 Geothermal	Effective 4/1/20	Previous
Facility Charge	No Change	\$6.00
All kWh	.09	.08

WE’RE HERE TO HELP

We recognize that a change in our rates means a change in your bill and your household budget. We want to remind you that you have access to resources that can help keep your monthly bills manageable. Our budget billing program gives you more predictable bills by averaging the amount you pay each month based on your previous 12 months of consumption. We are here to help you determine energy solutions that work for you.

HAVE QUESTIONS?

WIEC works hard to keep its electric rates competitive and fair. We are committed to providing you with reliable, affordable and environmentally responsible electric service. If you have any questions or concerns regarding this rate adjustment, we encourage you to call us at 217-357-3125 or come by the office at 524 N Madison Street in Carthage, IL.

