

# 2024 Rate Rebalance **FACT SHEET**



## OVERVIEW

At the October Board meeting, the LCEC Board of Trustees voted to increase base and energy rates and reset the PCA beginning January 1, 2024. The rate changes will ensure LCEC rates are as close to the cost of service as possible, covering power cost, power delivery cost, and operations and maintenance expenses. LCEC works year-round to keep costs down while the expenses related to maintaining a reliable electric grid continue to increase.

## RATE HISTORY AND FACTORS

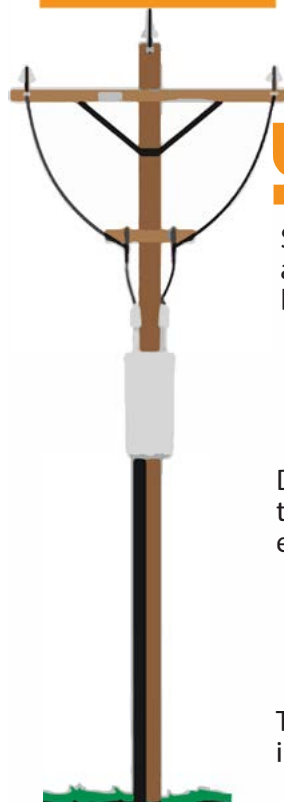
Prior to the February 2023 \$3 increase to the monthly Customer Charge, LCEC had not raised base rates since 2008.

### Factors impacting rate increase.

LCEC serves one of the fastest growing territories in the U.S. This growth requires significant investments in utility plant infrastructure to ensure reliable service.

- Like many power utilities across the nation, LCEC continues to experience increases year after year in wholesale power and transmission costs, labor, operating and maintenance expenses, and material costs.
- Electric utilities nationwide have experienced record inflation, increased interest rates on capital, and supply chain disruption since the pandemic.

## THE IMPACT OF RISING COSTS



**52%-56%**

Since the COVID-19 pandemic, overhead and underground wires have increased by 52-56 percent respectively.

**74%**

Due to the shortages, the cost of a 10KVA transformer increased 74 percent. This equipment is critical to delivering power.

**61%**

The average cost of a 40 foot pole has increased 61 percent since 2019.

Source: US Bureau of Labor Statistics, from 2019-2023

## Power Cost Adjustment (PCA)

A Power Cost Adjustment (PCA) is the direct result of purchased power costs from the power supplier. There are no margins (profit) earned on the PCA.

- The PCA is reset to zero because the increase in wholesale power and transmission cost is included in the base rate.
- When wholesale power and transmission costs decrease or increase, the PCA will be set accordingly on a monthly basis as needed.
- Changes are expected to be nominal.
- The PCA can appear as a credit or a charge on a member's bill.

## What Will My Bill Look Like?

The average residential customer using 1,000 kilowatt hours per month can expect to see their total bill increase by only 75 cents a month (excluding government franchise fees and taxes).

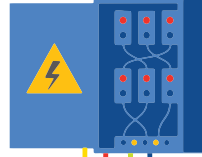
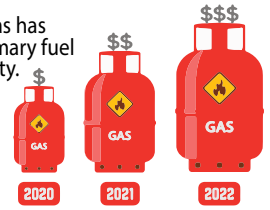
The average small commercial customer using 4,200 kilowatt hours per month can expect to see their total bill increase \$3.92.

## THE IMPACT OF RISING COSTS



# 219%

Since 2020, the cost of natural gas has increased by 219 percent, a primary fuel source used to generate electricity.



# 74%

Due to the shortages, overhead and padmounted transformers have increased in cost by 74 percent. This equipment is critical to delivering electricity.



# 61%

The cost of power poles has increased by 61 percent.



# 18%

According to the United States Postal Service, the cost of paper and postage has increased 18 percent.



# 52%

The cost of vegetation management, including tree trimming, has increased by 52 percent.



### Residential Electric Service: Rate Schedule RS Single Phase, Sample Bill @ 1,000 kWh

Current	
Customer Charge	\$18.00
<b>Energy Charge</b>	
First 500 kWh @ \$0.0760	\$38.00
Next 500 kWh @ \$0.0864	\$43.20
Over 1,000 kWh @ \$0.0971	N/A
Power Cost Adjustment (PCA) @ \$0.03680	\$36.80
	<b>\$136.00</b>

January 1, 2024	
Customer Charge	\$20.00
<b>Energy Charge</b>	
First 500 kWh @ \$0.1129	\$56.45
Next 500 kWh @ \$0.1206	\$60.30
Over 1,000 kWh @ \$0.1282	N/A
Power Cost Adjustment (PCA) @ \$0.00000*	\$0.00
	<b>\$136.75</b>

### Small Commercial Electric Service: Rate Schedule GS, Single Phase, Sample Bill @ 4,200 kWh

Current	
Customer Charge	\$23.00
<b>Energy Charge</b>	
All kWh @ \$0.0821	\$344.82
Power Cost Adjustment (PCA) @ \$0.03680	\$154.56
	<b>\$522.38</b>

January 1, 2024	
Customer Charge	\$26.50
<b>Energy Charge</b>	
All kWh @ \$0.1190	\$499.80
Power Cost Adjustment (PCA) @ \$0.00000*	\$0.00
	<b>\$526.30</b>