

Frequently Asked Questions

What is the monthly service charge?

The service charge is a fixed monthly fee intended to cover the costs of making electricity available at your location whenever you need it, regardless of how much or how little energy you actually use. It includes things like substations, poles and wires, labor, vehicles, taxes, insurance, hardware, etc. It also includes annual capital investment to improve reliability and service.

Why increase the service charge?

According to three recent cost of service studies, the residential service charge should be \$69+ per month. We currently collect \$45, so the remaining fixed costs are rolled into the energy charge, which is variable based on the monthly consumption. Consequently, members using more energy are paying more for fixed costs and subsidizing members who use less energy. All members should pay an equal and appropriate share of fixed costs.

Why is this rate increase necessary?

A guiding principle of this rate restructuring is Policy Number 119. Policy 119, Section 3 states:

Rates and service charges shall be developed and implemented to:

- A. Keep the overall cost of electricity as low as reasonably possible, consistent with sound management and fiscal practice.
- B. Equitably allocate costs across each rate class.
- C. Minimize or eliminate cross subsidization between classes of members.
- D. Minimize or eliminate subsidization within classes of members.
- E. Recover the greatest reasonable amount of fixed costs through the monthly service charge.
- F. Minimize embedding fixed costs in the energy rate.
- G. Generate margins adequate to meet annual lender requirements and long-term financial objectives.

How will my residential bill be impacted?

The impact to individual bills will be an increase of \$4.34 per month. The energy charge will remain at \$0.128/kWh. The percentage increase that individual members will see will vary based on their usage. Everyone will still be able to manage their billing by being energy efficient. Please see the example table at the end of this paper.

Who determines when a rate increase is necessary?

The Board of Directors and executive team continuously monitor the financial stability of the organization to determine when rate changes are necessary. The Board has ultimate authority over rate-related matters.

What will change on the bill?

The residential monthly service charge will increase from \$45.00/month to \$49.34/month. The residential energy charge will remain at \$0.128/kWh. The attached chart shows the impact on all rate classes.

When will the changes be effective?

The proposed new rates will be effective with bills rendered in July 2024 for the June 2024 usage.

How will accounts with second meters be impacted?

The service charge on the second meter will also increase to reflect the cost of making electricity available.

I currently have two meters. How can I avoid paying for two?

Each situation may be different, but you may be able to run all your power through one meter if you are able to change your electrical connections with Alger Delta. An electrician will be able to tell you what options are possible.

Is there a charge to remove the second meter?

No. Alger Delta will retire the 2nd meter at no charge to the member. Members will be responsible for any work done by an independent electrician.

When will Time Of Use (TOU) rates be available?

Time Of Use rates have been discussed through the Cost-of-Service Study and will very likely be available in the future. We would like to have our new metering system completely installed before we make TOU available. We are currently 60% deployed but are experiencing delays in product shipments and implementation by our supplier.

How often does the Board review rates?

Technically every year. In detail when financials or policy indicates a change is needed.

What is a Power Cost Adjustment Clause (PCAC)?

A Power Cost Adjustment Clause (PCAC) is a way for a utility to pass on adjustments to their wholesale power costs, whether they be positive or negative. PCAC adjustments are pass-through costs, and the utility does not make any extra revenue from them. They are needed to offset some larger than budgeted power costs to help keep Alger Delta financially stable.

Why are rates increasing when the Power Supply Cost Recovery (PSCR) has been negative the last three months?

Our budget can be broken down into two buckets that are about the same size. The first bucket is our wholesale energy, which is about \$9M. The second bucket contains materials, taxes, labor, trucks, debt payment, etc, which also is about \$9M. The Power Supply Cost Recovery factor is applied to only the wholesale energy we receive. The increased revenue is needed to cover all our other costs, such as taxes, materials, trucks, labor, interest expense, etc.

What will you do with the increase in revenue?

Our costs have gone up considerably over the last couple of years thus an increase is needed to continue to keep up with those costs. In addition, this allows the cooperative to generate margins adequate to meet annual lender requirements and long-term financial objectives, including retiring capital credits.

Sample cost increases we have experienced over the last five years:

Item	2019 Price	2024 Price	% Increase
15 kVA Polemount Transformer	\$767	\$1,720	124%
15 kVA Padmount Transformer	\$1,483	\$4,824	225%
Cable, 1/0 Primary, per foot	\$2.47	\$6.63	168%
URD Triplex cable, per foot	\$1.69	\$3.44	104%
40', class 5 wooden poles	\$259	\$842	225%
50', class 3 wooden poles	\$490	\$1,639	234%
Line Trucks	\$250,000	\$425,000	70%

Rate Class	Fee Type	Current Charge	Proposed Charge
Residential	Service Fee, \$/mo	\$45.00	\$49.34
	Energy, \$/kWh	\$0.1280	\$0.1280
Small Commercial	Service Fee, \$/mo	\$45.00	\$55.00
	Energy, \$/kWh	\$0.1280	\$0.1268
Large Power Primary	Service Fee, \$/mo	\$100.00	\$150.00
	Energy, \$/kWh	\$0.1100	\$0.1075
	Demand, \$/kW	\$11.22	\$11.89
	Distribution Demand, \$/kW	\$0.00	\$1.50
Large Power Secondary	Service Fee, \$/mo	\$100.00	\$150.00
	Energy, \$/kWh	\$0.1100	\$0.1075
	Demand, \$/kW	\$11.44	\$12.00
	Distribution Demand, \$/kW	\$0.00	\$1.50
Industrial Power	Service Fee, \$/mo	\$333.33	\$500.00
	On Peak Energy, \$/kWh	\$0.1170	\$0.1140
	Off Peak Energy, \$/kWh	\$0.1025	\$0.0995
	Demand, \$/kW	\$11.99	\$14.00
	Distribution Demand, \$/kW	\$0.00	\$2.50

Residential Rate Impact

Usage	Current	Proposed	% Increase
0 kWh/mo	\$45.00	\$49.34	9.64%
300 kWh/mo	\$83.40	\$87.74	5.20%
600 kWh/mo	\$121.80	\$126.14	3.56%
900 kWh/mo	\$160.20	\$164.54	2.71%
1200 kWh/mo	\$198.60	\$202.94	2.19%
1500 kWh/mo	\$237.00	\$241.34	1.83%
2000 kWh/mo	\$301.00	\$305.34	1.44%

What is Distribution Demand?

A new component of billing for Large Power and Industrial members is the Distribution Demand charge. This charge is being added to our rates to more properly assign costs associated with the needed capacity on our system. This charge will be calculated by taking the highest demand over a rolling 12-month period and multiplying that usage by the rate shown above. This charge is aligned with the system capabilities, while the Demand charge is aligned with generation capabilities.