

### SUBSTATIONS

\$1–\$2 million per substation

We have 8 substations.



### TRANSFORMERS

\$1,000–\$2,000

We have 7,580 transformers.



### OVERHEAD AND UNDERGROUND DISTRIBUTION LINES

\$65,000–\$170,000 per mile

We have 1,322 miles of overhead and underground line.



### BUCKET TRUCKS AND ATTACHMENTS

\$225,000

We have 7 large bucket or digger trucks.



### LINE CLEARANCE

\$5,000 per mile, \$1M plus per year



### UTILITY POLES

\$450–\$1,000

We have 24,000 poles.



### LINeworker GEAR

\$3,000

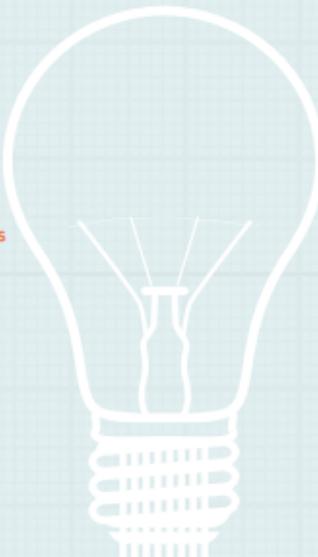
We have 11 people in the line department.



### METERS

\$150–\$500

We have 10,300 meters across our system.



## A FEW OF THE FIXED COSTS THAT POWER YOUR SERVICE EXPERIENCE

Providing reliable electricity  
to Alger Delta Cooperative Electric members

**PRICELESS**

## 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 as 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 our 2022 cost of service study, the residential service charge should be \$55 per month. We currently collect \$25, 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 restructuring 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?

As the service charge increases, the energy charge will decrease because we are shifting fixed costs. Members using 625 kWh/month will see little-to-no impact. Members using more than 625 kWh/month will see some decrease as we move fixed costs away from energy consumption. Members using fewer than 625 kWh/month will see some increase. Everyone will still be able to manage their billing by being energy efficient.

### 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?

In the first year, the residential monthly service charge will increase from \$25/month to \$35/month. The residential energy charge will decrease from \$0.149/kWh to \$0.133/kWh. The attached chart shows the impact to all rate classes.

### When will the changes become effective?

The proposed new rates will be effective with bills rendered in July 2022.

**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.

**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.

**I currently have 2 meters. How can I avoid paying for 2?**

Each situation may be different, but you may be able to run all your power through 1 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 2<sup>nd</sup> meter at no charge to the member. Members will be responsible for any work done by an independent electrician.

**How many members will see an increase in their bills?**

Based on usage of the past few years, about half of the members will see an increase and half will see a decrease. The rate restructuring will be revenue neutral for Alger Delta. The Power Cost Adjustment will help us modulate the Cooperatives' financial stability.

**When will Time of Use 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 40% 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 will you do with the extra money we make?**

The rate restructuring is revenue neutral. We do not expect to gain or lose revenue from this change. The Power Cost Adjustment Clause will help modulate the cooperative's financial stability.

### Proposed Service Charge for Various Rate Classes

Rate Class	Current Monthly Service Charge	Proposed Monthly Service Charge July 1, 2022	Proposed Monthly Service Charge July 1, 2023	Proposed Monthly Service Charge July 1, 2024
Home and Farm	\$25.00	\$35.00	\$45.00	\$55.00
Seasonal Residential	\$25.00	\$35.00	\$45.00	\$55.00
Small Commercial	\$25.00	\$35.00	\$45.00	\$55.00
Large Power Primary		\$50.00	\$100.00	\$150.00
Large Power Secondary		\$50.00	\$100.00	\$150.00
Industrial Power		\$166.67	\$333.33	\$500.00

### Proposed Energy Charges for Various Rate Classes

Rate Class	Current Energy Charge	Proposed Energy Charge July 1, 2022	Proposed Energy Charge July 1, 2023	Proposed Energy Charge July 1, 2024
Home and Farm	\$0.149	\$0.133	\$0.117	\$0.101
Seasonal Residential	\$0.149	\$0.133	\$0.117	\$0.101
Small Commercial	\$0.147	\$0.132	\$0.116	\$0.101
Large Power Primary	\$0.1170	\$0.1118	\$0.1067	\$0.1015
Large Power Secondary	\$0.1170	\$0.1118	\$0.1067	\$0.1015
Industrial Power On Peak	\$0.1170	\$0.1126	\$0.1081	\$0.1037
Industrial Power Off Peak	\$0.1170	\$0.1026	\$0.0881	\$0.0737

### Sample Cost Impacts for Various Usage Levels

Rate Class & Usage	Current	7/1/2022	7/1/2023	7/1/2024
Residential, 300 kWh/mo	\$69.70	\$74.90	\$80.10	\$85.30
Residential, 625 kWh/mo	\$118.13	\$118.13	\$118.13	\$118.13
Residential, 900 kWh/mo	\$159.10	\$154.70	\$150.30	\$145.90
Commercial, 1200 kWh/mo	\$201.40	\$193.40	\$184.20	\$176.20