

December 7, 2015

Dear MCEC member:

Ever since we were chartered in June of 1940, we have looked for ways to better serve you...our members. In that same spirit, we have been working with our rate consultant over the last several months studying our rates. I am excited to report that we have developed a new rate structure that allows you to have more control over your power bill, if you choose to do so. Please understand that this is not a rate increase. We are simply restructuring rates to more accurately reflect the cost to operate MCEC.

As a not-for-profit electric cooperative, our goal is to provide reliable, safe electric service to our members at the lowest possible cost. We do not generate electricity. We purchase it through long term contracts, and the price that MCEC pays for electricity is not the same throughout the year or even throughout the day. In fact, electricity is more expensive during "On-Peak hours," those times during the day when electricity use is at its peak.

- Winter On-Peak (November 1 – March 31) the need or demand for electricity is greatest in the morning hours between 6:00-9:00 a.m. when we start our day by taking showers, cooking breakfast and turning up the heat.
- Summer On-Peak (April 1 – October 31) the need or demand for electricity is greatest during the afternoon hours from 4:00-7:00 p.m. when a majority of our members arrive home to end the day by cooking dinner, washing and drying clothes and turning the thermostat down to cool off.

Any use of electricity that can be avoided or shifted outside of these On-Peak hours saves money on MCEC's wholesale power bill and ultimately your bill as well. With the current rate structure that MCEC and other utilities have been using for many decades, there has not been an effective way to directly share those savings with members until now. The metering technology we have in place allows us to measure the amount of electricity used during On-Peak hours. We have restructured our rates to better reflect the actual cost of operating MCEC and now you can make choices in the way you use electricity that will directly affect your bill.

The new rate structure will go into effect beginning with bills rendered on February 1, 2016. The billing period for these bills begins in January, so please begin thinking about ways you can shift your electric use away from the Winter On-Peak hours of 6:00 – 9:00 a.m. during the month of January to begin saving.

We will provide more information with bill inserts, on our website and other publications in the near future. Please see the back of this letter for a detailed comparison of the current and new rate structures.

Sincerely,



B. Robert Paulling  
President and CEO

# A Cooperative Partnership with you...our members.

## New Rate Structure for 2016

MCEC is implementing a new rate structure that gives members more control over their power bill than ever before! By simply reducing energy use during the highest cost period each day, members can save on power bills.

### The rate has a new look!

- 1. The account charge** replaces the basic facilities charge and is based on how many days of service are in the billing cycle. The account charge is 80¢ per day.
- 2. The new energy charge** is much lower now. The current charge averages 11¢ for each kilowatt hour (kWh) used. The new charge is 4.7¢ per kWh. *(kWh) – One kilowatt-hour is defined as the amount of energy consumed by a 1000-Watt appliance running continuously for 1 hour.*
- 3. The On-Peak charge is new.** This charge is based on the highest ONE hour of electricity use in the billing cycle during the On-Peak hours. The charge is \$12 per kW in that one hour. *(kW) – One kilowatt is defined as the amount of power required to operate a 1000-Watt appliance.*



**From November 1 to March 31**, the Winter On-Peak hours are from 6 a.m. to 9 a.m.



**From April 1 to October 31**, the Summer On-Peak hours are from 4 p.m. to 7 p.m.

### A Sample Bill Comparison (NEW RATE STRUCTURE vs. Old Rate Structure)

**NEW RATE STRUCTURE: There are 3 parts that are used to determine your monthly bill.**

- Account Charge:** Total days in the billing cycle, January 15 to February 13 — 30 days
- Energy:** Energy Use from all days and all hours — 1355 kWh
- On-Peak:** The highest ONE hour of electricity use during the On-Peak hours for the billing cycle — 6.4 kW

Account Charge	80¢ x 30 days	\$ 24.00
Energy Charge	4.7¢ x 1355 kWh	\$ 63.69
On-Peak Charge	\$12 x 6.4 kW	\$ 76.80
<b>Total Bill</b>		<b>\$ 164.49</b>

Basic Facilities	Per Billing Cycle	\$ 19.00
Energy Charge	11¢ x 1355 kWh	\$ 149.05
<b>Total Bill</b>		<b>\$ 168.05</b>

#### Old Rate Structure

### How to Minimize On-Peak Use

**Minimizing energy use during On-Peak hours can help lower your power cost.**

**Residential:** You don't have to turn everything off but avoid using all appliances at the same time.

*(For example, if you are cooking, drying clothes and the air conditioner is running, your On-Peak use can be higher. Consider running the dryer after the cooking is done or even better, after the On-Peak hours.)*

*While power prices are up nationwide, as a not-for-profit electric cooperative, we will continue to do everything we can to manage costs and provide the same reliable service as always at the lowest possible cost.*

For more information and energy-saving tips visit [www.mcecoop.com](http://www.mcecoop.com)