


Jo-Carroll Energy

Your Touchstone Energy® Cooperative 

# FAQs

## 2019 Bill and Rates

### When will I see the changes in rates affect my bill?

The new rates will be reflected on the bill you receive in April 2019.

### Why is Jo-Carroll Energy raising rates in 2019?

Today, like our members and most other businesses and organizations, we are paying more for materials, products and services - from the purchase of wholesale energy to everyday operating costs. Every year, we analyze costs for providing service and our rates to recover them. This past year we also utilized the services of an independent consultant to conduct a cost of service study. The results of the analysis revealed that adjustments were needed to

- Maintain fair and equitable rates across our service types
- Collect sufficient revenue to cover inflationary costs for operation and maintenance

Some factors are out of our control, overall inflation has increased by more than 6% over the past four years. This increase impacts what we pay for materials, equipment and services. You have probably experienced this impact in your own household.

Electricity and natural gas are still one of the greatest values. According to the U.S. Bureau of Labor Statistics, average annual price increases between 2012 and 2017 for rent has increased 5%, for cable and satellite TV 3.3% and electricity 1.6% nationwide. During this same period the cost of electricity for an average home that Jo-Carroll serves has increased 2.5% annually. Through 2019, including the rate increase, 2.7%.

In addition, as a distribution cooperative, Jo-Carroll Energy purchases power each month from power suppliers to meet the energy needs of our members. During the last four years, we've seen an increase in the power cost adjustment, or PCA, an adjustment made on your electric bill that goes up or down depending on the cost of power each month. Recent increases in the PCA are being included in the energy charges of the rates.

### What is JCE doing to reduce future increases?

We continue to add new technology to increase work place efficiencies. These include outage management, AMI (advanced metering infrastructure), SCADA (supervisory control and data) and other business systems.

We continue to develop programs that grow revenue and increase membership where we can. Increasing our number of members is the best way to stabilize rates. Fiber is a good example. We also strongly promote economic growth, which can lead to more jobs and members that we can spread our fixed costs across.

### How much is the minimum monthly charge?

The minimum monthly charge is the total of the facility charge and the member service charge. For single phase electric service this is \$35 (which is an increase of \$2):

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# FAQs Continued

**Facility Charge + Member Service Charge = Minimum Monthly Charge**

$$\text{\$30} + \text{\$5} = \text{\$35}$$

For residential natural gas this is \$22 (which is an increase of \$4) :

**Facility Charge + Member Service Charge = Minimum Monthly Charge**

$$\text{\$17} + \text{\$5} = \text{\$22}$$

## **What is the facility charge?**

As a distribution cooperative, many of our expenses are related to the delivery of energy to you - or in other words - the basic cost to provide energy. The facility charge covers most of the costs incurred for the systems that carry electricity or natural gas. This includes power lines, pipelines, trucks, labor and other expenses the Cooperative incurs ensuring energy is available when you need it, no matter how much energy is sold.

## **Why has the facility charge increased?**

An increase in the facility charge to help us recoup operating costs allows members to reduce their energy use without impacting the revenue we need to operate, provide system maintenance and make needed improvements that keep our systems safe and reliable.

With our natural gas rates, the increase also helps cover additional costs for compliance and regulation.

## **What is the member service charge?**

The member service charge is a flat fee that covers administrative costs of managing members' accounts. This includes billing, postage, facilities, software systems and personnel.

## **Why has the member service charge increased?**

Increasing expenses for administrative costs lead to the member service charge increase. Overall inflation has increased by more than 6% over the past four years. This impacts what we pay for supplies, equipment and services.

## **Why do I have to pay a member service fee each month on top of a facility charge?**

In 2015, JCE unbundled rates to make energy and energy-related costs more transparent to members. This structure identifies the cost components of delivering energy to our members. By separating the cost of energy from the cost of maintaining the lines and pipes and the administrative costs we can provide more information to members and account for costs appropriately.

The facility charge covers most of the costs incurred for the systems that carry electricity or natural gas.

The member service charge covers administrative costs of managing members' accounts, such as billing, postage, facilities, software systems and personnel.

Investor owned utilities in Illinois also have a customer charge, as well as a meter charge.

## **For residential rates, what in dollar amounts am I looking at for an increase?**

An electric member who uses 750 kWh per month, which is the average usage for a residential account, will see an increase of about \$6.90 on their monthly bill.

A residential natural gas member who uses 100 CCF per month or 100 therms will see an increase of about \$9.25 on their monthly bill. A summary of some of the changes appears below:

## Single Phase Electric

	Rate	Current	Revised	Change
Distribution	Facility Charge	\$28.50 per month	\$30.00 per month	Increase \$1.50 per month
	Member Service Charge	\$4.50 per month	\$5.00 per month	Increase \$0.50 per month
	Delivery Charge	\$0.02750 per kWh	\$0.02750 per kWh	No change
Supply	Energy Charge	\$0.02829 per kWh	\$0.03500 per kWh	Increase \$0.00671 per kWh
	Generation Charge ≤ 1500 kWh	\$0.04250 per kWh	\$0.04500 per kWh	Increase \$0.0025 per kWh
	Generation Charge > 1500 kWh	\$0.01500 per kWh	\$0.01800 per kWh	Increase \$0.00300 per kWh
	Transmission Charge	\$0.02019 per kWh	\$0.01750 per kWh	Decrease \$0.00269 per kWh
	Power Cost Adjustment	\$0.00375 per kWh	\$0.0001 per kWh	(can fluctuate up or down)

## Three Phase Electric

	Rate	Current	Revised	Change
Distribution	Facility Charge	\$103.00 per month	\$100.00 per month	Decrease \$3.00 per month
	Member Service Charge	\$4.50 per month	\$5.00 per month	Increase \$0.50 per month
	Delivery Charge	\$0.02500 per kWh	\$0.02000 per kWh	Decrease \$0.005
Supply	<b>Energy Charge</b>	\$0.02829 per kWh	\$0.03500 per kWh	Increase \$0.00671 per kWh
	Generation Charge ≤ 1500 kWh	\$0.04640 per kWh	\$0.04100 per kWh	Decrease \$0.0054 per kWh
	Generation Charge > 1500 kWh	\$0.02750 per kWh	\$0.03950 per kWh	Increase \$0.01200 per kWh
	Transmission Charge	\$0.01725 per kWh	\$0.01250 per kWh	Decrease \$0.00475 per kWh
	Power Cost Adjustment	\$0.00375 per kWh	\$0.0001 per kWh	(can fluctuate up or down)

## Farm & Residential Gas Service – Rate 42

	Rate	Current	Revised	Change
Distribution	Facility Charge	\$13.50 per month	\$17.00 per month	Increase \$3.50 per month
	Member Service Charge	\$4.50 per month	\$5.00 per month	Increase \$0.50 per month
	Delivery Charge	\$0.31 per therm	\$0.36 per therm	\$0.05 per therm
Purchased Energy	Energy Charge	Varies Monthly	Varies Monthly	

## General Gas Service – Rate 43

	Rate	Current	Revised	Change
Distribution	Facility Charge	\$19.50 per month	\$25.00 per month	Increase of \$5.50 per month
	Member Service Charge	\$4.50 per month	\$5.00 per month	Increase \$0.50 per month
	Delivery Charge	\$0.24 per therm	\$0.29 per therm	Increase of \$0.05 per therm
Purchased Energy	Energy Charge	Varies monthly	Varies Monthly	

### **How do Jo-Carroll Energy's rates compare to other cooperatives [other utilities]?**

The average combined residential monthly facility and member service charge of the 24 electric cooperatives in the Association of Illinois Electric Cooperatives was \$38.77 in 2018. Jo-Carroll was one of 13 co-ops without an increase in the charge in 2018. We are currently the fifth lowest. Because Jo-Carroll Energy serves rural communities and areas, consumer density is much less compared to our investor owned utility neighbors. Therefore, we have fewer accounts to spread our fixed costs across.

### **Why am I charged an energy charge and a generation charge on my electric bill?**

The energy charge consists of the kilowatt hours of energy used by a member. The generation charge is the kilowatts of capacity required to meet demand requirements. Based on a member's kWh use, it can be seen as the long-term investment for the steel-in-the-ground facilities of the power supplier.

## ***I have multiple accounts with different rates. Why am I charged a different delivery charge for each of my accounts?***

Different service types require different sized transformers, conductors and other equipment. The costs associated with the different equipment are covered only by members who have these accounts. This is the most equitable and fair way to allocate costs across all members.

## ***Why are we being charged a Power Cost Adjustment (PCA)?***

The rates are developed based on historic data. The PCA is determined by how much the monthly power cost per kWh is above or below the base power cost. The PCA can go up or down or remain the same.

## ***Why did we switch power suppliers if there is now an increase?***

Purchasing all our electric power from generation and transmission cooperatives provides all our membership with a long-term, reliable, sustainable power source. While energy and generation costs have increased, transmission costs will decrease. Dairyland blends transmission costs into their entire system, which balances the higher ITC transmission cost in Jo-Carroll's service territory across all of the Dairyland members, reducing the transmission cost portion to our members.

This transition to Dairyland has also provided more of our members access to additional electric efficiency incentives and expanded use of programs such as the water heater load control program, all which can help our members lower their bills.

Dairyland also has a diversified energy mix, including growing wind and solar sources

## ***How do you expect people on fixed incomes to pay for this?***

We offer our members on fixed incomes a three-pronged approach to managing their bills:

- Education and awareness of their use
- Conservation through energy efficiency programs
- Assistance through Low Income Heating Energy Assistance Program (LIHEAP) and our Neighbor to Neighbor Care Funds when appropriate.

Members are encouraged to be proactive if they are having trouble paying their energy bills, as staying current will minimize additional fees.

## ***How will this affect members on budget bill?***

If nothing else changes and their use remains the same, members on budget bill will see a small increase on their June bill; amounts will then recalculate in November. If the member would like to assume a 5% increase on their base this can be done to minimize a true-up in the fall due to the increase.

## ***What is JCE doing to reduce future increases?***

We continue to add new technology to increase work place efficiencies. These include outage management, AMI (advanced metering infrastructure), SCADA (supervisory control and data) and other business systems.

We continue to develop programs that grow revenue and increase membership where we can. Increasing our number of members is the best way to stabilize rates. Fiber is a good example. We also strongly promote economic growth, which can lead to more jobs and members that we can spread our fixed costs across.



# FAQs Continued

## ***We've been told that generation and transmission charges account for two-thirds of the cost of power, yet on my bill, my costs do not equate to this ratio. Why is this?***

The ratio of two-thirds is based on the entire Jo-Carroll Energy system and is calculated when comparing the power costs to the total overall expenses. Any one member will come up with a different ratio when looking at their bill. If you have lower energy use, more of your bill would be attributed to the two monthly fixed charges (the facility charge and the member service charge). In the case of an account with zero consumption for a month, there would be no generation or transmission charges and the bill would be 100 percent delivery costs to pay for and maintain the lines to your home or business.

## ***Why do we have to maintain margins?***

Margins provide the cash flow to operate the cooperative—in equipment and conducting day to day business.

## ***Am I able to request a change in my current rate class?***

The type of service you require determines your rate class. If you believe that your rate class does not accurately represent the type of service you are receiving, please contact our Operations Department at 800-858-5522.

## ***What are some ways I can manage my bill?***

Jo-Carroll Energy offers various bill payment programs including budget billing and levelized billing. A budget billing plan allows you to pay the same amount each month, based on your previous 12 months of service. Levelized billing uses a “rolling average”. While the amount due will vary from month to month, this plan can help take the shock out of your energy bill during extremely cold or hot weather.

There are many steps members can take to lower their monthly energy costs. With the helpful tools and resources Jo-Carroll Energy offers, using energy wisely is easier than you think. We can work together to use energy efficiently. You can find energy saving information on our website at [jocarroll.com](http://jocarroll.com) and at [TogetherWeSave.com](http://TogetherWeSave.com).

Jo-Carroll Energy offers members a free, walk-through home energy assessment as well as full energy audits for a reasonable fee. For more information about these programs, contact our energy advisor John Scott at 800-858-5522, ext. 1339.

## ***I understand that many of the costs for energy are passed through from generation and transmission cooperatives. But, what can I do as a member of Jo-Carroll Energy to help lower these costs for all members?***

Energy costs are calculated by power providers based on peak use. Peaks refer to the time of day when the most energy is used. During the summer, this can occur between 11 a.m. and 7 p.m. During the winter the peak may occur in the colder, evening hours from 4 to 10 p.m. Performing certain chores outside these peak periods or on weekends can help reduce the cooperative's overall peak consumption and overall costs. By changing your home's energy habits, you can help reduce the cooperative's energy bill.

## ***Will my Sand Prairie Wireless bill be affected by these changes?***

Sand Prairie Wireless bills are not affected by these changes.

# FAQs Continued

## ***Does the Sand Prairie fiber project affect my electric bill?***

Members are not paying for other members to get fiber. Sand Prairie is borrowing from the equity of Jo-Carroll, which over time will be paid back.

In the broad perspective, rural broadband (specifically fiber) is recognized as playing a major role in the quality of life and economic health of our communities. Broadband can make a difference in the prosperity of our rural communities, giving our current and future members the same opportunities and access as our urban counterparts. More members and businesses, more accounts to spread fixed costs across, which help stabilize future rates.

## ***I am having trouble reading my billing statement. Can I speak to someone about my current bill?***

Call us at 800-858-5522 if you have questions. We also have a page on our website at [jocarroll.com](http://jocarroll.com) about how to read your bill.

# FAQs Continued

## BILL AND RATES DEFINITIONS

**Kilowatt Hour (kWh):** The amount of electricity required to power ten, 100W light bulbs for one hour.

**Therm:** The amount of energy needed to power a 100,000 BTU furnace for one hour. The therm is calculated by multiplying the volume of natural gas (ccf) you use by a therm factor.

**Energy Charge:** The cost to produce your energy. A per kWh or therm charge for the energy used during the service period and is a pass through charge from Jo-Carroll Energy's energy suppliers.

**Generation Charge:** Based on your kWh use, this cost covers the physical infrastructure needed to produce energy from Jo-Carroll Energy's energy suppliers.

**Transmission Charge:** A per kWh charge which covers the cost to transmit energy from the generation facilities to Jo-Carroll Energy distribution substations. This is a direct pass through from transmission suppliers.

**Power Cost Adjustment (PCA):** A monthly adjustment on a per-kWh basis that fluctuates depending on the total cost each month from our generation suppliers. The PCA is determined by how much the monthly power cost per kWh is above or below the base power cost.

**Facility Charge:** The basic cost to provide energy. It covers expenses such as power lines, pipelines, trucks, labor and other expenses the Cooperative incurs ensuring energy is available when you need it, no matter how much energy is sold.

**Member Service Charge:** A flat service fee covering administrative costs including billing, postage, facilities, software systems and other overheads.

**Delivery Charge:** A per kWh or therm charge that covers the costs of delivering energy to your home and maintaining the equipment that carries the electricity and/or natural gas. This charge covers the rest of the fixed costs not recovered through the facility charge, and stays with your cooperative.

**Declining Block:** A structure where the member pays less for energy as use increases beyond a fixed kilowatt-hour amount during a specific billing period.

**Demand:** The amount of electricity drawn from an electric system at a given time, measured in kilowatts.

**Cost-of-Service Study:** An analysis that determines how much it costs a utility to service various classes of consumers, and results in the development of cost-based rates.