

FAQS

2021 Natural Gas Extreme Weather/High Bills

1 Why did what happened in Texas affect us?

In mid-February, a series of factors led to a period of exceptionally high gas prices:

- Subzero weather reaching as far south as Oklahoma and Texas caused problems at the natural gas well-head and at natural gas facilities along the supply pipeline chain, which reduced supply to the two natural gas pipeline companies that supply wholesale natural gas to Jo-Carroll Energy.
- The 2021 Polar Vortex brought a period of extended cold weather, during which our membership used 16% more natural gas than for the same period during the 2014 polar vortex.
- This decreased production, coupled with the high demand for gas due to exceptional cold weather caused the market price for natural gas to skyrocket.
- Because of the co-op's natural gas purchasing and storage strategies, the overall impact of this event was reduced by approximately \$2.77 million, but due to the historic market prices for a short period of time and high usage, the added cost to our natural gas members is more than \$2 million. To put things in perspective, the wholesale cost of natural gas to supply our members for a typical year is approximately \$2.7 million. Jo-Carroll Energy was not alone in seeing these historic spikes in natural gas prices.

2 What is the Purchased Gas Adjustment (PGA), how was it calculated, and why is it billed over an entire month's service, not just the third week in February?

- The total purchased energy cost for natural gas is a direct pass-thru from our supply and transport vendors and is not marked up by Jo-Carroll Energy. It is derived by taking the supply and transport vendor bills to Jo-Carroll Energy, and dividing by the amount of gas purchased.
- The \$1.5092 PGA rate is the calculated true up to cover the purchased gas cost for the month of February's purchased gas expenses above and beyond standard rates. The purchased gas price for the entire month of February was up significantly due to the exceptional market prices the third week in February. While during the third week of February we saw average daily prices 75x or higher, the remainder of the service period reflected normal prices for this time of year. This, in tandem with our forward purchase and storage strategies helped insulate our members from much larger price increases.

3 Why didn't you tell us sooner so we could prepare or heat differently?

- As early as Monday, Feb. 15, the cooperative issued communications to members and our communities asking members to conserve and advising that an extraordinary event was occurring. Our messaging escalated as the week continued and the event persisted. If you would like to receive future alerts, please provide us with your email and/or follow us on social media.

4 How does Jo-Carroll Energy purchase wholesale natural gas for its members?

- We purchase forward a portion of our natural gas needs prior to the month when we believe prices are favorable.
- We also purchase storage, which is typically in an underground salt cavern along the interstate NG pipeline.
- A certain amount of storage can be withdrawn daily and is balanced daily with the NG that we purchase ahead of the month.

- In our case between storage and NG that we had purchased in advance, we had 85% of our members typical usage covered for a normal February at low prices. Unfortunately, this was not a normal February, as is evidenced in the heating degree days data.
- Fortunately, we had as much covered as we did, otherwise the cost to Jo-Carroll members would have been more than twice as much.

5 Was there manipulation in the energy markets?

- It is well-documented that the subzero weather that hit the nation caused problems at the well-head and at natural gas facilities along the supply pipeline chain. But whenever there is a spike in prices, consumer advocates and regulators investigate whether any energy companies took advantage of the situation to profit. The Federal Energy Regulatory Commission (FERC) has launched such a probe.

6 What is the current/ongoing action JCE is taking regarding the matter?

- Jo-Carroll Energy is in discussions with industry leaders to determine other possible measures we could take to protect our members from future instances.
- In response to this crisis, Jo-Carroll worked with the American Public Gas Association (APGA) to formally request that the Department of Energy and the Federal Energy Regulatory Commission begin an immediate investigation into the unprecedented rise in natural gas prices.
- The co-op worked with APGA to send a letter to President Biden supporting an Emergency Disaster Declaration for impacted regions of the country and has requested that federal funding be made available to assist public natural gas systems and their communities to help mitigate the impact of the price increases.
- APGA also sent letters to the House Energy and Commerce Committee and the Senate Energy and Natural Resources Committee requesting a hearing to examine the unimaginable natural gas prices experienced in large regions of the country from February 11th to the 18th.
- We are challenging the natural gas market purchasing process and exhausting every means to get to the bottom of why this crisis occurred so it will not happen in the future.

7 If there is a credit later, will I get money back?

- Yes, the Purchased Gas Adjustment is being recorded as a separate energy expense record for each individual gas service location.
- Should the cooperative receive funds back due to ongoing federal investigations into the nature of the natural gas market pricing during the 2021 polar vortex, the credit would be returned to affected natural gas members at their proportional share of the credit.

8 Was JCE sold? What is the Touchstone Energy brand I see on the bill?

- Jo-Carroll Energy is still your locally owned and operated distribution energy cooperative.
- You may see co-branding on our advertising and other communications materials that notes "Your Touchstone Energy Cooperative".
- Jo-Carroll Energy is a member of Touchstone Energy®. Touchstone Energy is not a power company. It is a national network of cooperatives that provides resources and leverages partnerships to help its member cooperatives and their employees engage and serve their members. It is a national brand that supports its network of mainly electric cooperatives across 46 states.

9 Why are my bill payments going to Alabama?

- While we are proud that we were able to provide uninterrupted member account management services during the Covid-19 pandemic, we do not know what the future will hold.
- Thus, Jo-Carroll entered into an agreement with our billing software provider, who also performs bill payment processing. Through this trusted partnership, we are certain this function of account management will be handled with the utmost professionalism and security, and uninterrupted in the face of future crises.
- This also allows your Member Services group to focus on more value-added functions that are important to you, and the services we provide.



We know you are concerned about your bill. We're here to help.

We understand that our natural gas members are stressed and frustrated with their latest natural gas bill. We recognize many members were already financially strained over the past 12 months due to the Covid-19 pandemic. Know that we also are concerned about these high amounts.

Rest assured we are not expecting members to pay the full bill in one installment.

We chose to include the impact of this extreme weather event on one bill instead of spreading it across multiple months to clearly show this extreme event and, primarily, so those who are eligible for assistance funds can apply while they are still available.

Once you receive your bill, call Jo-Carroll Energy at 800-858-5522 and speak with one of our Member Services Representatives who can discuss the best assistance or payment plan option for you. We are working with members on an individual, case-by-case basis.

Payment plan options

Budget billing

Because of the extreme events in February, we are enrolling members in Budget Billing, essentially creating a deferred payment plan, even if a member has a past due balance from prior months. This program is available for both residential and business accounts at this time.

If you already are on Budget Billing, we want to remind you that your budget billing amount will recalculate in May. It will most likely increase due to a colder than average winter, and the Purchased Gas Adjustment

pass-thru. If you would like us to re-evaluate your budget installment amount early, please contact us.

Auto-draft/Auto-pay

We encourage members on auto-draft or auto-pay who are interested in a payment plan to please call ahead of your bill due date or scheduled pay date, to ensure the full balance does not draft at one time.

If you are waiting for energy assistance, call us to help with removal of your draft profile to ensure the payment will not draft.

Energy assistance programs for residential members

LIHEAP

Area agencies have funding available through the Low-Income Heating Energy Assistance Program (LIHEAP) to assist income-eligible residents with energy costs. LIHEAP is a state and federally funded energy assistance program in which energy bill payments can be made on behalf of qualifying households.

JCE Neighbor to Neighbor Care Fund

Help paying your energy bill may be available through our Neighbor to Neighbor Care fund. This program works in tandem with LIHEAP.

A grant may be available through this program.

Three agencies handle the assistance application process for JCE members. They are:

Carroll & Whiteside Counties

Tri-County Opportunities Council

800-323-5434

Henry County

Project Now

309-852-4565

Jo Daviess County

Northwestern Illinois Community
Action Agency (NICAA)

815-232-3141

CALL 800-858-5522 TO SPEAK WITH A JCE MEMBER SERVICES REPRESENTATIVE

