

Heartland Link (USPS No. 313-160) is published bimonthly for \$3.30 per year by East-Central Iowa Rural Electric Cooperative, 2400 Bing Miller Ln., Urbana, IA 52345-0248 with outposts located at 1707 First St. E. Independence, IA 50644 and 1600 West D. St., Vinton, IA 52349. Periodicals class postage paid at Independence, IA and additional mailing offices.

POSTMASTER: Send address changes to Heartland Link, 2400 Bing Miller Lane, PO Box 248, Urbana, IA 52345.

Phone: (319) 443-4343  
Ownership: East-Central Iowa Rural Electric Cooperative  
Publisher: Steve Marlow  
Editor: Lisa Franck

CLIP AND MAIL

See page 2 for the Member Challenge questions.

Answers: 1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

Please note: NO ANSWERS will be taken over the phone.

MEMBERSHIP BENEFITS



Click this icon at [ecirec.coop](http://ecirec.coop) to access a complete suite of online energy tools like the HomeEnergyCalculator that you can customize to breakdown your monthly energy costs as a pie chart, specialized television and lightning calculators, a Kids Korner, and more.



ECI REC's online payment program, SmartHub, allows members access to account information from mobile devices as well as computers, view monthly usage data in helpful chart formats, and set notification options. Click on the SmartHub icon at [ecirec.coop](http://ecirec.coop).



Don't forget to use your Co-op Connections Card from ECI REC to help you save money on the things you buy every day. Misplaced your card or have questions about all the benefits of the program? Email [lisa.franck@ecirec.coop](mailto:lisa.franck@ecirec.coop).



# Message From the CEO

**IN THE LAST ISSUE** of the *Heartland Link*, we ran an article called “Behind the Scenes: How We Build a Fair Electric Rate Structure” to explain how we develop fair electric rate classes and cost categories. These charges must reflect the costs that your Cooperative incurs for purchasing power, operating on a daily basis, and building the distribution system that serves your homes, businesses, and farms.

We also discussed how rates should meet certain objectives—they should reflect costs, raise sufficient revenues, be as simple as possible, be understandable to the membership, and not deviate radically from past rate structures. Of course, it is not always possible to meet all of those objectives; rates reflect assumptions and compromises that your Board of Directors feels are most acceptable to you, the member.

For this issue, I wanted to help you understand several ways that our electric rates could potentially change in the future. RECs across Iowa are looking at rate structures very closely in an effort to contend with the emerging technologies. I'll explain four possibilities below.

### Capacity (Demand) Charge –

As we discussed in the last issue, this charge applies to facilities that require a large amount of electricity during a short amount of time. This requires bigger wires to get the energy to your meter, bigger poles to carry the bigger wires, and transformers and breakers large enough to handle the load. We apply this charge only to our large commercial and industrial users, which are less than 1% of our accounts. For everyone else, the demand costs are included in the energy (kWh) charges.

We could add a separate demand charge to everyone's bill, which would lower energy charges. Those who contributed most to our overall demand would see higher rates; those contributing little to that overall demand would see lower rates. However, this would create a needlessly complicated rate structure, and your board has no plans to add a demand charge to all rates.

**Time of Day Rates –** Our wholesale power provider, Central Iowa Power Cooperative (CIPCO), pays more for electricity from 6:00 a.m. to 10:00 p.m. weekdays, excluding holidays. It pays the most for electricity from 4:00 p.m. to 9:00 p.m. during those same days. ECI REC has a time-of-day rate for residential and large-power users. However, almost nobody opts to use it because it is difficult, if not impossible, to shift energy usage to off-peak periods.

In the future we may have computers that automatically turn off certain electric appliances during peak periods of energy use, which could make time-of-day rates more beneficial to our members. If all-electric cars become popular in our service territory, an off-peak electric rate would also make sense. It would

be in our interest to encourage members to re-charge electric vehicles overnight.

**Seasonal Rates –** Just as CIPCO pays more for electricity during daylight hours, it pays the most for electricity during the summer, less during the winter, and the least during the spring and fall. ECI REC could vary its rates by season as well as by time of day. However, few people or businesses can shift their electric usage from one season to another. Having seasonal rates would add complexity, but would not change the habits of members. Therefore, there is no value in doing so.

However, some energy usage is seasonal. You heat your home during the fall, winter, and spring. We do offer our members who heat with electricity a special Heat Plus rate. This rate is available from October through May. The Heat Plus rate is a seasonal rate that makes sense for our members.

**Facility Charge –** As explained in the last issue, it costs your Cooperative a certain amount of money to run wires to your home, business, or farm, even if you use little or no electricity. These costs are covered in the facility charge, which for residential service varies between \$20.00 and \$34.95 per account/month. The exact cost depends on the size of the transformer serving your account and whether you require three phase power or not. The availability charge for our Small General Service Rate varies between \$30.00 and \$105.00 per account/month, depending on the size of your transformer or transformers.

According to the last cost of service study the Cooperative completed in 2009, our facility charges for residential and small businesses should be twice as much as they currently are. ECI REC will be undergoing a new cost of service

For Sale: Good Sears central vacuum power mate and hose. Ph: 319-477-3415

For Sale: Tractor chains, 14.9 x 24, \$50; Two skid-loader wheels and tires, 10 x 16.5, \$80. Ph: 319-472-4092

For Sale: New Idea snow blower, 8' wide, double auger, hyd. spout, good condition, \$2,500 OBO. Ph: 319-239-6540

For Sale: 40 gallon State gas water heater, Winthrop, \$100. Ph: 319-961-5541

For Sale: 50 gallon professional RUDD water heater, less than 5 years old, \$50; Lebeda queen mattress and box spring, \$200. Ph: 319-448-4187 Leave a message

For Sale: 1998 Fleetwood 5th wheel camper, 36' with 3 slide outs, good condition, \$10,000 OBO. Ph: 319-636-2032

For Sale: Amana whitewall, vertical vent, self cleaning oven and smooth top electric stove good, \$75. Ph: 319-935-3629

FREE: Female house cat, spayed, 9 months old, would like to place with senior citizen, others also available, can deliver. Ph: 319-334-4092

**Please email your ad to [classifieds@ecirec.coop](mailto:classifieds@ecirec.coop). Ads for the March/April Heartland Link must be received by Feb. 1, 2014.**

East-Central Iowa REC will publish non-commercial advertisements as a service to our members. All ads are free. They may be submitted by any member or employee of East-Central Iowa REC. Ads should contain a phone number, name (if desired), a brief description of items with price if applicable. Each ad is limited to maximum of 50 words; please type or print clearly. Editor reserves the right to edit or reject any ad. No ads will be taken over the telephone—please email, mail, or bring your ad to the office.

study in January 2014 to review the possibility of raising this charge periodically so that it covers the cost of making electric power available. Because the facility charge is currently artificially low, those unrecovered costs are added into the energy charges. If the facility charges were raised, energy charges could be lowered.

Of all of the potential changes in the ECI REC rate structure that I have mentioned, the facility charge is the one that the board is most seriously considering. In the March/April issue of the *Heartland Link*, we will go into more detail about why that is and what it would mean for our member-consumers. 