GENERAL FAQs

What is the difference between co-ops and other utilities?
Electric cooperatives are private, not-for-profit businesses governed by their member-consumers. Two federal requirements for all co-ops, including electric co-ops, are democratic governance and operation at cost. The co-op business model keeps the focus on the member-consumer, and electric co-ops are involved in community development and revitalization projects.

Cooperatives average far fewer consumers per mile of line and collect much less revenue per mile than investor and publicly owned utilities. Compared with other electric utilities:

- Co-ops serve an average of 7.4 consumers per mile of line and collect annual revenue of approximately $15,000 per mile of line. ECI REC serves 3.8 members per mile of line.
- Investor-owned utilities average 34 customers per mile of line and collect $75,500 per mile.
- Publicly owned utilities, or municipals, average 48 consumers and collect $113,000 per mile.

Source: Electric Utility Comparisons (2010 EIA data)

What is the value of the electric grid?

- The National Academy of Engineering identified the electric grid as one of the greatest engineering achievements of the 20th century. It is a sophisticated network that makes power available at the flip of a switch, something we take for granted.
- The grid has the same value to consumers who may be using solar or wind generation for some of their power needs as it does to other consumers. Interconnected customers not only buy and sell power using the grid, they depend on it to maintain stable power and ensure that voltage variations do not impact their quality of power.
- Studies have shown that interconnected customers use power from the grid most hours of the day and sell power back only a few hours a day.

How can I reduce my electric bill as a low-energy user?
If you reduce your energy use, you will still save on your electric bill while also supporting the effort to maintain and invest in a safe and reliable electric system (through the Facility Charge), which provides you with access to electricity 99% of the time, 365 days a year.

ECI REC offers several great tools to help you conserve.

- HomeEnergySuite > A tool on ECI REC's website. You can enter information about your home and get a customized plan for energy-saving improvements. It also offers educational material and energy calculators.
- Together We Save > Offered by Touchstone Energy® Cooperative, our partner, this website offers an Energy Savings Home Tour.
- Cooperative Action Network > Visit action.coop to send pre-formatted messages to lawmakers on issues impacting our electric rates.

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FAQs

Facility Charge, Rate Structure, and More

A guide to understanding the factors behind ECI REC's rate structure redesign

ECI REC
Energy Wise, Community Connected

A Touchstone Energy® Cooperative

If you still have questions after reading this brochure, call 877-850-4343.

FACILITY CHARGE FAQs

What is a Facility Charge? *(previously Service Charge)*

- This flat monthly charge represents the fixed costs of making electricity available to your meter.
- The amount of the charge will vary only with the size of the transformer serving your residence, business, or facility. It does not change with the amount of electricity you use.
- This charge covers the meter, customer accounting, and a portion of the poles, wires, and line transformer serving you.

Why is ECI REC raising the Facility Charge?

- ECI REC is raising the Facility Charge because the Rate and Cost of Service Study—which was conducted by a third-party firm—revealed that only 40% of the fixed costs associated with maintaining our facilities were being recovered by the Facility Charge.
- The basic material costs for poles, wires, and the like have increased at a rate that the Facility Charge has not kept up with.

Why is the Facility Charge so high?

- The cost to install and maintain poles, wires, transformers, and substations so members can receive electricity is not cheap. The average cost to install a service with a padmount transformer is $6,000. The cost to build a mile of single-phase overhead line is $35,000. These represent fixed costs to the Cooperative.
- If a member goes on vacation or has taken steps to conserve energy, the costs to the Cooperative do not change and must be recovered for the Co-op to remain financially sound.

Why should I pay a Facility Charge even if I don't use much or any electricity?

- If one member uses only 100 kWh of electricity and another member uses 1,000 kWh, the Cooperative still incurs the same cost to build the line, maintain the distribution system, and deliver electricity to both members.
- Even if you don't use much electricity, when you do use it, you count on it to be there when you flip the switch. To ensure a reliable and safe power supply, ECI REC must maintain its facilities—wires, poles, substations, etc.
- Whether or not you use electricity, we must maintain customer service functions in order to take care of our members.
- Everyone who counts on ECI REC pays their fair share of the costs associated with having electricity available when they want it.

Visit the Understand Your Bill page on our website for more information on rate classes, an in-depth series of articles on how we set rates, and tools like the Rate Structure Calculator.

I have been a member for a long time; shouldn't my facilities have been paid for a long time ago?

- If you've been a member for a long time, there is a good chance that very little of the equipment that was initially installed to provide you with electric service is still in place. Your facilities can wear out or become outdated, much like your computer. Upgrades are necessary to keep up with new technology.
- Regular depreciation and damage from weather also contribute to the fact that your facilities require regular maintenance and improvements to continue to provide you with reliable power.

OTHER RATE STRUCTURE FAQs

What is the Rate and Cost of Service Study?

- This study is a detailed review of both the financial and technical aspects of providing electricity.
- The study analyzes the costs that each rate class creates in consuming the electricity we provide so that fair and balanced charges can be assigned to each rate class.

What is our long-term strategy for rate design?

We are focused on the financial health of the Cooperative. We will limit risk by designing a rate structure that is fair for all members to cover costs. Rate designs that recover all of a cooperative's fixed costs with fixed charges provide more stability and rate equity.

We'll achieve these objectives by:

- Moving toward a Facility Charge that covers the fixed costs associated with providing reliable service 24/7.
- Allocating costs across all members in an equitable manner.
- Minimizing subsidies among members.
- Implementing technologies to provide members time-of-use options to potentially decrease their own electric bills by using electricity during non-peak hours.

What is the Energy Charge?

- This is the cost of the electricity that we buy from our energy supplier.
- You pay a certain amount per kWh depending on your rate class.
- For smaller accounts, the Demand Charge is rolled into the Energy Charge and is not separate on the bill. Larger accounts may see a separate Demand Charge.

What is the Demand Charge?

- This charge applies to facilities that require a large amount of electricity during a short amount of time, even if it is only for an hour.
- 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.
- The Demand Charge can be as high as the Energy (kWh) Charge on a wholesale power bill.