

UNDERSTANDING YOUR BILL

In 2022, Southwestern Electric revised its bill to provide you with more information at a glance. Your current bill offers a line-by-line look at how much you pay for energy, distribution, transmission, and other expenses associated with moving electricity from the grid to your home.

The information can help you make informed decisions about energy-related technology, and if you're considering co-generation, assess your potential return on investment.

Until this year, the line on your bill that read WPCA, short for Wholesale Power Cost Adjustment, had no cost associated with it. In January, the cooperative assigned a charge of 0.0053400 cents per kilowatt-hour to the WPCA. You can read more about the WPCA on page 8.

Below, we've defined some of the terms that appear on your bill. If you have questions about your bill or the WPCA, please call our billing department at 800-637-8667. A member services representative will be happy to help you.

Account Number	Service Address	Telephone	Account		
1	2 W MAIL 3	555-555-5555	123		
Meter Number	Multi-Pplier	KWH Usage	Billed Demand	Rate Description	Total
8165	1	1328	0.000	RATE 1-RESIDENTIAL	\$

Bill Information	
4 Service Availability	
5 Energy	1328 @ 0.0377000
6 Distribution	1328 @ 0.0335000
	0 @ 0.0185000
	0 @ 0.0000000
7 Capacity Trans	1328 @ 0.0330000
8 WPCA	1328 @ 0.0053400
Subtotal Current Charges	
1-400 HPS Directional Security Light	
1-70 Watt LED Security Light	
9 State Tax	
Current Month Charges	

TERMS TO KNOW

1 Multiplier. Meters for accounts meeting specific criteria are designed to record a fraction of the kilowatt hours consumed in a month. These meter readings are multiplied by a factor (the multiplier) to determine consumption. Most residential electric meters have a multiplier of 1.

2 KWH Usage. A kilowatt-hour (kWh) is the amount of energy required to run a 1,000-watt appliance for an hour. To calculate the kilowatt-hours you consumed in your current billing period, subtract your previous meter reading from your current reading.

3 Billed Demand. The highest kilowatt reading reported during your billing cycle. Your peak kilowatt reading is multiplied by a demand rate. Southwestern does not apply a demand charge to residential accounts.

4 Service Availability. Recurring fixed monthly charge that covers some of the cost associated with providing service to your location regardless of usage.

5 Energy. The Energy charge is calculated by multiplying the kilowatt-hours (kWh) you consumed during the billing period by your electric rate (most members are on Southwestern's residential rate).

6 Distribution. A charge based on kilowatt-hours consumed during the billing period. This charge helps the co-op recover costs related to right-of-way clearance, line maintenance, and equipment that serves your account.

7 Capacity-Trans (Capacity & Transmission). Fees Southwestern Electric pays to move electricity across long distances at high voltages.

8 WPCA (Wholesale Power Cost Adjustment). The WPCA reflects increases and decreases in the cost of capacity, transmission, and wholesale energy purchased by Southwestern.

9 State Tax. Taxes are applied as required.

Recovering Expenses *Without Raising Rates*

CO-OP ADDS WHOLESALE POWER COST ADJUSTMENT TO BILL

Two years ago, Southwestern Electric revised its bill. The new format provided you with a line level breakout of various charges involved in delivering electricity from our wholesale power provider to your home or business. A line for the Wholesale Power Cost Adjustment (WPCA) was included on your bill with no costs associated with it. In January of this year, Southwestern assigned a charge of 0.00534 cents per kilowatt-hour to the WPCA line. That translates to \$5.34 per 1,000 kilowatt-hours, which means an increase of about \$6 per month for most members.

What is the WPCA and why did Southwestern add the adjustment?

The Wholesale Power Cost Adjustment allows Southwestern Electric to recover expenses associated with changes in the price of wholesale power. Those costs include energy, capacity, and transmission fees. While some of these expenses are addressed in our wholesale power contracts, others aren't.

WHOLESALE ENERGY, CAPACITY COSTS & TRANSMISSION FEES ARE INCREASING

Southwestern's contract with its power provider (BP) is favorable and shelters members from dramatic price increases in an unpredictable power market. That said, the co-op is paying more for wholesale power than it was in 2020.

In past articles, we've discussed the Midcontinent Independent System Operator (MISO). MISO manages power supply and demand across the grid in our region of the Midwest. Southwestern Electric develops energy forecasts using historical data and growth projections, which we submit to MISO. MISO uses the forecasts to calculate our capacity requirement, or the potential demands our membership may place on the grid.

The greater demand we could potentially place on the grid, the greater our demand or capacity requirement from MISO.

Your co-op is required to buy enough capacity to meet MISO's requirements. Last year, MISO began evaluating potential demand, or capacity, by season, rather than annually. Since your cooperative's demands on the grid vary widely by season, we saw defined peaks and valleys in our capacity requirements from MISO (Unlike your cooperative, MISO doesn't offer levelized billing.).

In summer 2023, Southwestern bought capacity above and beyond what was included in our wholesale power contract.

Due to the changing power production landscape in our region, MISO's 2022 Planning Resource Auction closed at exponentially higher rates than previous years. The auction drove up power costs in our region. The WPCA allows Southwestern to recover that added expense without raising rates.

Southwestern is also paying significantly more in transmission fees — expenses incurred in moving energy from power plants across the grid and onto the co-op's distribution system — than it was a few years ago.

These fluctuating energy, capacity and transmission expenses are addressed by the Wholesale Power Cost Adjustment. The WPCA allows Southwestern to recover expenses incurred in a rapidly changing power market, without continually restructuring electric rates.

The WPCA is a pass-through cost. Southwestern only collects what's necessary to recover variable costs associated with providing wholesale power.

Energy, capacity and transmission costs rise and fall. Likewise, the Wholesale Power Cost Adjustment will rise and fall to meet those fluctuating expenses. Southwestern's board of directors will review the WPCA every six months to ensure it reflects the true cost of providing wholesale power to the membership. If energy, capacity or transmission costs drop substantially, the WPCA will appear as a credit on your bill.

While language and presentation vary by utility, all energy suppliers include a charge to recapture variable costs related to power production. If you receive bills from other utilities, they may refer to their WPCA as a Wholesale Power Adjustment, Fuel Cost Adjustment, Power Cost Adjustment Factor or Power Charge Indifference Adjustment.

PAYING YOUR BILL: PROGRAMS & RESOURCES

We understand that small expenses add up. Southwestern Electric offers levelized billing to help you avoid substantial changes in the amount of your electric bill from one month to the next. Levelized billing flattens the peaks and valleys that come with seasonal changes in your electric usage, making it easier for you to plan your budget. Levelized bills are calculated on a rolling 12-month average. When you sign up for levelized billing, your payment will probably vary by a few dollars from month to month.

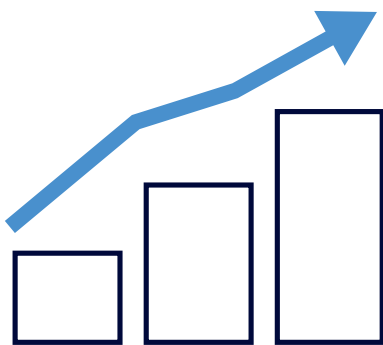
Our Pay-As-You-Go program equips you to closely monitor your daily usage and customize your payment schedule. You

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The Wholesale Power Cost Adjustment Explained

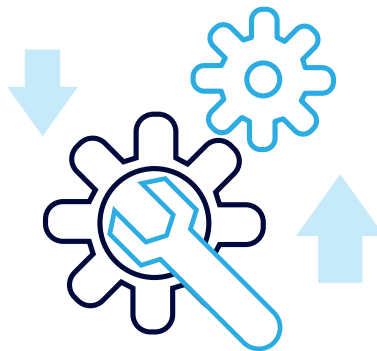
The WPCA Provides Flexibility

The Wholesale Power Cost Adjustment (WPCA) allows Southwestern Electric to recover expenses associated with changes in the price of wholesale power. Those costs include energy, capacity and transmission fees.



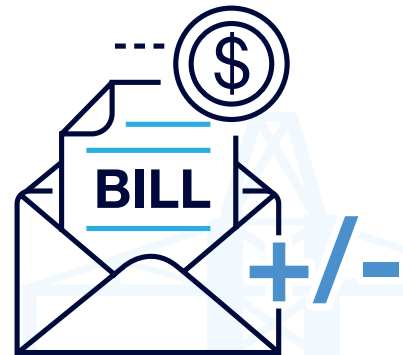
Energy, Capacity & Transmission Costs Are Increasing

The co-op is paying more for wholesale power than it was in 2020. Capacity costs are much higher than they once were. Transmission fees — expenses incurred in moving energy from power plants across the grid and onto the co-op's distribution system — have also increased significantly. These expenses are addressed by the Wholesale Power Cost Adjustment.



The WPCA Helps Southwestern Avoid Rate Increases

The WPCA allows Southwestern to recover expenses incurred in a rapidly changing power market, without continually changing or restructuring electric rates. The WPCA will rise and fall to meet fluctuating market prices.



The WPCA Is A Pass-Through Cost

Southwestern only collects what's necessary to recover variable costs associated with providing wholesale power. If energy, capacity or transmission costs drop substantially, the Wholesale Power Cost Adjustment will appear as a credit on your bill.



YOUR ACCOUNTABLE ENERGY PARTNER

► *Wholesale Power Cost Adjustment continued from page 8* aren't required to provide a credit history or make a security deposit. With Pay As You Go, you're not subject to fees for late payment, delinquency, or reconnection of service.

The Low Income Home Energy Assistance Program (LIHEAP) is designed to help eligible low income households pay for winter energy service. For more information on this program, visit IllinoisLIHEAP.com or call the toll-free hotline, (877) 411-WARM.

For more information about leveled billing or Pay-As-You-Go, call our billing department at 800-637-8667. A member services representative will be happy to help you.

ENERGY-SAVING TECHNOLOGY

Your cooperative also offers rebates on energy-efficient technology, including heat pumps, water heaters and smart thermostats.

High efficiency heat pumps can significantly increase the comfort of your home while lowering your energy bills. If you're thinking of upgrading to or installing a new air source or ground source heat pump, our \$300 rebate will help you offset some of the cost.

To qualify for the rebate, your heat pump must be the primary source of heat in your home. It may be installed in a newly constructed home, or replace electric resistance heat, propane or fuel oil heat. Installed backup heat must be electric, and the condenser and coil must be replaced and/or installed as a matched set.

Water heating accounts for about 18 percent of your home's energy use. Choosing an energy efficient water heater can help you reduce your monthly water heating bills.

To qualify for our \$250 water heater rebate, you can install an electric water heater as part of a newly constructed home, or replace an existing gas water heater with an electric model.

Your water heater must be at least 50 gallons. One rebate is allowed per home. On-demand water heaters qualify for this rebate.

A smart thermostat learns your lifestyle and adjusts the temperature of your home automatically, helping you use less energy and save money. With a smart thermostat, you can control your home's temperature settings, even when you're at work or on the road. Connected to your Wi-Fi, your smart thermostat allows you to monitor and change your home's temperature from your smart phone, tablet or PC.

You can install a smart thermostat as part of a newly constructed home, or replace an existing manual or programmable thermostat. To qualify for our \$50 rebate, your smart thermostat must be Energy Star certified and internet-enabled.

For more information about technology rebates, call 800-637-8667 and ask for our Energy Manager, Julie Lowe. Or you can email Julie at julie.lowe@sweci.com.

Finally, each month we offer strategies for conserving energy and saving money in the Energy & Efficiency pages of our magazine. You can review past issues of The Southwestern at sweci.com. **S**

► *Improving Reliability continued from page 11*



damage, changes in the power market, operating effectively during COVID — have driven that point home.”

Williams also recognized the value of Southwestern's relationships with local, state and national vendors. “We had a lot of the materials for our Pocahontas upgrades in stock, but not at quantity. We had underground cable — but not 9,000 feet. We had conduit in the pole yard, but not miles of it,” he said. “A couple years ago, it might have taken months to get those materials. In December, we placed our order and had the materials in days. Everything we purchased was sitting in a warehouse in Kentucky and shipped here by one of our vendors. They had it in stock. Being able to get the materials we need when we need them, that's invaluable. In a storm situation where you deploy large quantities of materials and want to immediately restock, it's reassuring to know you have partners you can rely on.”

IMPROVING RELIABILITY

Williams pointed out that Southwestern's overall system reliability tops 99 percent. “For our members served by Pocahontas Substation, I'm sure it doesn't feel that way. We're doing everything we can to correct that,” he said.

“Our objective is for members to take our reliability for granted. To achieve that, we can't be complacent — not even for a day. We have to stay on top of preventive maintenance and system improvements. We want to retire poles and lines and aging components before they fail,” he said. “At Pocahontas Substation, we didn't achieve that. We're addressing that today, and we'll continue to address it in weeks to come, as we replace existing equipment with new and better materials,” he said. “I appreciate our members' patience as we work through this problem to make our Pocahontas Substation more reliable for them in the future.” **S**