Clinton County Connection

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Your Touchstone Energy® Partner

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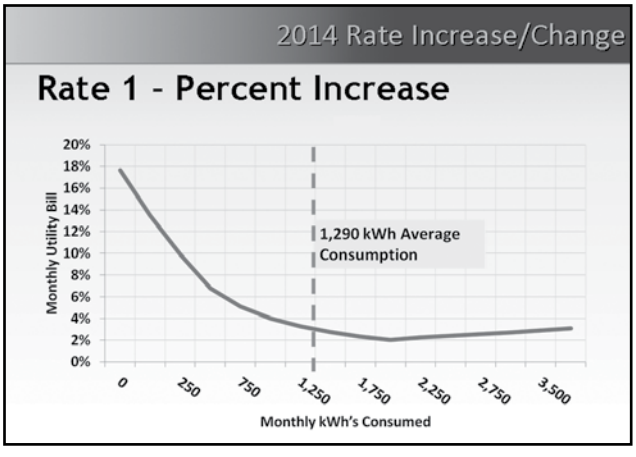
Approved 2014 Rate Plan

In last month's Illinois Country Living magazine, we announced that the Board of Trustees approved management's proposed 2014 Rate Plan. There wasn't enough room to go into much detail, but I promised to elaborate in our January publication.

The 2014 Rate Plan consists of two items: (1) a small rate increase and (2) increasing the Facility Charge while maintaining fairly constant energy revenues. I will address each of those items separately, because they are indeed separate issues.

Let us first discuss the rate increase. The increase is driven by three major components: (1) CCECI didn't increase rates enough in 2012, (2) effects of new investment in utility plant, and (3) expected increases in wholesale power costs. In late 2011, the CCECI Board of Trustees approved the 2012 Rate Plan and within that rate plan, CCECI expected the wholesale power costs to increase by slightly more than $2,000,000 per year. CCECI also expected future wholesale power costs provided from Southern Illinois Power Company (SIPC) to decrease. Therefore, CCECI increased rates to the membership by $1,214,000. Future wholesale power costs did decrease, but the decrease was far less than expected, which left us with a revenue shortfall. Since 2008, we have invested almost $11,000,000 in new utility plant. That investment causes depreciation expense and interest expense to increase. Since 2008, annual depreciation expense has increased by $360,000, whereas annual interest expense has increased by $200,000. The third major component of the rate increase is an expected increase of $200,000 in wholesale power costs. The total annual increase to the membership included in our 2014 Rate Plan is approximately $585,000.

Now I will explain the sensitive issue of increasing the Facility Charge. I will concentrate my discussion on Rate 01, since over 80% of our billings are billed using this rate. Since 2012, we have increased the monthly Facility Charge by $6.00 per meter per month. We started at $22.00 and continued up from there; $28.00, $34.00, and our 2014 Rate Plan will increase the Facility Charge to $40.00. That is over an 80% increase in 4 years. I realize that appears alarming, but the other side of the story is the energy rates have actually decreased slightly. The decrease in energy charge is not to be confused for decreased electric bills.



This graph demonstrates the percent increase a member will experience given their normal monthly kWh consumption. For example, if a member generally consumes about 750kWh monthly, their expected monthly increase in their electric bill should be around 5%, whereas our "average" member should experience a 3% increase.

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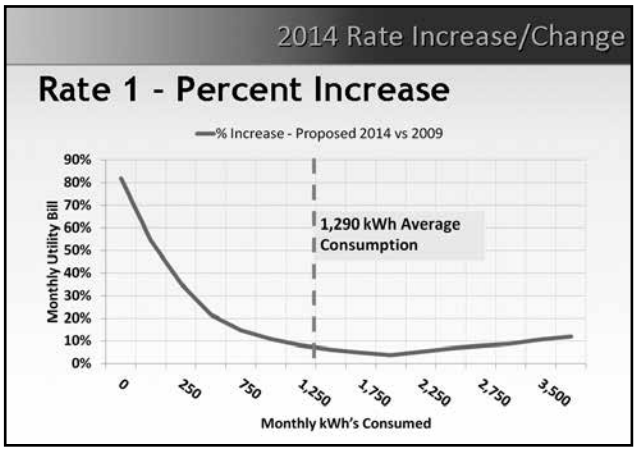
In fact our "average" members', that is a single phase account using 1,290 kWh per month, monthly electric bill has increased by $12.10 since 2009. This would be an approximate increase of 8.1% over 4 years, which is significantly less than 80%.



This graph compares 2014 rates against 2009 rates. Once again you can see the effects of the significant increase in Facility Charges over the year, as well as the decrease in energy charges for the "average" member.

The question I am asked all the time is "why increase the Facility Charge so much so fast?" That is a good questions and the answer is because the Facility Charge is supposed to collect all the fixed costs associated with delivering power to your home or business. In other words, we need to collect those costs whether the member consumes any energy or not. Included in those costs are expenses for substations, poles, wire, transformers, etc. Basically, anything it takes to have electricity available when you go to flip the switch. Also included in those fixed costs is the routine operation and maintenance expenses incurred to maintain the reliability of the electrical system, as well as the cost of reading meters, customer assistance, billing function and management of the cooperative. We have estimated the "real cost" of the Facility Charge to be north of $60.00 per meter per month. We understand the inconvenience the $40.00 Facility Charge will have on the member, but at the same time if we look at other "fixed utility charges" the $40.00 seems reasonable. Land line telephone minimum monthly charges are near $40.00. Cable or satellite TV can be anywhere from $75.00 to $100.00 per month and smart phone monthly minimum fees are also in the $75.00 to $100.00 per month range. All are charges you get billed regardless of how much or how little you use that particular service.

Another looming reason to significantly increase the Facility Charge is the threat of competition. Currently CCECI operates as a non-regulated entity. The Board of Trustees are our regulators, meaning they regulate our contracts and what we charge for electricity. This might change in the state of Illinois. If it does and CCECI becomes a regulated entity and our consumer/members have the ability to choose who they buy their energy from, we must have our Facility Charge priced correctly or the long-term financial position of CCECI will be drastically impacted in a negative manner.

As in the past years, we have developed an App that will tell you exactly how the 2014 Rate Plan affects your account. Simply have your CCECI billing statement handy and go to our website www.cceci.com where you will see the "2014 Rate Calculator" button. Click on the button and answer a couple of questions. The App will specifically show your dollar amount increase as well as your percent increase.

Please mark your calendars for the 2014 Clinton County Electric Annual Meeting. It will be held on Thursday, March 20, 2014. The business meeting will begin at 7:00 p.m. I plan on delving into a deeper discussion of the 2014 Rate Plan at that time.

Please remember, all initiatives we embark upon always have our members' best interest in mind. Providing our members with safe, reliable, reasonably priced electricity while providing excellent service will continue to be our goal. As always, if you have any comments or questions, please don't hesitate to contact me at Johnson@cceci.com.

2014 Clinton County Electric Cooperative Annual Meeting

Mark your calendar and plan to attend YOUR CCECI Annual Meeting on Thursday, March 20. The Business Meeting begins at 7:00 p.m.

Think Safety When Operating a Generator

A generator can be a valuable piece of equipment to keep appliances working during a temporary power outage. Generators can be either temporary or permanently installed.

A permanent generator is wired into a house by a qualified electrician using a transfer switch that prevents a generator from feeding electricity back into overhead lines, which can be deadly for our linemen.

A temporary generator is powered by gasoline and should not be attached to a circuit breaker, fuse, or outlet. Before ever purchasing a generator you need to know the wattage required to run the appliances you will attach to the generator. You also need to know the surge power, which is the power it takes to turn an appliance on.

Once you have purchased the proper generator, follow these tips from Safe Electricity to properly operate your generator:

Read and follow all manufacturer operating instructions to properly ground the generator. Be sure you understand them before hooking up the generator.

- Never operate a generator in a confined area, such as a garage. Generators can produce numerous gases, including toxic and deadly carbon monoxide. They require proper ventilation.
- Generators pose electrical risks especially when operated in wet conditions. Use a generator only when necessary when the weather creates wet or moist conditions. Protect the generator by operating it under an open, canopy-like structure on a dry surface where water cannot form puddles or drain under it. Always ensure that your hands are dry before touching the generator.
- When you refuel the generator, make sure the engine is cool to prevent a fire, should the tank overflow.
- There should be nothing plugged into the generator when you turn it on. This prevents a surge from damaging your generator and appliances.
- Be sure to keep children and pets away from the generator, which could burn them.
- Shut down the generator properly. Before shutting down a generator, turn off and unplug all appliances and equipment being powered by the generator.
- Remember maintenance between uses. It is also a good idea to inspect the fuel and oil filters, spark plug, oil level and fuel quality and to start the generator on a regular basis before an emergency situation occurs.

For more information on electrical safety, visit SafeElectricity.org.

Applications are still being accepted for 2014 Youth Day and Youth Tour

There is still time left for high school sophomores and juniors to apply to attend Youth Day in Springfield to be held on April 2, 2014, sponsored by the cooperative and the Association of Illinois Electric Cooperatives. Please visit our website for an application and more information about Youth Day. Deadline to apply is Friday, February 28, 2014.

This program may be suspended at any time due to inadequate funding or participation. There will be a maximum number of 12 participants chosen. Notifications will only be made to those chosen to participate in the program.

The Efficiency of Space Heaters

Space heaters are small, versatile, and generally good at warming a room, and at some point most people consider purchasing one. However, some manufacturers claim their electric space heater can significantly cut a home's heating bill. Do these claims make sense?

Some basic facts about space heaters will help get to the truth of the matter. Space heaters work best as a supplement to a furnace or heat pump—they are rarely used as the primary heating source. Three main types of space heaters are available, which can usually be bought for $30 to $100: radiant heaters, convection heaters and combination heaters.

Radiant Heaters

A radiant heater heats objects and people—not the air—in a room. They are best used in rooms where the person who wants to be warmed can be in direct line of sight of the heater. Radiant heaters can be a good choice if you are in a room for a short period of time and want instant heat. They can be a fire hazard and should not be placed near furniture, drapery, pets, or small children.

Convection Heaters

Convection heaters are designed to heat the air—not people or objects—in a room. Hot air from the convection heater rises to the ceiling and forces cooler air to the floor. The cooler air is warmed by the heater and rises to the ceiling, creating a cycle that continues as long as the heater is on. These are typically either baseboard heaters or oil- or water-filled heaters. The oil- or water-filled heaters are the most efficient and typically look like a small radiator. Convection heaters are generally warm to the touch and compared to a radiant heater, have a decreased fire and burn risk.

Combination Heaters

As the name implies, a combination heater tries to bring the best of the radiant and convection heaters into one package. They often have an internal fan that aids in distributing heat throughout the room. These heaters are versatile and more common as a result, although they do not typically perform as well as a radiant or convection heater.

Most space heaters use between 600 and 1,500 watts of electricity. If a homeowner were to use one space heater 24 hours a day, 7 days a week for a month it would cost approximately $103.20 just for that one space heater. Space heaters do have their place in warming a house. But they simply cannot replace energy efficient central heating or weatherization improvements to the home.

As with any technology, before purchasing a space heater understand how the device is to be used, and understand the energy claims of the manufacturer. While it may be technically possible to cut your heating bill by 50 percent using a space heater, it is impractical for most people.

Before you buy

Before buying a space heater it will likely be beneficial to perform some easy and inexpensive energy-saving measures at your home. Any of these could solve your heating problems without any additional heating equipment:

- Add caulk and weather stripping around doors and windows
- Add insulation to attics and exposed walls
- Clean or replace furnace filters
- Move furniture or obstacles from heat registers
- Insulate duct work
- Close blinds or curtains at night