



Rural HIGHLIGHTS

Local News from Rural Electric Convenience Cooperative

Facility charge raised for the first time in 15 years

On Jan. 1, 2024, the facility charge for residential accounts increased by \$10. RECC members receiving electric service on Rate 1 - Farm and Residential rate schedule will see a facility charge of \$39 on billing statements mailed out in early February. Most members receiving service on a Municipal Rate will see a \$35 charge on their February statement. Facility charges for commercial accounts will increase by \$12, with

monthly costs dependent on transformer size and phase requirements.

The changes were approved by RECC directors at the Dec. 19, 2023 regular board meeting. For residential consumers, this is the first increase since 2009 when the facility charge went from \$26 to \$35. In 2019, most facility charges were lowered by \$6, reducing the Rate 1 facility charge to \$29 per month.

Residential rates — unchanged in 2024

Farm & Residential Rate-1	
kWhs	Energy Charges
First 1,200	.139
Next 1,800	.124
Over 3,000	.094

Municipal & Subdivision Rate	
kWhs	Energy Charges
First 3,000	.125
Over 3,000	.09

Dual Meter – Electric Heat Rate	
Season	Energy Charges
Winter: Sept. 1-May 31	.08
Summer: June 1-Aug. 31	.107

Facility charges vs. rates

How much does a kilowatt cost? It all depends on the billing structure. Most RECC bills consist of two parts, the facility charge and the energy charge. Larger commercial accounts may have a third component, which is a demand charge. Other utilities often break down the bill even further to include transmission fees, time-of-day pricing, demand fees and line-by-line itemized expenses.

Theoretically, the facility charge should represent the actual cost of having power available at a service location and accessible for use at any time. Some cooperatives even refer to this as an availability charge. The facility charge should cover all of these fixed costs, even if there is little to no consumption.

Cost-of-service studies routinely show that RECC's true cost of service is closer to \$90 per month. With a facility charge that high, members would purchase energy at the wholesale rate and pay their portion of the transmission fees. Under this scenario, kilowatt sales would be irrelevant. It would also place less emphasis on unpredictable weather when forecasting yearly operational budgets.



Obviously, there is no desire to adopt this approach, but the trend is heading that way. Among Illinois cooperatives, RECC had the second lowest facility charge in the state. After rising to \$39 per month, our co-op is still among the lowest quarter in comparison. The cooperative state average is now above \$45, with the highest facility charge just under \$70 per month.

Even with the \$39 facility charge, RECC is still dependent upon kilowatt sales to obtain half of the revenue needed to deliver power to its membership. Rate structures are imperfect, and there are always winners and losers. Currently, those who use more electricity help pay for the availability of services for those who use little or no electricity. Some examples of traditionally low-consumption services include seasonal homes, weekend cottages, billboards, cell towers, grain bins, railroad crossings and any communication or monitoring devices that require immediate power. This category also includes those on a fixed income trying to lower their monthly expenses or conserve energy to protect natural resources.

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Rate 1 – Stability continues with new facility charges

Monthly Use	2009	2012	2017	2020	2023	2024
500 kWh	\$97.00	\$102.86	\$102.86	\$91.11	\$98.50	\$108.50
1,000 kWh	\$159.00	\$170.70	\$170.70	\$153.20	\$168.00	\$178.00
3,000 kWh	\$395.00	\$420.50	\$420.50	\$380.00	\$419.00	\$429.00

As a reference, 2009 is used here because it was the last time RECC rates changed significantly. It was also the year that RECC elected to explore the wholesale power market and not partner with a traditional G&T power supplier. With independence came freedom, market volatility, and opportunity.

Between 2012 and 2017, wholesale power prices peaked. A Power Cost Adjustment (PCA) was introduced to compensate for additional expenses. Despite rising supply costs, cooperative members only felt a modest increase during this time. By 2018, the market had shifted in favor of the consumer. The wholesale power contract with NextEra Energy would bring long-term stability and reduced costs. Most of the savings were passed on to RECC members through PCA credits and reduced facility charges.

The sharing continued until the accumulative expenses edged closer to the generated revenue. Recently, inflation disproportionately contributed to the cooperative's operating expenses. In 2023, weather became the key factor, with mild winter months and mostly comfortable summer months, comparatively at least. The mild temperatures were a welcome relief for members, but not for the cooperative's finances. The first nine months of the year saw kWh sales declining enough to warrant a \$.01 PCA to satisfy debt service requirements and to meet the co-op's fiduciary responsibilities.

In 2024, it became obvious that the operating budget had become too dependent on kWh sales, and the reliance on favorable weather was not sustainable. The monthly costs of delivering electric service do not vary, nor do they rise and fall with ambient temperatures. The board agreed that a greater portion of revenues should come from fixed costs and approved a facility charge increase for the first time in 15 years.

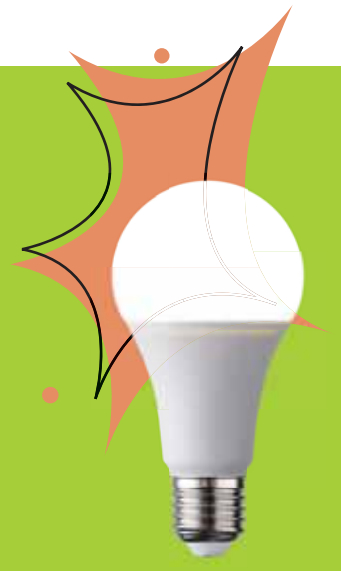
The last monthly increase occurred in 2009, when it changed from \$26 to \$35. During this timeframe, PCAs have been applied several times to increase or decrease the overall price per kilowatt, ranging from +\$.10 to -\$.007. In 2019, the facility charge was reduced by \$6, taking the monthly charge down to \$29. Overall, the rate has remained incredibly stable and consistent.

There are more than 4,200 members on Rate 1, which is officially described as the Residential and Farm Service rate. Wholesale power makes up about 60% of the cooperative's yearly expenses, but other factors can impact rates. These include transmission fees, tariffs, operating expenses, interest on debt, margins and depreciation. Then there is the unexpected, like natural disasters such as ice storms and tornadoes. Still, wholesale power prices will always be the driving factor in setting rates, and the cooperative's largest and most unpredictable expense is contracted until 2033.

ENERGY EFFICIENCY TIP OF THE MONTH

Area rugs are an easy, cost-effective solution to cold floors. Adding area rugs to hard-surface flooring can add warmth to any room and keep your feet cozy on cold winter days.

Choose rugs made from wool or other natural fibers and plush or high-pile textures for the most insulation. Place rugs in areas where you need additional warmth, like the foot of a bed or under a coffee table. Area rugs can enhance the aesthetic of your home and keep you cozier.





Rural Electric Youth Day set for March 20, 2024

High school sophomores and juniors — now is the time to apply for great trips to Springfield and Washington, D.C.! Rural Electric Convenience Cooperative is sponsoring area students again this year for the popular Rural Electric Youth Day in Springfield and a chance to win a free trip to Washington.

Students will be sponsored by RECC at the Illinois Youth Day program, touring the Capitol and other historic sites, and meeting with their state legislators. Two of those students will be selected to attend the Youth to Washington trip June 14-21, with about 1,000 young people from around the country. RECC sponsors these trips to encourage students to learn more about our government's operation and about electric cooperatives.

Any sophomore or junior attending high school in RECC's service area is eligible for these expense-paid programs. Application information will be sent to our local schools, or students can find the application on

our website, recc.coop. The application includes a summary of the student's school and civic activities and accomplishments and a brief essay question pertaining to the rural electric program.

Applications must be completed by Feb. 7, and the students selected for the Illinois Youth Day program will be notified so that they can arrange their school schedules around the trip. Transportation will be provided from Auburn to Springfield and back.

After the day's activities in Springfield, the students will have individual interviews to select two winners for the trip to Washington, D.C. They will be judged on their written application, personal poise and confidence, and demonstrated understanding of the rural electric program. The two winners will travel by bus from Springfield to Washington this summer,

in one of the best-recognized youth programs in the nation's capital.

Tell your child, grandchild, neighbor or friend about these two super programs sponsored by your electric cooperative and encourage them to apply. Don't let them miss this chance to meet new friends, learn about our government and co-ops, and have fun!



Rural Electric Convenience Cooperative

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Your Touchstone Energy® Cooperative 

Representative Wayne Rosenthal visits RECC office



Rep. Wayne Rosenthal speaks with RECC Director Garry Niemeyer, Board Chairman Chris Wilcox, and President/CEO Sean Middleton

Billing statements go unread

With the adoption of paperless billing, most consumers don't even look at their utility bills. Occasionally, they will glance over the billing statement or monitor their banking accounts to see the amount transferred, but that's about it. They focus on the overall cost and consistency. Most are alerted when changes occur and typically look at the last few months' bills for comparison. They may reference the payment last year during the same billing cycle, but pulling up a billing statement would be their last resort. Paperless billing members are more likely to obtain billing information from SmartHub, a program that allows access to all of their energy consumption data. The free app will also display the usage information in an easy-to-use format with graphs of monthly, daily and hourly use.



Message from January Billing Statement

On January 1, 2024, the facility charge will be increased by \$10.00 per month for residential accounts and \$12.00 for commercial accounts. These changes reflect the growing costs associated with delivering power to our members. The last increase was in 2009.