

# PowerLines

March 2024

## Billing Rate Changes

For some time now, through this column, our website and other social media sites, and member meetings, we have been advising of an upcoming rate change that will introduce a third billing component for members. Presently (other than our largest members with three phase service), a member's bill consists of a monthly base charge and an energy charge based on the amount of electricity (kwh) used.

Starting with your billing period beginning on February 26, a third billing component, demand, will be effective. It is based on each individual members' maximum 15-minute monthly billing demand measured in kW (rate of usage). An analogy for energy and demand is traveling by vehicle. The total distance driven in a trip from Chicago to Los Angeles is about 2,000 miles, which would be like the energy usage in a billing period. However, the maximum speed of 100 mph attained during the trip (on an open stretch of highway in Utah) would equate to the billing period demand attained.

The genesis for this rate restructuring came from the August, 2020 Board of Directors strategic planning session. Your directors expressed interest in a rate design that would more equitably allocate and recover fixed costs to provide service to members. Prior to members using any electricity at all, there are many costs just to have service available. Some examples of these costs include the substations, poles, wires, transformers, buildings, inventory, trucks and equipment, employees, and debt necessary to operate the cooperative. As we all know, since COVID-19 (and even prior) the cost of all goods and services have increased along with delivery lead times.

EIEC has almost 4,500 miles of line in service, which would be like driving from Paxton to Naples Florida, and then from Naples to Seattle Washington! The density of meters throughout our territory served is three meters per mile of line. This results in a high fixed cost to provide safe and reliable services

to members. EIEC must build its system to not only provide for each individual members' peak load, but also for the collective peak system load. We are somewhat unique in that our peak can occur in the summer, winter, or even during the fall harvest season.

Traditionally, fixed costs to provide service were partially recovered in the monthly base charge, with the balance recovered in the energy charge. This rate change will increase the base charge, institute a demand charge, and lower the energy charges. Most of the fixed charges (just to have service available) will be recovered in the monthly base charge. The monthly demand charge will recover each individual member's peak contribution toward this partially variable fixed component, as it depends on how and when members use appliances and other electrical devices.

EIEC began a cost of service and rate study in the Fall of 2021, as well as a project to upgrade all our meters. The Board approved the final rate structure in August 2023. EIEC has had two minor rate adjustments since the 2013 rate increase and energy unbundling. This adjustment will provide a 2.3% overall revenue increase based on gross revenues. Individual rate classes will have slightly different average percentage increases. We anticipate future rate adjustments every two or three years, depending on how much costs increase to provide the service.

We have provided and will continue to make available resources for members to understand their energy and demand use along with ways to control both. Please know that your Directors and all EIEC employees are committed to providing safe and reliable electric service at a cost level consistent with our service territory and maintaining a strong financial cooperative for the future.

Cooperatively,

*Bob Hunzinger*

## In this issue:

- Hoopston Multi Agency receives \$5,000
- Planting season safety tips to consider
- New rates take effect with March use
- Monthly peak demand now on the bill
- Empowering Education Grant winners



- View your bill
- Make a payment
- Compare usage by month
- Review known issues
- Report an outage
- Update account information

**SmartHub is available online or through an application on your cell phone. Sign up today!**

## 2024 Annual Meeting Events:

Thursday, May 30, 2024  
Tuscola Community Building

Tuesday, June 4, 2024  
Ford County Fairgrounds

Thursday, June 6, 2024  
Iroquois County Fairgrounds

Your Touchstone Energy<sup>®</sup>  
Cooperative 

# UNDERSTANDING THE DEMAND COMPONENT

## New rates take effect with your March electric use

When you receive your bill for March electric use in early April (next month), it will look different from bills you have received in the past because it will include a demand component. This new rate structure separates the costs for energy (kWh) and demand (kW). The restructured rates by rate class are provided below. The majority of Eastern Illini members are classified as Rate 1, which is primarily made up of residential members.

You may be asking yourself why charge a demand rate and why is it being implemented now? With the traditional blended rate, the impact of your demand was rolled up into a charge based on the power you use. This change will allow us to bill you more fairly for your impact on the electric system and the amount of power you consume.

Because electricity can't be stored in large quantities, the generation, transmission, and distribution of electricity needs to have the capacity to meet the demand of all our members at any given moment.

The demand charge on your bill reflects the cost of maintaining the level of service to meet the demand you need, when you need it.

We measure demand in 15-minute intervals and record the highest demand (kW) during the billing period. You will be billed a per kW rate multiplied by the total kW of that highest interval. The demand charge for each member will vary by rate class. Peak demand seldom occurs for more than a few hours or fractions of hours each month, but we must maintain sufficient capacity to supply the peak demand.

Planning for peak demand is not unique to Eastern Illini and the electric industry.

Many businesses address the issue of demand. For example, when designing a highway, it is not enough to know how many vehicles will travel the highway in a day. The designing engineer must also know the maximum number of vehicles that may attempt to use the highway at the same time. This will determine if a two- or four-lane highway should be built to meet the traffic demand.

The base charge is also changing for Rate Classes 1, 7, 20, 7E, and 8. These increases will collect more of our distribution system costs from the fixed-cost component rather than the variable component. Going forward, 80% of the fixed costs of doing business will now be collected through the base charge and demand charges. In the future, EIEC plans to collect 100% of the fixed costs through the base charge and demand charges.

### You will see a decrease in kWh charges, an increase in base charges and a new demand component.

Rates 1 & 7 General (single phase)	2023	2024
Base Charge	\$42.50	\$53.00
Demand	n/a	\$2.12
First 1,000 kWh	13.945	12.470
Over 1,000 kWh	9.945	9.470

Rates 20 & 7E Electric Heat (single phase)	2023		2024	
	Summer	Winter	Summer	Winter
Base Charge	\$55		\$63	
Demand	n/a		\$1.90	
First 1,000 kWh	13.582	13.582	12.470	12.470
Over 1,000 kWh	9.582	8.082	9.470	8.810

Rate 5 General (three phase)	2023	2024
Base Charge	\$83	\$100
Demand	n/a	\$1.96
First 1,000 kWh	14.384	13.360
Over 1,000 kWh	10.384	9.860

Rate 8 Electric Heat (three phase)	2023		2024	
	Summer	Winter	Summer	Winter
Base Charge	\$83		\$100	
Demand	n/a		\$1.96	
First 1,000 kWh	11.630	11.630	11.430	10.930
Over 1,000 kWh	11.130	9.130	11.380	8.880

Rate 24 Large Service (three phase)	2023		2024	
	Summer	Winter	Summer	Winter
Base Charge	\$1.10/kVa		\$1.10/kVA	
Demand	\$5.02		\$5.02	
All kWh	10.107	8.107	10.340	9.340

# RATE CHANGES COMING TO THE ELECTRIC BILL YOU RECEIVE IN APRIL

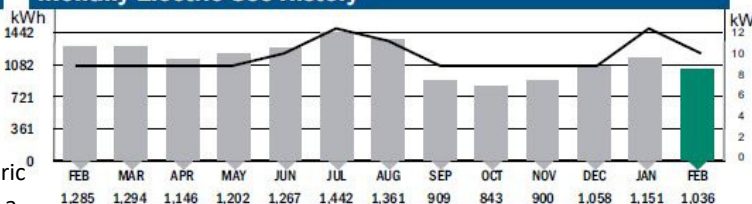
## Monthly peak demand is now on the bill



### Average Daily Electric Use

TIME PERIOD	DAILY USE (KWH)	DAILY COST
Current month	36	\$7.25
Last month	37	\$7.33
This month last year	46	\$8.54

### Monthly Electric Use History



On the front of your bill will be a monthly electric use history which will show your electric use (kWh) in a bar graph and demand (kW) as a solid line. This information gives you a visual reference about when and how you use electricity.

Electric use (kWh) Demand (kW)

SAMPLE BILL

**WHAT IS DEMAND?** Demand refers to the maximum amount of power that is being consumed at a given time. It is related to, but different than, kilowatt hours (kWh), the amount of power used over a period of time. Your demand charge is based upon the maximum amount of power required over a 15-minute interval in a given month.

Give us a call at  
**800-824-5102**  
and we will be happy to answer  
any questions you may have  
about the new rate structure.

**HOW TO MANAGE DEMAND:** The key to managing your demand is to ensure you don't turn on too many appliances all at once. For example, set your dishwasher to a delayed start and run your electric clothes dryer at a different time. You can control your demand and lower your electric bill by shifting power-intensive processes so they are staggered over time.

Account #123456789

### Previous Billing Details

	DATE	AMOUNT
Previous balance		\$230.76
Payment received	02/02/24	(\$230.76)
Total balance prior to this billing		\$0.00

### Meter Reading Details

Service location		1234 E 1234 NORTH RD	
Meter number		123456789	
CURRENT READING	PREVIOUS READING	METER MULTIPLIER	KWH
( 55,384	— 54,348 )	x 1	= 1,036

Peak demand 10.76 kW, occurred on 1/29

### Current Bill Information

Rate 1 - General Service  
Service for 01/27/24 - 02/25/24 (29 days)

SAMPLE BILL

Distribution	<b>Base</b>		<b>\$53.00</b>
	Delivery (first 1,000 kWh)	1,000 kWh @ 0.01745	\$17.45
	Delivery (over 1,000 kWh)	36 kWh @ 0.00745	\$0.27
	<b>Demand</b>	<b>10.76 kW @ 2.12</b>	<b>\$22.81</b>
Electric supply	Energy	1,036 kWh @ 0.0514	\$53.25
	Transmission	1,036 kWh @ 0.022	\$22.79
	Generation (first 1,000 kWh)	1,000 kWh @ 0.03385	\$33.85
	Generation (over 1,000 kWh)	36 kWh @ 0.01385	\$0.50
	Power cost adjustment	1,036 kWh @ 0.003	\$3.11
Total electric use: 1,036 kWh		Total energy charges:	\$207.03
Tax and other fees	Public Utility Tax		\$3.32
	Total tax and other fees		\$3.32
		Total Current Charges	\$210.35

On the back of your bill, you will see what your peak demand was for the month and on what day it happened. Peak demand may vary every month.

The new base charge is reflected as a line item under Distribution. The base charge represents a portion of the fixed costs of making electricity available to you 24/7.

The demand line will show the peak demand for the month and calculate the cost of that peak demand.

Eastern Illini Electric Cooperative provides our members with safe, reliable energy solutions and exceptional service.