

## 2025 RATE ADJUSTMENT FREQUENTLY ASKED QUESTIONS

### **Q. Why is Butler County REC adjusting rates?**

**A.** Part of our financial policy and obligation to you, our member, is to conduct a cost-of-service study every four to five years to examine our rate classifications and costs for providing service.

Our last rate increase was in January of 2020. Since that time, poles, wire, and transformer prices have increased exponentially, along with inflation, which rose from 1.2 percent in 2020 to 4.1 percent in 2023. We cannot continue to absorb these large increases and stay healthy financially and provide our members with the service you rely on. We have dealt with supply-chain issues, as well. For example, trucks, on a 12-year rotation, are now ordered four years ahead of need.

This year, we again had a study conducted to analyze our rates. The in-depth cost-of-service study was performed by a professional, third-party utility consulting firm. The cost-of-service study addressed rate design and the method by which your cooperative can collect revenue by:

- allocating costs across all rate classes so that rates more fairly reflect the costs to serve each rate class
- recovering more of the fixed costs through the monthly facility charge instead of through the energy charge

### **Q. What does the monthly facility charge consist of?**

**A.** The facility charge is used to recover the fixed costs associated with providing service from the service point (meter) to the substation whether any kilowatt-hours (kWh) are used. The fixed costs include everything in place to deliver electricity: the meters, poles, wires, transformers, substations, meter testing, buildings and maintenance, and much more. The single-phase residential facility charge will increase from \$1.58 per day to \$1.75 per day.

Fixed costs account for roughly 25 percent of all costs. Therefore, the revenue collected through the energy charge to cover these costs is dependent on kilowatt-hour sales, which fluctuate with changes in weather, economic conditions, energy-efficiency efforts, and lifestyle patterns. In raising the facility charge, we are attempting to put more of the fixed costs into the facility charge. We can better plan and manage operations when the revenue needed to provide for these costs is more properly aligned.

### **Q. What is an Energy Cost Adjustment (ECA)?**

**A.** The ECA factor is a wholesale power cost pass-through reflecting changes in our power supply costs, which balances retail rates and is important for keeping our cooperative financially sound. The last four years, we have had a negative ECA. Moving forward, the ECA will adjust to reflect increases or decreases in power supply costs from our power supplier, Corn Belt Power Cooperative.

### **Q. Is everyone's bill going up?**

**A.** We break down our rates by rate class to ensure that all members are treated fairly—that they are paying as close as possible to what it actually costs to serve them. Due to differences in individuals' energy usage levels, some members may see higher bills and others may see very little change. The **overall** increase based on average usage per rate class will be 6 percent. This rate adjustment results in each rate class more accurately paying the actual cost incurred to provide their electric service.

### **Q. How will different levels of usage be affected?**

**A.** The average for the single-phase rate class is 1,245 kWh. Those members will see an approximate increase of 8.12 percent. Some member-consumers, depending on their consumption and rate class, may see an increase of more than that and others may see an increase of less than that.

**Q. When will this new rate take effect?**

**A.** The rate adjustment will apply to your usage beginning on Jan. 1, 2025. This is the bill you will receive in February of 2025.

**Q. Is becoming energy efficient and using fewer kilowatt-hours still a good thing?**

**A.** Adopting more energy-efficient practices in our homes and businesses is good for the environment, good for our electrical grid, and the right approach in the long run. We offer:

- *Free energy audits* to members in which an energy advisor will come to your home and assess your energy usage
- *SmartHub*, our free, web-based bill payment system and energy tracker that allows you to view your electric use online
- *Incentive-based programs* for members to invest in more energy-efficient products and systems that reduce overall energy use, and ultimately, the number of kWhs billed each month
- *Load management*, in which power to electric water heaters is interrupted during peak energy use time, helping members save money and energy. Contact us if you’re interested in participating.

**Q. Does Butler County REC offer any programs to make paying my bill easier?**

**A.** Absolutely. Our budget-billing program is a helpful way for you to effectively plan and balance your energy spending. Using this service, you can avoid the peaks and valleys caused by seasonal fluctuations in energy use. You can also have your energy payments automatically withdrawn each month from the account you designate. In addition, in SmartHub, our payment app, you can view your bill, payment history, and current and past usage, and contact us.

**Q. I’m on a fixed income. Where can I seek payment assistance?**

**A.** There are many local agencies that assist throughout the year for those in need. Contact the agency in your county for more information:

**Bremer County**

117 West Bremer Ave.  
Waverly, 50677  
319-352-4532

**Butler County**

219 North Mather  
Clarksville, 50619  
319-278-4606

**Cerro Gordo County**

100 1<sup>st</sup> NW, Suite 140  
Mason City, 50401  
641-423-7766 or 800-873-1899

**Chickasaw County**

2275 S Linn Ave  
New Hampton, 50659  
563-379-8761

**Fayette County**

114 North Vine Street  
West Union, 52175  
563-422-3354

**Floyd County**

404 North Jackson St.  
Charles City 50616  
641-228-2893

**Franklin County**

123 1<sup>st</sup> Avenue SW  
Hampton, 50441  
641-456-3431