

Heartland REC Proposed Rate Adjustment

The Heartland Rural Electric Cooperative Board of Directors will hold an open meeting at 11 a.m. on Monday, July 27, 2009 at the cooperative's office in Girard to vote on a proposed rate adjustment. The proposed adjustment is being made in response to a change in wholesale power costs along with changes in the electric utility industry, and to position your rural electric cooperative in a strong position as change comes to how Americans produce and consume electricity. If approved, the adjusted rates will take effect for August usage and will be seen in the bills members receive in September.

Generally, Heartland REC seeks to minimize the Energy Cost Adjustment (ECA) that members have grown accustomed to seeing on their bill. Annually, the ECA has averaged \$0.014 per kWh. We also want the the Service Availability Charge to more accurately reflect the fixed costs of making power available to our members. An increase in the Service Availability Charge will be offset by a decrease in the Energy Charge.

For example, members in our General Service rate class have been paying 9.35 cents per kWh. When you add the average ECA of 1.4 cents per kWh, we see that members have actually been paying an average of 10.75 cents per kWh. The proposed rate drops this to 9.15 cents per kWh. This drop of 1.6 cents per kWh will be significant for most Heartland REC members.

In the table below we have included the current and proposed price for each rate, along with revenue projections using both the old rates and the new rates for comparison. We project that the result of the rate adjustment will be an overall revenue increase of 1.03 percent, or just over \$200,000.

The information included here will help educate members about the proposed rate change and how this change will affect their bill. Please take the time to see for yourself how this month's bill would have been different using the proposed rates. If you have any questions, please visit our website at www.heartland-rec.com for a more detailed rate explanation or call our office at 620-724-8251 to have one mailed to you.

| Rate Class | Current | Plus ECA | Proposed | Change |
|--|-----------|------------|--|--|
| General Service | | | | |
| Service Availability Charge | \$15 | | \$30 | \$15 |
| Energy Charge | \$0.0935 | \$0.013717 | \$0.0915 | (\$0.015117) |
| Electric Heat Rate (Moves to General Service) | | | | |
| Service Availability Charge | \$15 | | \$30 | \$15 |
| Energy Charge: first 900 kWh per month (Oct-April) | \$0.0935 | \$0.013717 | \$0.0915 | (\$0.015117) |
| Energy Charge: over 900 kWh per month (Oct-April) | \$0.0750 | \$0.013717 | \$0.0915 | \$0.002783 |
| Energy Charge: May-Sept | \$0.0935 | \$0.013717 | \$0.0915 | (\$0.015117) |
| Seasonal Electric Heat (Moves to General Service) | | | | |
| Service Availability Charge | \$15 | | \$30 | \$15 |
| Energy Charge: first 250 kWh per month Oct-April | \$0.1350 | \$0.013717 | \$0.0915 | (\$0.057217) |
| Energy Charge: over 250 kWh per month Oct-April | \$0.0750 | \$0.013717 | \$0.0915 | \$0.002783 |
| Energy Charge: May-Sept. | \$0.1350 | \$0.013717 | \$0.0915 | (\$0.057217) |
| Seasonal Service (Moves to General Service in 2012) | | | | |
| Service Availability Charge | \$10 | | 2009 \$22.00 2010 \$24.66 2011 \$27.32 2012 \$30.00 | \$12.00 \$14.66 \$17.32 \$20.00 |
| Energy Charge | \$0.13500 | \$0.013717 | \$0.091500 | (\$0.057217) |
| Heat Pump | | | | |
| Service Availability Charge | \$15 | | \$30 | \$15 |
| Energy Charge: first 900 kWh per month Oct-April | \$0.0935 | \$0.013717 | \$0.0865 | (\$0.020717) |
| Energy Charge: over 900 kWh per month Oct-April | \$0.0650 | \$0.013717 | \$0.0865 | \$0.007783 |
| Energy Charge: May-Sept | \$0.0935 | \$0.013717 | \$0.0915 | (\$0.015117) |
| Small Commercial | | | | |
| Service Availability Charge | \$15 | | \$30 | \$15 |
| Energy Charge | \$0.09 | \$0.013717 | \$0.089219 | (\$0.014498) |

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| Rate Class | Current | Plus | ECA | Proposed | Change |
|---|----------------|-------------|------------|-----------------|---------------|
| General Commercial | | | | | |
| Service Availability Charge | \$90 | | | \$90 | \$90 |
| KW billing - CP | \$12.80 | | | \$9.75 | (\$3.05) |
| KW billing - NCP | \$8.81 | | | \$10.40 | \$1.59 |
| Energy Charge | \$0.020069 | \$0.023040 | | \$0.043807 | \$0.000698 |
| General Commercial Primary | | | | | |
| Service Availability Charge | \$70 | | | \$90 | \$20 |
| KW Billing - CP | \$12.39 | | | \$9.75 | (\$2.64) |
| KW Billing - NCP | \$8.43 | | | \$10.40 | \$1.97 |
| Energy Charge | \$0.019734 | \$0.023040 | | \$0.043807 | \$0.001033 |
| Commercial - KWP (Moves to General Commercial) | | | | | |
| Service Availability Charge | \$0 | | | \$90 | \$90 |
| KW billing - CP | \$0 | | | \$9.75 | \$9.75 |
| KW Billing NCP | \$10 | | | \$10.40 | \$0.40 |
| Energy Charge | \$0.071670 | \$0.013717 | | \$0.043807 | (\$0.04158) |
| Commercial Schools (Moves to General Commercial) | | | | | |
| Service Availability Charge | \$0 | | | \$90 | \$90 |
| KW Billing - CP | \$9.88 | | | \$9.75 | (\$0.13) |
| KW Billing - NCP | \$9.00 | | | \$10.40 | \$1.40 |
| Energy Charge | \$0.035000 | \$0.013717 | | \$0.043807 | (\$0.00491) |
| Large Commercial (Moves to General Commercial) | | | | | |
| Service Availability Charge | \$0 | | | \$90 | \$90 |
| KW billing - CP | \$0 | | | \$9.75 | \$9.75 |
| KW billing - NCP | \$10 | | | \$10.40 | \$0.40 |
| Energy Charge | \$0.062500 | \$0.013717 | | \$0.043807 | (\$0.03241) |
| Off Peak - Neosho County | | | | | |
| Service Availability Charge | \$0 | | | \$90 | \$90 |
| KW Billing - CP | \$9.88 | | | \$9.75 | (\$0.13) |
| KW Billing NCP | \$5.75 | | | \$6.00 | \$0.25 |
| Energy Charge | \$0.040000 | \$0.013717 | | \$0.045901 | (\$0.007816) |
| Large Power - Tower | | | | | |
| Service Availability Charge | \$0 | | | \$200 | \$200 |
| KW Billing - CP | \$0 | | | \$9.75 | \$9.75 |
| KW Billing NCP | \$8.69 | | | \$8.15 | (\$0.54) |
| Energy Charge | \$0.024520 | \$0.02345 | | \$0.034697 | (\$0.013273) |
| Sport Field Lighting | | | | | |
| Service Availability Charge | \$10 | | | \$25 | \$15 |
| Energy Charge | \$0.090000 | \$0.013717 | | \$0.04 | (\$0.063717) |
| Street Lighting | | | | | |
| Metered Lighting | | | | | |
| 175 W MVL | \$3.00/month | | | \$4.06/month | \$1.06 |
| 250 W MVL | \$3.50/month | | | \$5.56/month | \$2.06 |
| 100 W HPS | \$3.00/month | | | \$4.06/month | \$1.06 |
| Unmetered | | | | | |
| 175 W MVL, 70 kWh per month | \$9.61 | | | \$10.59 | \$0.98 |
| 250 W MVL, 95kWh per month | \$10.77 | | | \$12.00 | \$1.23 |
| 100 W HPS, 40 kWh per month | \$9.61 | | | \$10.15 | \$0.54 |
| Walnut Street Lighting | | | | | |
| 175 W MVL, 70 kWh per month | \$4.53 | | | \$5.23 | \$0.70 |
| 250 W MVL, 95kWh per month | \$5.52 | | | \$6.40 | \$0.88 |
| 100 W HPS, 40 kWh per month | \$5.35 | | | \$5.80 | \$0.45 |