



The Basics of Rate Restructuring

Delaware Electric Cooperative has announced a comprehensive rate restructuring plan with the goal of ensuring the cost of providing reliable electricity to hundreds of thousands of Delawareans is shared equitably among those we serve. The overwhelming majority of our members will see a rate decrease if the plan is approved. This is the first extensive rate restructuring process the Co-op has undertaken in decades. The changes proposed by DEC leaders are meant to ensure the Cooperative is covering the fixed costs associated with providing basic electric service to members and to ensure our various rate classes are not subsidizing others. In other words, we want to make sure rates are fair to all members. The rate decrease for most members comes as other major electric companies serving Delaware have announced significant rate increases. On average, Delaware Electric Co-op members pay \$500 less per year in energy costs than those served by the larger Delaware utilities. Our rates are some of the lowest in the region. As a not-for-profit utility, our goal is to provide you with affordable and reliable power.

This document summarizes the specific impacts of the proposed restructuring on each rate class. Each section includes a chart showing current charges for each rate class and the proposed changes to the service charge, delivery charges and supply charges. Winter and summer rates for all rate classes will also be eliminated and will be replaced by a 12-month rate. Members with questions or comments about the rate restructuring plan can email rates@delaware.coop or call 855-332-9090.

Energy Charge Definitions:

Power Cost Adjustment: DEC has proposed lowering the power cost adjustment (PCA) to zero. The PCA accounts for periodic changes in DEC’s cost to purchase or produce energy.

Supply Charges: These charges account for the general cost to purchase and produce energy.

Delivery Charges: The cost to transmit and deliver electricity to your property.

Service Charge: The service charge accounts for the fixed costs to provide basic electrical service to each member. Those fixed costs include electrical infrastructure, technology costs and labor that ensure reliable power is flowing across our service territory. Regardless of how much

or how little energy a member consumes each month, the cost to provide basic electric service is the same.

Residential Rates:

Under the plan, the average residential member will see a 3-5 percent decrease in their monthly electric bill, resulting in savings of \$60-\$95 per year. The average member on our residential rate using 1,000 kWh will see a little more than a 3 percent decrease in their monthly bill. Members currently served by our residential space heating rate who use 1,000 kWh per month will see a 5 percent decrease in their monthly bill as we transition everyone in the space heating rate class to the general residential rate. The space heating rate class is being eliminated as it no longer provides savings to households with all-electric heating.

To pass along the rate decrease to residential members and to ensure fairness among all rates classes, DEC has proposed rebalancing all the charges that account for your monthly energy costs. The individual charges that make up your monthly bill are split into two categories: supply and delivery. Supply charges, which include the power cost adjustment (PCA) and a supply charge per kWh (how much energy you use) reflect DEC's cost to purchase and produce power. DEC leaders have proposed lowering the power cost adjustment (PCA) to zero. The PCA accounts for periodic changes in DEC's cost to purchase or produce energy. Supply charges per kWh account for the general cost to purchase and produce energy and will increase slightly. Overall, the supply portion of your bill will decrease largely because of a drop in the cost of natural gas which is used to generate much of the energy delivered to your home.

The delivery portion of your electric bill that covers the cost to distribute energy to your home and reflects the Co-op's fixed costs to provide basic electrical service to your home will increase. Delivery charges per kWh, that account for the cost to distribute power to member homes, will decrease slightly and the service charge (formerly known as the customer charge) will increase. Overall delivery charges are being adjusted because of the dramatic rise in the cost of materials used to maintain our system over the past few years. The service charge will increase from \$16 to \$28 per month to accurately reflect the true fixed cost to provide basic electrical service to each member. Those fixed costs include electrical infrastructure, technology costs and labor that ensure reliable power is delivered throughout our service territory.

Regardless of how much or how little energy a member consumes each month, the cost to provide basic electric service is the same, and Co-op leaders have proposed these changes to make sure those costs are shared equally among members. This is especially important given the significant increase in the cost of materials needed to maintain a stable grid over the past couple of years. For example, a transformer that cost \$1,400 in 2019, now costs \$4,000. Please note, the proposal would result in some net-metered members with solar or wind systems seeing a slight increase in their monthly electric bills. For example, a net-metered member using 500 kWh per month, would see a roughly \$5 per month increase under the proposal.

(Residential rate chart can be found on the next page)

RESIDENTIAL	Existing		Proposed (12 month)
1,000 kWh Usage	7/1/2023		4/1/2024
	Summer	Winter	12 Month Rate
Service Charge	\$ 16.00	\$ 16.00	\$ 28.00
All kWh	\$ 0.024140	\$ 0.024140	\$ 0.021400
Renewable Resource Fund	\$ 0.000178	\$ 0.000178	\$ 0.000178
Delivery Costs	\$ 40.32	\$ 40.32	\$ 49.58
First 700	\$ 0.069390	\$ 0.064390	\$ 0.101600
Over 700	\$ 0.069390	\$ 0.049090	\$ 0.081600
PCA	\$ 0.046813	\$ 0.046813	\$ -
Supply Costs	\$ 116.20	\$ 106.61	\$ 95.60
Total	\$ 156.52	\$ 146.93	\$ 145.18
Annualized Total	\$ 150.13		\$ 145.18
Change from Current Rate			-3.30%

General Service Rates:

Members served under our general service rate will see an increase in their monthly electricity costs. The average member on our general service rate using 1,000 kWh per month would see about a 6 percent increase in their monthly bill. The supply charges for this rate are currently among the lowest of all Cooperative members. Supply charges help the Cooperative pay for the general cost of generating or purchasing electricity for homes and businesses. To ensure members in other rate classes aren't paying for the energy delivered to general service members, supply charges for this rate are being raised to levels consistent with other DEC rates. While this is fair to other members, this rate class is one of the few that will pay more under the restructured rates.

GENERAL SERVICE	Existing		Proposed (12 Month)
1000 kWh Usage	7/1/2023		4/1/2024
	Summer	Winter	12 Month Rate
Service Charge	\$ 16.90	\$ 16.90	\$ 30.00
All kWh	\$ 0.028300	\$ 0.028300	\$ 0.022498
Renewable Resource Fund	\$ 0.000178	\$ 0.000178	\$ 0.000178
Delivery Costs	\$ 45.38	\$ 45.38	\$ 52.68
First 700	\$ 0.065960	\$ 0.061010	\$ 0.111090
Over 700	\$ 0.065960	\$ 0.045610	\$ 0.101090
PCA	\$ 0.046813	\$ 0.046813	\$ -
Supply Costs	\$ 112.77	\$ 103.20	\$ 108.09
Total	\$ 158.15	\$ 148.58	\$ 160.77
Annualized	\$ 151.77		\$ 160.77
Change from Current Rate			5.93%

Commercial Rates:

DEC members served under the large commercial rate class will see a significant drop in their monthly electric bill under the proposed rate restructuring. Commercial members using 30,000 kWh per month can expect to pay about eight percent less per month in energy costs. Members currently served by the large commercial interruptible rate can expect to see a two percent increase in their monthly bill. The changes to this class are being made to reflect the true costs of providing reliable service to large commercial members.

LARGE COMMERCIAL	Existing		Proposed (12 Month)
30,000 kWh Usage	7/1/2023		4/1/2024
	<u>Summer</u>	<u>Winter</u>	<u>12 Month Rate</u>
Service Charge	\$ 16.90	\$ 16.90	\$ 30.00
All kWh	\$ 0.015820	\$ 0.015820	\$ 0.021212
Demand Charge \$/kW	\$ 2.55	\$ 2.55	\$ 2.10
Renewable Resource Fund	\$ 0.000178	\$ 0.000178	\$ 0.000178
Delivery Costs	\$ 754.77	\$ 754.77	\$ 884.10
All kWh	\$ 0.035230	\$ 0.035230	\$ 0.048799
Demand Rate \$/kW	\$ 6.40	\$ 6.40	\$ 11.85
PCA	\$ 0.046813	\$ 0.046813	\$ -
Supply Costs	\$ 3,108.65	\$ 3,108.65	\$ 2,662.60
Total	\$ 3,863.42	\$ 3,863.42	\$ 3,546.70
Annualized		3,863.42	\$ 3,546.70
Change from Current Rate			-8.20%

LARGE COMM LOAD CONTROL	Existing		Proposed (12 Month)
15,000 kWh Usage	7/1/2023		4/1/2024
	<u>Summer</u>	<u>Winter</u>	<u>12 Month Rate</u>
Service Charge	\$ 16.90	\$ 16.90	\$ 30.00
All kWh	\$ 0.016690	\$ 0.016690	\$ 0.028543
Demand Charge (\$/kW)	\$ 2.55	\$ 2.55	\$ 3.00
Renewable Resource Fund	\$ 0.000178	\$ 0.000178	\$ 0.000178
Delivery Costs	\$ 370.41	\$ 370.41	\$ 580.10
All kWh	\$ 0.035230	\$ 0.035230	\$ 0.070370
Demand Rate \$/kW Control Period	\$ 12.13	\$ 12.13	\$ 9.20
PCA	\$ 0.046813	\$ 0.046813	\$ -
Supply Costs	\$ 1,230.65	\$ 1,230.65	\$ 1,055.55
Total	\$ 1,601.05	\$ 1,601.05	\$ 1,635.65
Annualized		1,601.05	\$ 1,635.65
Change from Current Rate			2.16%

Irrigation Rates:

Letters have been sent to all members on our irrigation service and off-peak rate detailing the impacts of the rate restructuring. Many members on our irrigation rates will be able to lower energy costs by allowing the Co-op to move them to another rate. If you are an irrigation member and have questions about the information provided in the packet that was mailed to you, please contact Lucas Zlock at lzlock@delaware.coop or 302-349-0725.

IRRIGATION DEMAND	Existing		Proposed (12 Month)
	7/1/2023		4/1/2024
	Summer	Winter	12 Month Rate
1,000 kWh Usage			
Service Charge	\$ 16.90	\$ 16.90	\$ 22.00
All kWh	\$ 0.013920	\$ 0.013920	\$ 0.048811
Demand Rate (\$/kW)	\$ 4.75	\$ 4.75	\$ 5.02
Renewable Resource Fund	\$ 0.000178	\$ 0.000178	\$ 0.000178
Delivery Costs	\$ 73.84	\$ 73.84	\$ 116.27
Demand Rate \$/kW	\$ 6.33	\$ 6.33	\$ 2.09
First 10,000 kWh	\$ 0.048480	\$ -	\$ 0.049400
Over 10,000 kWh	\$ 0.035980	\$ -	\$ 0.036900
First 700 kWh	\$ -	\$ 0.048480	\$ -
Over 700 kWh	\$ -	\$ 0.035980	\$ -
PCA	\$ 0.046813	\$ 0.046813	\$ -
Supply Costs	\$ 152.39	\$ 148.64	\$ 68.25
Total	\$ 226.23	\$ 222.48	\$ 184.52
Annualized Total	\$ 223.73		\$ 184.52
Change from Current Rate			-17.53%

IRRIGATION DEMAND OFF-PEAK	Existing		Proposed (12 Month)
	7/1/2023		4/1/2024
	Summer	Winter	12 Month Rate
500 kWh Usage			
Service Charge	\$ 16.90	\$ 16.90	\$ 22.00
All kWh	\$ 0.017130	\$ 0.017130	\$ 0.106263
Renewable Resource Fund	\$ 0.000178	\$ 0.000178	\$ 0.000178
Delivery Costs	\$ 25.55	\$ 25.55	\$ 75.22
Demand Rate \$/kW	\$ 0.33	\$ 0.33	\$ 2.50
All kWh	\$ 0.035730	\$ 0.035730	\$ 0.076384
PCA	\$ 0.046813	\$ 0.046813	\$ -
Supply Costs	\$ 43.79	\$ 43.79	\$ 57.29
Total	\$ 69.34	\$ 69.34	\$ 132.51
Annualized	\$ 69.34		\$ 132.51
Change from Current Rate			91.10%

IRRIGATION - SERVICE	Existing		Proposed (12 Month)
1,000 kWh Usage	7/1/2023		4/1/2024
	Summer	Winter	12 Month Rate
Service Charge	\$ 16.90	\$ 16.90	\$ 22.00
All kWh	\$ 0.024660	\$ 0.024660	\$ 0.107732
Renewable Resource Fund	\$ 0.000178	\$ 0.000178	\$ 0.000178
Delivery Costs	\$ 41.74	\$ 41.74	\$ 129.91
First 10000	\$ 0.075020	\$ -	\$ 0.080500
Over 10000	\$ 0.042020	\$ -	\$ 0.050300
First 700	\$ -	\$ 0.075020	\$ -
Over 700	\$ -	\$ 0.062520	\$ -
PCA	\$ 0.046813	\$ 0.046813	\$ -
Supply Costs	\$ 121.83	\$ 118.08	\$ 80.50
Total	\$ 163.57	\$ 159.82	\$ 210.41
Annualized Total	\$ 161.07		\$ 210.41
Change from Current Rate			30.63%