



# Meade County RECC

Your Touchstone Energy® Cooperative



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## The Truth about Electric Bills

In today's world of constant disagreement, it's hard to avoid conflict regardless of the facts. Due to the social media chatter circulating statewide regarding high bill complaints, we thought it may be the perfect time to provide some education on the electric utility industry. It's nearly impossible to respond to every inquiry that's floating on social media or make every consumer happy, but we've made an attempt to address the most common questions we've acquired this winter.

First, I assume it's only human nature, but every year regardless of how mild or harsh temperatures become, high bill complaints result over increased energy usage. We realize nobody likes high energy bills and neither do electric co-op employees (we pay for electricity too); however, the public's demand for electricity continues to grow and that comes at a cost. Two, we realize there are some members that won't agree with any response we provide, but we hope the following explanations provide some insight into the electric utility sector.

Like anything in life, it takes money to manufacture and distribute a product, and electricity is no different. An electric utility is a business that requires the investment of hundreds of millions of dollars in order to construct power plants, build electric distribution infrastructure, remain in compliance with environmental regulations and purchase the coal, gas or hydro to create the power. Nearly 70 percent of each member's electric bill is contributed to the production of power and the fuel source to generate electricity.

For decades, the most common high bill belief is that the electric meter incorrectly measured the quantity of power consumed by the homeowner. However, it's a rare event when a meter malfunctions. Each year, a sample of meters is selected for testing to identify malfunction, to ensure accurate measurement, and to satisfy criteria established by the Kentucky Public Service Commission (KPSC). Our testing is conducted by a contracted third party meter testing facility based in Owensboro, Kentucky.

Typically, when meters fail, it harms the utility by decreasing revenues as the meter may slow down over time instead of speeding up, thus benefiting the consumer. Not many things speed up with age, meters are no different. Although, in today's world of conspiracy theorists, it's entertaining for some to speculate on the ability of a device that's only true purpose is to reliably and consistently measure the flow of electrons. Keep in mind, there is no financial benefit for a not-for-profit electric cooperative that's owned by the people it serves to harm its members.

Additionally, we are aware of a few claims stating electric bills have doubled and tripled. Actually, the average Meade County RECC residential bill in February 2017 dropped by 3 percent. We realize there are always exceptions, however late fees, disconnect fees, reconnect fees and delinquent charges are costs outside of an individual's energy consumption. These charges are the result of a poor payment history not energy rates or faulty meters.

This past winter, Meade County RECC experienced on average a 30 percent increase in our residential members' energy usage from November to December. It's understandable if you thought this increase seemed drastic, but in reality it was the transition from a mild fall to a colder than average December.

For January 2017 alone, the average bill per residential member was approximately **\$5.04 per day**. In January of 2016, the average bill per residential member was **\$4.99 per day**, so only a slight difference when comparing the two years. When broken down daily, the cost to refrigerate, cook, heat homes, take warm showers, watch TV, and recharge electronics is pretty affordable when accomplishing that amount of work on a daily basis.

It requires a lot power to warm homes during winter periods regardless of how mild the season may be. For example, this year, we encountered warmer than average winter conditions during January and February, but HVAC systems still had to continue working hard to keep households at comfortable temperatures. For instance, during a mild winter, keeping the interior of a home warm (68-72 degrees) when its 40-45 degrees outside still requires electricity for heating systems to perform their job. Not to mention, regardless of weather, homeowners still use the same amount of electricity to perform tasks within the household.

Another item to keep in mind, Meade County RECC has been providing a member bill credit for all consumers on a monthly basis for nearly 7 years. This bill credit was designed to offset rising costs associated with providing electric service, such as environmental investments to comply with the Environmental Protection Agency (EPA) regulations, rising fuel costs, and/or increases impacting the cooperative's cost of providing electric service. This benefit started declining in October of 2016, which resulted in homeowners paying a larger percentage of their actual electric bill. On average, homeowners received roughly \$15-\$20 per member/month in bill credits. That benefit has now reduced to about \$2 per member/month. There is good news though, it is possible for the bill credit to return to its previous level through economic development growth in our service territory or by expanding existing industry.

**We offer many rebates to help you save energy dollars throughout the year. The following programs have been created to help our members save energy and money.**

- HVAC tune-up (\$25)
- HVAC replacement (\$200-\$750)
- Refrigerator replacement (\$100)
- Washing machine replacement (\$100)
- Touchstone Energy New Home (\$750-\$2,000)

We encourage you to check out our online ([www.mcrecc.com](http://www.mcrecc.com)) and mobile app resources that provide personal energy data, historical weather analysis, and tools to view your usage on a daily, weekly, and monthly basis.

Meade County Rural Electric Cooperative Corporation (Meade County RECC) is a not-for-profit, locally owned electric retail provider that is owned by the members it serves. We strive to keep the cost of electricity affordable and the reliability of service high for the members we serve in Breckinridge, Hancock, Hardin, Grayson, Meade, and Ohio counties.



Many myths circulate as to why energy usage spikes during the transition from fall to winter. The simple truth is that weather is the greatest contributor to increased energy use on a monthly basis.

# MYTH FACT

**MYTH** "MCRECC labor costs are the reason for higher electric rates..."



**TRUTH** Our annual labor costs are only a small percentage of our overall costs, typically averaging about 12 percent of our total expenses. Likewise, as a not-for-profit, locally owned electric cooperative, when cooperatives have a strong financial year, profits are either reinvested for infrastructure or distributed to members in the form of "capital credits," which are dividends paid on a member's investment in the cooperative.

In 2016, MCRECC paid out \$1.2 million in patronage capital to its member-owners, plus another \$5.8 million in credits to help offset members' electric bills.

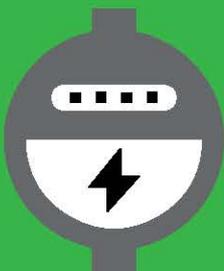
**MYTH** "MCRECC raises its electric rates during winter and summer months in order to pay off its shareholders or make excessive profits..."



**TRUTH** Meade County RECC is regulated by the Kentucky Public Service Commission (KPSC) which determines and sets the energy rates that it charges its members. Meade County RECC has not increased electric rates since 2013. The only fluctuation members would experience is the ebb & flow of the monthly bill credits.

If you receive electric service from Meade County RECC, that makes you a member-owner of this not-for-profit electric cooperative. Any net savings (profits) left after bills are paid are set aside for operations and improvements or returned to the co-op members in the form of credits.

**MYTH** "My meter must not be working correctly, there is no way I've used that much electricity..."



**TRUTH** Meters rarely malfunction and if they should, they typically slow down resulting in a loss of revenue for the electric cooperative. In accordance with regulations, we are obligated to test our meters on a periodic basis, plus the meter must remain accurate within a 2 percent variance.

2016 CREDITS & BENEFITS Meade County RECC  
2016 Bill Credits - \$5.8 million  
2016 Capital Credits - \$1.2 million  
2016 Energy Efficiency Incentives - \$250,000  
TOTAL MEMBER VALUE= \$7,250,000