

Rate adjustments proposed

Wholesale rate adjustment

North Arkansas Electric Cooperative's wholesale electricity supplier, Arkansas Electric Cooperative Corporation (AECC), is seeking to adjust wholesale power rates to provide an additional 3% in wholesale revenues under Arkansas Act 676 of 2009. The request was filed in December with the Arkansas Public Service Commission. If approved by the APSC, NAEC estimates that the adjustment would raise the average monthly NAEC residential member's bill by \$2.22. Money generated from the rate adjustment would be applied strictly to wholesale costs. No money from the AECC rate adjustment will go to NAEC.

AECC's reason for the rate adjustment is due to the need to recover the increased cost of providing wholesale generation and transmission service to NAEC and the 16 other electric distribution co-ops.

Retail rate adjustment

North Arkansas Electric Cooperative strives to provide our members with safe, reliable and affordable electricity. Challenges affecting NAEC's financial condition in the past few years include limited membership and electricity sales growth as well as increased operating costs and inflation.

Following industry best practices, the cooperative commissioned engineering consulting firm Toth & Associates to review our rates and determine if they are producing sufficient revenue. This is known as a cost-of-service study. As NAEC operates as a not-for-profit cooperative, we must generate operating margins to cover capital credit retirements to members, operating costs and principal on long-term debt while maintaining sufficient equity.

The independent analysis determined NAEC needs to increase our retail rates, which have not changed since 2021. The NAEC Board of Directors reviewed the cost-of-service study and, upon cooperative staff's recommendation, voted in favor of a rate adjustment to increase system revenue by 9.4%.

NAEC will submit the rate adjustment request to the Arkansas Public Service Commission (APSC) in January under Arkansas Act 821. If approved, it will go into effect for bills rendered on or after April 1. The 9.4% reflects the average increase among all rate classes – residential and commercial. As an example, the monthly bill for a residential member using 1,000 kWh would go from \$141.17 to \$156.79 when also factoring in the wholesale rate adjustment.

NAEC will request an increase in the daily availability charge from \$1.04 to \$1.14 a day for single-phase service and from \$2.09 to \$2.29 a day for three-phase service. The daily availability charge helps cover the fixed costs, such as substations, transformers and lines, necessary to provide electricity to a service regardless of its usage. It often is referred to as a minimum bill and, if approved, will become \$34.20 each month for a single-phase service and \$68.70 each month for a three-phase service. At the same time, NAEC has requested an increase in our kWh charge for residential and small commercial services from \$0.10713 kWh to \$0.12327 kWh. (Please note the figures incorporate the wholesale rate adjustment and the rebase of the cost of energy adjustment.) If the request is approved by the commission, members on large power rates will see increased daily, demand charges and energy charges.

In addition, NAEC plans to rebase the cost of energy and cost of debt adjustment revenues into the new kWh rates. These charges are reflected as either debits or credits on members' statements each month, and rebasing will help limit their fluctuation.

NORTH ARKANSAS ELECTRIC COOPERATIVE INC.

NOTICE OF PROPOSED RATE CHANGES

Notice is hereby given that the board of directors of North Arkansas Electric Cooperative Inc. has approved changes in the following rate schedules of this cooperative as set forth below. The proposed rates are designed to increase system revenue by 9.4% after the pass through of power supply costs from its power supplier, Arkansas Electric Cooperative Corporation, under the provisions of Act 676 of 2009. The effect of the rate change on individual consumers will vary depending on the class of service and the amount of electricity used.

<u>Rate/Block</u>	<u>Existing Rate</u>	<u>Act 676 Rate</u>	<u>Act 821 Rate</u>
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RATE SCHEDULE 2: RESIDENTIAL & SMALL COMMERCIAL SERVICE

Adjustments to Energy Charges:

Energy Cost Adjustment (/kWh)	\$0.003824	\$0.003824	\$0.000305
Cost of Debt Adjustment (/kWh)	-\$0.000987	-\$0.000987	-\$0.000987

Energy Charges:

All Summer kWh (/kWh)	\$0.10713	\$0.10935	\$0.12327
1-500 Winter kWh (/kWh)	\$0.10713	\$0.10935	\$0.12327
Excess Winter kWh (/kWh)	\$0.08641	\$0.08863	\$0.10255

Energy Charges Including Adjustments Above:

All Summer kWh (/kWh)	\$0.10997	\$0.11219	\$0.12259
1-500 Winter kWh (/kWh)	\$0.10997	\$0.11219	\$0.12259
Excess Winter kWh (/kWh)	\$0.08925	\$0.09147	\$0.10187

Daily Service Availability Charges:

Single Phase	\$1.04	\$1.04	\$1.14
Three Phase	\$2.09	\$2.09	\$2.29

RATE SCHEDULE 3: LARGE POWER SERVICE - LP

Adjustments to Energy Charges:

Energy Cost Adjustment (/kWh)	\$0.00273	\$0.00273	-\$0.00079
Cost of Debt Adjustment (/kWh)	-\$0.00103	-\$0.00103	-\$0.00103

Energy Charges:

All kWh (/kWh)	\$0.05862	\$0.05977	\$0.06739
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Energy Charges Including Adjustments Above:

All kWh (/kWh)	\$0.06032	\$0.06147	\$0.06557
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Daily Service Availability Charges:

All Phases	\$5.50	\$5.50	\$6.00
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Demand Charges:

Summer kW	\$12.00	\$12.33	\$13.33
Winter kW	\$9.47	\$9.80	\$11.30

RATE SCHEDULE 4: SECURITY & STREET LIGHT SERVICE - SL

Adjustments to Energy Charges:

Energy Cost Adjustment (/kWh)	\$0.000493	\$0.000493	-\$0.003026
Cost of Debt Adjustment (/kWh)	-\$0.000165	-\$0.000165	-\$0.000165

Monthly Lighting Charges:

100 W HPS*	\$10.75	\$10.83	\$11.95
175 W MVL*	\$10.75	\$10.83	\$11.95
400 W MVL*	\$17.07	\$17.26	\$18.38
400 W Directional Metal Halide*	\$16.92	\$17.04	\$18.16
250 W Sodium*	\$17.06	\$17.25	\$18.37
1000 W Directional/Metal Halide*	\$34.43	\$35.15	\$36.27

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HEADQUARTERS

225 S. Main St.,
Salem

DISTRICT OFFICES

824 Hwy 56,
Ash Flat

1520 Hwy 62/412 E.,
Mountain Home

CONTACT NAEC

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info@naeci.com

PAY/VIEW BILL

naeci.com ► Account Login

REPORT OUTAGE

(870) 895-3221
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NAEC App

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NORTH ARKANSAS ELECTRIC COOPERATIVE INC. NOTICE OF PROPOSED RATE CHANGES

Notice is hereby given that the board of directors of North Arkansas Electric Cooperative Inc. has approved changes in the following rate schedules of this cooperative as set forth below. The proposed rates are designed to increase system revenue by 9.4% after the pass through of power supply costs from its power supplier, Arkansas Electric Cooperative Corporation, under the provisions of Act 676 of 2009. The effect of the rate change on individual consumers will vary depending on the class of service and the amount of electricity used.

<u>Rate/Block</u>	<u>Existing Rate</u>	<u>Act 676 Rate</u>	<u>Act 821 Rate</u>
<u>RATE SCHEDULE 4: SECURITY & STREET LIGHT SERVICE - SL</u>			
Monthly Lighting Charges:			
1000 W MVL*	\$33.35	\$33.56	\$34.68
400 W Sodium*	\$33.90	\$34.37	\$35.49
1500 W MVL*	\$47.48	\$47.99	\$49.11
1000 W Sodium*	\$47.45	\$47.94	\$49.06
1000 W Quartz*	\$30.14	\$30.86	\$31.98
LED 175 69 W	\$10.67	\$10.72	\$11.84
250 W Directional*	\$15.32	\$15.51	\$16.63
<u>LED Equivalents:</u>			
Residential			\$11.67
Commercial Street			\$19.68
Commercial Directional			\$22.94
Decorative Street Light			\$12.67

*These lights are no longer offered for new installations and replacements. LED equivalent will be used.

RATE SCHEDULE 17: LARGE POWER SERVICE - OPTIONAL

Adjustments to Energy Charges:			
Energy Cost Adjustment (/kWh)	\$0.00369	\$0.00369	\$0.00017
Cost of Debt Adjustment (/kWh)	-\$0.00093	-\$0.00093	-\$0.00093
Energy Charges:			
All kWh (/kWh)	\$0.058620	\$0.059770	\$0.06739
Energy Charges Including Adjustments Above:			
All kWh (/kWh)	\$0.061375	\$0.062525	\$0.06662
Daily Service Availability Charges:			
All Phases	\$5.50	\$5.50	\$6.00
Demand Charges:			
All Billing kW	\$1.00	\$1.00	\$2.00
All Coincident Billing kW	\$13.30	\$13.68	\$13.68

The above proposed rates will become effective for bills rendered on or after April 1, 2024, unless on or before such effective date petitions from ten percent (10%) of the member-consumers have been received by the Arkansas Public Service Commission, 1000 Center Street, Little Rock, Arkansas, 72201, the mailing address of which is: P.O. Box 400, Little Rock, Arkansas, 72203-0400.