

For the last couple of months we have been talking about the need for rate increases and discussing why the trends are going the way they are. Looking around we are all seeing increases in all areas of our daily lives. Your REMC has worked diligently to keep from raising our local rates. As stated in last month's article our rates have not increased since May 2007. It cannot be stressed enough how difficult some of the decisions in this area have been. It is with the understanding that no matter what is decided it affects each and every one of us.

The 2009 Cost of Service Study and proposed rate design was presented to the Board of Directors at their October 29 meeting by the rate consultant. After much discussion, more information was requested by the board. At a subsequent meeting on two weeks later, the board continued their review of the proposed rates. Final rates are scheduled to be approved at the board meeting on November 30. These new rates will take effect on April 1, 2010 and will include the 3% Hoosier Energy rate increase that will also take effect on that day.

Hoosier Energy's new rates are more complex and have seasonal components of the demand charges and daily on peak/off peak energy rates. This new rate design while more complex sends a price signal that is closer to the actual market prices of electricity. In simpler terms, higher demand periods have higher electricity prices while lower demand periods have lower electricity prices. This means that Hoosier's rates are higher in the three summer months of June, July, and August and also in the three winter months of December, January, and February. The rates during the other six shoulder months, March through May and September through November are quite a bit lower. Our board has spent significant time discussing how these new price signals should be shown to our members. Once the final rates are approved, we will take time to explain the new rates and how they will impact your bills. We will also develop programs and communication articles to help you our members to better understand the many changes in the rates and what you can do to minimize your electric bills.