

Talking about the upcoming rate adjustment

Over the past few weeks, we've heard from many of you about the upcoming rate adjustment that goes into effect October 1. I want to take a moment to address your concerns directly.



Keith Mathews
CEO

First, I want to acknowledge what many of you have said: any increase is difficult. This is the very reason we have waited until now to raise rates. But we have reached the point where it is necessary to cover our mortgage requirements and maintain the reliable service you expect. We know that families are facing higher costs for groceries, gas, insurance and nearly everything else. As your Cooperative, we do not take lightly the responsibility of raising rates. We are a not-for-profit organization. That means we don't have shareholders, we don't distribute profits to outside investors and every dollar we collect goes back into operating and maintaining the electric system that serves you.

So, why the adjustment? Quite simply, the cost of providing reliable power has gone up. Wholesale power—the electricity we purchase from our supplier—makes up nearly 60 cents of every dollar you pay on your bill. Those wholesale costs have increased because of higher fuel prices, regulatory requirements and system improvements needed to keep the grid stable. In addition, materials like poles, wire and transformers cost significantly more today than they did just a few years ago, and supply chain challenges have increased both prices and delivery times. Covid impacted the world's workforce, and the war has impacted essential materials that we depend upon to provide safe and reliable service.

Many of you mentioned our office building. That facility was completed in 2022 to replace a 60+ year-old headquarters that was no longer safe or efficient for employees or members. To be more specific, our old headquarters had foundation issues caused by poor construction methods. Importantly, the cost of that project was budgeted years before, and it is not the reason for today's increase. We also sold our secondary office because our current headquarters was built as a storm-hardened facility, removing the need for a back-up location to operate from in case of a devastating storm. Our rates are driven primarily by wholesale power costs and the ongoing

investment in the poles, wires, substations and technology that deliver reliable service to your home.

Some of you also asked about our time-of-day rate option. This program is voluntary—it's not a requirement—and it's designed for members who want to save money by shifting their usage away from peak demand times. Members who are able to adjust when they run large appliances like washers, dryers, or dishwashers can see savings compared to the standard rate. If you'd like to see a personalized comparison of what your bill would look like on this option, our member services representatives are happy to run the numbers for you.

We also heard questions about fees such as the paper bill charge. That charge reflects the actual cost of printing and mailing bills each month and it is avoidable if you prefer to switch to electronic billing. We understand not everyone wants to do that, and the option to receive a paper bill will remain available.

Finally, I want to address a bigger theme in your comments: trust. Some of you worry that your voices aren't being heard. Please know that you do have a voice. Our board of directors is made up of members—your neighbors—who are elected by you. As a cooperative, you are not just a customer; you are an owner. When you speak up, whether at a member function, through surveys, or on social media, your input helps guide our decisions.

We understand that no one welcomes higher bills. But we remain committed to our mission: safely providing reliable electricity and diversified services to the members and communities we serve. We are here to answer your questions, listen to your concerns and work together to find solutions that benefit all members.

Thank you for allowing us to serve you.

Keith Mathews

CEO, Southeastern Indiana REMC