

2018 RATE ADJUSTMENT

Hancock-Wood Electric Cooperative is enacting a rate adjustment in March 2018, which will be the first one in 10 years for residential Members and 16 years for commercial Members. After years of working hard to contain costs, a rate adjustment is necessary. All Members will be affected, but in different ways. Residential and commercial Members will receive a letter soon detailing how the rate adjustment affects them.



WHY IS AN ADJUSTMENT NECESSARY?

- Decline in new residential and commercial sales after 2007-08 recession
- The lack of growth of existing commercial sales in the past few years.
- The lack of new economic development activity within HWE's service area.
- Impact on sales due to mild winters and summers over the past three years.
- Escalation in operating costs over the past 10-16 years.



RESIDENTIAL MEMBERS

Most residential Members will only see a \$5 per month increase in their service charge, which helps fund the infrastructure required to provide service to Members – poles, wires, substations and meters. The service charge is an essential component of your bill – it helps pay for the cooperative's fixed costs of serving the Members regardless of electricity usage. Specific details about the adjustment will be mailed in the near future to each residential Member.



COMMERCIAL AND INDUSTRIAL MEMBERS

Commercial and industrial Members will see a multi-year rate adjustment. This group has not seen a rate increase for 16 years. A rate adjustment strategy will be instituted that makes the impact of these adjustments more manageable for commercial Members. Specific details will be mailed in the near future to each commercial Member.



FARM MEMBERS

Farm account Members will see a multi-year rate adjustment in 2018. This group has not seen a rate increase for 16 years. A rate adjustment strategy will be instituted that makes the impact of these adjustments more manageable for farm Members. Specific details will be mailed in the near future to each farm Member.



ECONOMIC DEVELOPMENT FUND

All Members will see a new charge included in the energy portion of the bill to support economic development initiatives throughout the company's service area. The revenue collected from this charge will be used to allow HWE to be more aggressive in attracting new commercial businesses to its service area. Growth in new sales results in stabilization of rates for all Members.

HOW HWE CONTAINS COSTS

HWE is continually looking for ways to operate more efficiently and keep costs stable. As a Member, you can make smart investments in energy efficiency. Every kilowatt-hour cooperative Members avoid using is one the cooperative doesn't have to purchase and deliver. Ohio's Co-operative Living magazine and our website provide many great ways to save on electricity and better manage your energy use.

We only invest in technologies that improve reliability, operations, and efficiency. We also live by the cooperative difference – as a cooperative, we are not driven by profits and making a return for shareholders. Rather, we are service-driven and operate at cost. Our focus is on keeping the business financially strong on behalf of all Members, in order to continue to provide safe, reliable service at the lowest practical cost.