

## POLICY

**SUBJECT:** Adjustments to Electric Rates and other charges

**POLICY:** It is the desire of the Cooperative to offer safe and reliable electric service to the membership at the lowest possible costs while considering good stewardship of the Cooperative. As a result, the Cooperative must balance keeping rates for service to its membership reasonable while ensuring the health and well-being of the Cooperative is maintained and the Cooperative is able to maintain all of its financial commitments to business partners. When, in consideration of these factors, it becomes necessary for the management and Board to make an adjustment in its electric rates, the Cooperative shall use the following procedure in determining the appropriate timing, rate structure, rate tariff and schedule for implementation:

### PROCEDURE:

1. The CEO/General Manager and the Board, in part through its Finance Committee, shall continuously monitor the financial health of the Cooperative and initiate these procedures as determined necessary.
2. When it is determined that more recent data is required to properly consider an adjustment to rate structures, the Cooperative, with input from qualified consultants, shall complete a detailed "Cost-of-Service" study (COSS) to identify the necessary projected revenue requirements.
3. The Cooperative will utilize the results of the COSS study to appropriately design a fair and reasonable allocation of revenue requirements across rate classes with consideration to the re-design of rate structure as may be deemed appropriate.
4. The Board will review and approve the draft rate classes and redesigned rate structure and will schedule at least one member hearing for presentation and discussion. The details of the rate adjustment and schedule for hearing(s) will be appropriately communicated to the membership.
5. After hearing membership concerns/comments, the Board will either act to modify, amend or accept the rate adjustment to become effective at the specified date in the future.
6. Rate structures that include a formulary component or components may be utilized to avoid large step changes in rates and the associated impacts on the financial condition of the Cooperative. When formulary components of rate structures are utilized, they may be applied for a period not to exceed 5 years without conducting a full COSS. Changes



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in rates resulting from the application of a formulary rate component are subject to the requirement of at least one member hearing unless the changes in rates are exclusively rate decreases. For rate decreases, a member hearing is not required.

7. Changes to other (non-rate) fees incident to the provision of electric service shall be considered by the Board without the requirement of a member hearing, but shall be based upon consideration of the same factors set forth above.

RESPONSIBILITY: Board of Directors & CEO/General Manager

DELAWARE COUNTY ELECTRIC COOPERATIVE, INC.

Approved by Board of Directors      Aug 25, 2009

Revised by Board of Directors      June 18, 2014

Reviewed by Board of Directors      July 26, 2016