

2024 RATE CHANGES ANNOUNCED: AN EXERCISE IN BALANCE

Service Reliability and Affordability Drive MVEA's Rate Decisions

BY RUTH MARKS CEO | RUTH.M@MVEA.COOP

In September, Mountain View Electric Association completed a member survey through the National Rural Electric Cooperative Association to measure our American Customer Satisfaction Index Score. I'm proud to share that we increased our overall satisfaction score from 79 to 85 since our last survey in 2017. While there were new insights provided in the report that will help us meet the needs of MVEA's growing membership, there are two areas that have remained important to all MVEA members: service reliability and affordability.

These two areas are also important to MVEA's Board of Directors and drive its rate change decisions. The Board is committed to balancing increased power costs with long-term service reliability, affordability, and rate stability for our members. Earlier this year, we shared that our wholesale power supplier, Tri-State Generation & Transmission, had indicated that it would be increasing its rates in 2024. Those rates have been approved and will increase MVEA's wholesale power costs by approximately 8%.

Changes to Tri-State's rate structure directly impact the rates that MVEA pays for wholesale power, as well as the electric rates of our co-op members, because the cost of power accounts for 65% of our overall operating costs. As a not-for-profit cooperative, the only viable way for us to recover the increased cost of purchasing and supplying power to our members is to share that expense. MVEA's rates are set to generate revenue to cover operating costs, pay debts on construction loans, and provide an emergency financial reserve — not to create profits.

Thankfully, due to MVEA's strong financial health and long history of fiscal stewardship, while our wholesale power cost will be increasing by 8% the impact on the rates members pay will be less. At the October meeting, MVEA's Board approved adjustments across all rate classes that average out to roughly 6%. Based on specific rate classes, changes have been made to kilowatt-hour (kWh) rates for actual energy use as well as the monthly grid access charge. These rate changes will be effective January 1, 2024, and will appear on bills calculated after December 31, 2023.

For the average MVEA residential member using 925 kWh a month, the change will result in a \$4.55 increase on the kWh electric use part of the bill along with a \$3.50 increase in the grid access charge. The total monthly change will vary based on electric usage,

but will average out to \$8.05 or a 6.9% increase per month.

How were these rate changes calculated? With some help from experts, MVEA worked with an independent rate consultant to develop a cost-of-service study (COSS) to assist in analyzing and forecasting rate adjustments for each of our rate classes. Since our last residential rate increase in 2017, the overall cost of providing reliable electricity has increased due to a variety of factors, including inflation; labor and supply shortages; and the industry-wide cost of transitioning to clean energy. The purpose of a COSS is to determine what it costs to serve each member by rate class and to recover those costs in the new rate design.

How do MVEA's current and 2024 rates compare to other utilities in the state? According to the July 2023 Colorado Association of Municipal Utilities' survey of Colorado's electric rates, we are right in the middle when compared to other electric utilities (including electric cooperatives, municipalities, and investor-owned utilities).

Rate changes are a hard but necessary part of running a not-for-profit business that relies on innovation and technology to provide a safe and reliable service — especially one that is as essential to our daily lives as electricity. Please know that MVEA is committed to making sure that our business practices are sound, our rates are competitive during an era of increasing costs, and our commitment to the membership is at the heart of our business decisions.

In closing, I want to encourage all members to take a closer look at MVEA's Time-of-Day rate. This rate offers a cost-saving solution to members who can shift their energy use away from 5-9 p.m. (Monday through Saturday) to off-peak hours when the cost of wholesale power is less expensive. This rate can help members manage their electric bill, not by changing how much electricity is used every month, but simply changing when it is used.



RUTH MARKS

For a detailed breakdown of the rate changes for different rate classes and an easy-to-use rate calculator, visit www.mvea.coop/rates or call 800-388-9881.

3 Resources To Help Manage Your Electric Use

- 1 Can you shift your electric use away from MVEA's peak demand time of 5-9 p.m. (when we pay more for wholesale power)? **MVEA's Time-of-Day Rate** offers a cost-saving solution to members who can shift their electric use to off-peak, lower rate periods. To learn more, visit www.mvea.coop/rates or call (800) 388-9881.
- 2 With daily and hourly electric use reads available, **SmartHub** is MVEA's bill payment and account management tool that makes it easy for members to monitor and manage electric use. Visit www.mvea.coop/payment-options.
- 3 **Energy efficiency rebates** help offset the cost of upgrading your home lighting, heating, and cooling to help you save energy and money. Learn more about MVEA's rebates at www.mvea.coop/rebates. You may also qualify for discounts and tax credits for energy-efficiency upgrades through the **Inflation Reduction Act (IRA)**. Learn more at www.mvea.coop/ira.



ELECTRIFY AND SAVE

Inflation Reduction Act Promotes Energy Efficiency Upgrades

In August 2022, the largest legislation Congress has ever passed to reduce carbon emissions and increase energy innovation was signed into law. The Inflation Reduction Act (IRA) contains millions of dollars in energy-related incentives for American energy consumers.

IRA home energy offerings include up-front discounts, tax credits, and low-cost financing that together provide a substantial pot of money for every household to electrify. Electrifying your home means replacing fossil fuel use (propane, heating oil, gasoline) with electricity to reduce emissions and energy costs.

If you are considering an energy efficiency project for your home or business, investing in solar, or buying an electric vehicle, there are incentives available to help you offset the upgrades.

Energy efficiency programs

Through the Energy Efficient Home Improvement Credit, members may be eligible for a tax credit of up to 30% of the cost of eligible home improvements. These credits have a \$1,200 limit annually, so if you spread out your qualifying home projects, you may be able to claim the maximum credit each year. Some eligible improvements include doors, windows, central air conditioners, electrical panel upgrades, heat pump water heaters, and heat pump HVAC systems.

The High-Efficiency Electric Home Rebate Program provides rebates to low- and middle-income families who purchase energy efficient electric equipment and appliances. To qualify, your family's total annual income must be less than 150% of your area median income. Eligible items include stoves, water

heaters, heat pumps, insulation, and electric wiring. To learn more, visit the White House's "Clean Energy For All" page at [whitehouse.gov/cleanenergy](https://www.whitehouse.gov/cleanenergy).

Renewable energy

The Residential Clean Energy Credit provides members a tax credit for 30% of the cost of qualifying solar, wind, geothermal, or biomass installations that produce electricity, heat water, or regulate the temperature in their home. The 30% credit is now extended through 2032, falling to 26% in 2033 and 22% in 2034, after which time it will expire. It also applies to battery storage technology with a capacity of at least 3 kilowatt-hours (kWh).

Electric vehicles

Buyers of new EVs may be eligible for up to \$7,500 in federal tax credits. This credit may vary by make and model depending on factors like the vehicle's sourcing and assembly. Additionally, those purchasing used EVs (minimum of two years old and costing \$25,000 or less) may now be eligible for a tax credit of up to \$4,000 or 30% of the price of the vehicle, whichever is less. For additional guidance regarding eligible vehicle models, income limitations and other eligibility factors, visit [irs.gov](https://www.irs.gov) and use the search bar for "electric vehicle tax credits."

Always consult a tax professional to determine your eligibility for tax credits. Consult MVEA's Distributed Energy Resources team for help with questions you may have about energy efficiency upgrades. Give us a call at 800-388-9881 or email der@mvea.coop. To learn more about the Inflation Reduction Act and for helpful resources, visit www.mvea.coop/ira.

BEAT THE PEAK ⚡ Understanding Energy Demand

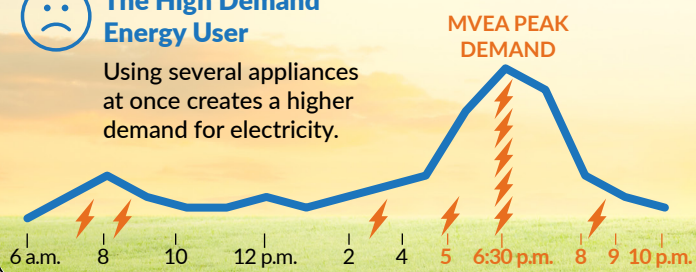
To help conserve energy and manage the cost of wholesale power, *when* you use electricity is just as important as *how much* you use. Let's work together to spread it out and beat the peak!

Like many products, when there is a higher demand, there is a higher cost for that product. MVEA's average energy demand peak is at 6:30 p.m. To help MVEA beat the peak all year long, avoid heavy energy use during the peak demand time period of 5-9 p.m. and look for ways to shift your energy use to other times of the day. During peak periods when the cost to produce and purchase power is higher, MVEA members can help the co-op save by taking simple steps to save energy — steps such as turning down your thermostat to 68 degrees in winter and turning it up to 78 degrees in summer; turning off unnecessary lights; and waiting to use large appliances during off-peak times. If you own an electric vehicle, please charge it after midnight. If you have a programmable thermostat, adjust the settings to heat or cool before 5 p.m. or after 9 p.m. If you can shift enough electric use to off-peak times, you may benefit from MVEA's Time-of-Day rate. Learn more about this cost-saving rate at www.mvea.coop/rates.



The High Demand Energy User

Using several appliances at once creates a higher demand for electricity.



The Energy Conservor

Spreading electric use out throughout the day helps beat the peak and conserve energy!





STAY AWAY

from sagging or downed

POWER LINES

Downed trees can create power outages for you and your neighbors. Let's work together to keep the lights on and be safe this winter.

- When you see power lines on the ground, stay away, warn others to stay away, and contact MVEA or 911. Lines do not have to be arcing or sparking to be live. Any utility wire, including telephone or cable lines that are sagging or down, could be in contact with an energized power line, also making them dangerous. So, stay away from all lines. To learn more about storm and outage safety, visit www.mvea.coop/outage-center.
- Downed trees and power lines do not mix well. Be alert to the possibility that tree limbs or debris may hide an electrical hazard. A downed power line can energize objects around it, such as chain link fences and metal culverts. Keep your property storm ready. Look for possible problem trees close to utility lines and contact MVEA. Visit www.mvea.coop/tree-trimming to learn more about MVEA's tree trimming services.

ELECTRIFYING DREAMS. EMPOWERING MINDS.

Need Cash For College? Win a Scholarship!



If you are continuing your education next year, apply for a scholarship with MVEA today. Whether you will be attending traditional college, planning on attending a technical school, or interested in pursuing an engineering or lineworker career, MVEA is here for you!

For the 2024 school year, MVEA will be awarding scholarships with opportunities for both traditional and nontraditional students.

**Scholarship Application Deadline:
February 28, 2024**

Visit www.mvea.coop/scholarships to learn more.

Don't Trash Your Christmas Tree or Wreath. **Mulch It!**



As an MVEA member you are invited to bring your personal natural tree or wreath to the Falcon office to be turned into mulch. (Make sure to remove all decorations and metal from your tree or wreath to prevent damage to MVEA's chipper.) Then, bring it to MVEA's office at 1140 E. Woodmen Road. Take the first entrance into the side parking lot and go to the back of the lot. You will see a sign to recycle your tree. We'll turn it into landscaping mulch that is free to the public. Questions? Call MVEA at (800) 388-9881.



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MISSION STATEMENT

To provide our members safe, reliable, affordable, and responsible electric service and access to broadband services.

This Association is an equal opportunity provider and employer.

THE CHECK IS IN THE MAIL! IT PAYS TO BE A CO-OP MEMBER.

MVEA Retires More Than \$2 Million in Capital Credits

You are both a member and an owner of Mountain View Electric Association. It is a business model unique to cooperatives. Your investment in the cooperative helps to ensure the financial health and stability of the co-op, and is returned to you through the allocation and retirement of capital credits. Capital credits represent your investment in MVEA — your piece of the co-op pie.

In October, the Mountain View Electric Association Board of Directors voted to retire (which means pay) capital credits in the amount of more than \$2 million. If you were an MVEA member in the years that were retired, you should receive a check in mid-December. MVEA will issue more than 32,150 checks to active and inactive members with a capital credits balance over \$10. For those with a capital credits retirement under \$10, the amount is held until the total cash value of the retirement is greater than \$10 or until the final payment will close-out the account.

MVEA members receive a capital credits allocation every year. Because electric co-ops operate at cost, any excess revenues (called net margins) are allocated to members in the form of capital credits.

When the Board deems the co-op financially capable of doing so, capital credits are retired (paid) to members. Dedication to fiscally responsible business practices and planning has enabled MVEA to retire more than \$81 million in capital credits back to members since MVEA's first retirement.

The MVEA Board of Directors is firmly committed to retiring capital credits. When financial conditions permit, MVEA's Board of Directors applies a hybrid first-in, first-out (FIFO) 80% with a last-in, first-out (LIFO) 20% capital credits retirement system to increase the number of checks issued to members.

While all electric co-ops allocate capital credits, not all co-ops retire capital credits. The allocation and retirement of capital credits is one of the most unique and rewarding benefits of being an electric co-op member.

Don't miss out on your share of the cooperative! If you move out of MVEA's service territory, please be sure to provide us with your new mailing address every time you move.

How Do Capital Credits Work?

Electric co-ops operate at cost. Any excess revenues (called net margins) that remain once all expenses have been paid are divided and returned to MVEA members as capital credits.

IN A CO-OP, EVERY MEMBER GETS A PIECE OF THE PIE!

Questions? Please call MVEA at 800-388-9881.

MVEA has retired \$81+ Million to members.*

At the end of the year, MVEA settles all financial matters and determines whether there are excess revenues, called net margins.

You get the credit as an electric co-op member! When MVEA's Board of Directors retire capital credits, payments are made to co-op members with a capital credits retirement balance over \$10 (amount is subject to change after yearly review).

MVEA allocates net margins as "capital credits" to members who belong to the co-op during the year in which a net margin is generated.

When MVEA's financial conditions permit, the Board of Directors may decide to retire (which means "pay") capital credits to members.

*As of December 1, 2023.

