



# STEARNS ELECTRIC

## COST-OF-SERVICE STUDY

### FREQUENTLY ASKED QUESTIONS GUIDE

#### 1. HOW IS INFLATION IMPACTING STEARNS ELECTRIC?

Like many of the members and businesses we serve, Stearns Electric's finances and operations have been significantly affected by the rising costs of equipment, materials, and services. For example, the price for key pieces of our distribution infrastructure such as poles, wires, transformers, and meters has risen by as much as 60% over the last two years.

Great River Energy, our wholesale power provider, is passing along a 6% rate increase to Stearns Electric due to rising costs. This year, two-thirds of every dollar members spend on electricity will go directly towards purchasing the electricity that Stearns Electric distributes.

#### 2. WHAT IS THE CURRENT FINANCIAL OUTLOOK FOR STEARNS ELECTRIC?

Currently, Stearns Electric is financially sound and doing its best to manage rising costs. However, projections for 2023-27 indicate that the Cooperative will need an increase in revenue to continue supporting current operations and long-term investments in the safety and reliability of its distribution system.

#### 3. WHY IS THE COOPERATIVE DOING A COST-OF-SERVICE STUDY?

To understand how best to respond to these financial challenges, the Cooperative has hired an independent consultant – Power Systems Engineering – to perform a Cost-of-Service study to identify costs and revenue needs for the coming years.

Further, this study will help identify rate adjustment options to support the financial stability of the Cooperative and its essential service to our communities. The study will also include recommendations for ways to improve fairness across all rate classes to ensure members are receiving the best value for their energy use.

#### 4. DOES THE COST-OF-SERVICE STUDY MEAN THAT MY ELECTRIC RATES WILL BE INCREASING?

We expect that the Cost-of-Service study will conclude that a rate increase will be necessary in 2023. Based on our current projections and needs, we expect a rate increase to become effective as soon as May. A rate increase will only be implemented if it is deemed essential to support the integrity of our operations and long-term future. We will do all we can to minimize the impact of a rate increase on our members.

As always, the goal at Stearns Electric is to maintain the highest level of reliability, quality and member satisfaction for your home or business.

#### 5. WHEN WAS THE LAST TIME RATES WERE INCREASED?

Stearns Electric Cooperative has not increased rates since 2018.

#### 6. WHEN WILL THE STEARNS ELECTRIC BOARD MAKE A DECISION ON ADJUSTING RATES?

The Cooperative's Board of Directors will receive the findings of the Cost-of-Service study on March 30. If a rate adjustment is approved, it would likely be implemented for May energy use and billed to members on the June power bill.

#### 7. WHAT IS STEARNS ELECTRIC DOING TO CONTROL COSTS?

Stearns Electric strives to provide competitively priced and reliable electric service. We've been able to operate without a rate increase the last five years by actively managing costs, making efficiency improvements, and maximizing technology.

As a not-for-profit electric cooperative, we don't set our rates to make a profit. Rather, we are service-driven

and operate at cost. In fact, when profits are made (margins), they are returned to members in the form of Capital Credits.

We know that we do better when our members do better. That is why we offer a wide variety of energy efficiency programs and rebates, providing customers with options for controlling their energy use and costs.

**8. WHAT IF I'M CURRENTLY HAVING TROUBLE PAYING MY UTILITY BILLS?**

We offer great programs to help people take control of their energy use and lower their bills. We can help members make energy-related adjustments to their home or business. There are also rebates available for certain energy improvements for all types of members - residential, commercial, industrial and agricultural. Visit our website to learn about ways to reduce usage and improve energy efficiency.

Minnesota also offers a low-income assistance programs to help low-income households pay their energy bills. No member should be without energy when they need it.

**9. WHAT ARE SOME WAYS I CAN MANAGE AND/OR REDUCE MY ELECTRIC BILL?**

Stearns Electric offers a number of options to help you manage your power bill. Some of those services include automatic payment options, budget billing, and energy efficiency programs and rebates. If you are interested in learning more about these services, please refer to our website.

**10. WHERE CAN I FIND MORE INFORMATION OR ASK OTHER QUESTIONS?**

Our website it a great resource to learn more about your electric service. If you have questions or wish to speak directly to a Cooperative representative, call our offices during regular business hours at (800) 962-0655.



**TO LEARN MORE:**

Please contact our office during regular business hours.

**(800) 962-0655 | [WWW.STEARNSELECTRIC.ORG](http://WWW.STEARNSELECTRIC.ORG)**