



FAQ: LaGrange County REMC Rates & Service

How are my electric rates determined?

LaGrange County REMC is a cooperative. The unique thing about our business structure is that those receiving the service (that's you!) are also the owners of the business. As a cooperative, our financial goal is not to earn profit, but to simply cover our costs and make enough margin to continue to invest in the reliability and sustainability of the electric grid. To that end, we do a detailed analysis of our total cost of operation and determine what drives those costs. We then assign those costs to our various customer classes based on those cost drivers so that everyone pays their fair share. We design rates that collect those costs and ensure we can continuously deliver the highly reliable service you have come to expect and rely on.

Why are your rates so high?

Like a lot of things in life, perception is reality. So, if you think our rates are high, we may not be able to convince you otherwise. However, from a purely statistical standpoint, our rates are about average. Our residential bill for a customer consuming 1,000 kWh in a month is lower than NIPSCO, about equal to I&M and slightly above the median for electric cooperatives in the State of Indiana.

As a cooperative, our main goal is to provide reliable electricity at the lowest cost possible. Because of our rural nature and other characteristics of the geographic area we serve, it isn't necessarily possible for us to be the lowest cost provider in the state or region, but we do our best to deliver reliable service as inexpensively as we can.

What is this Minimum Service Charge on my bill?

To operate an electric distribution system, we incur two kinds of costs. The first kind are variable costs that happen when our members consume electricity. We purchase our power from the bulk electric grid on behalf of our members and distribute it to them when they need it. The more energy they consume, the more our costs increase. We pass those costs on to our members through a variable charge per kilowatt-hour.

The second kind of costs we have are fixed costs. When we build an electric line, we have to pay for the labor & materials to construct it, as well as the ongoing costs to maintain those lines. These costs don't go away or change based on how much energy our members consume. In fact, we will have those costs even if no one uses any electricity at all! For that reason, the Minimum Service Charge portion of the

electric bill is designated as a fixed charge to cover those everyday expenses we incur for building, operating, and maintaining our electric distribution system.

Why do I have to pay a service charge even for the months I'm not there?

Have you ever gotten a loan for something - say a big purchase like a home or a car? Once you get that loan, the bank is pretty insistent that you keep making the required payments on that loan no matter what. If you decide to go on a month-long vacation, the bank doesn't let you skip a loan payment just because you weren't using your home. If that car sits in your garage for a week without you driving it, the bank doesn't discount your payment. You also have to keep paying for basic maintenance and insurance on those items no matter how much you use them. In the same way, much of the investment that we made to build our electrical system was financed through banks and we must continue to perform care and maintenance of the system even if no one is using it. When you join as a member of our cooperative, you make a commitment along with the other members to help equitably pay for the operation of our system. Once you are connected to our grid, you, along with every member, help contribute to cover our fixed costs of operation no matter if you use electricity around the clock or just a few weekends a year.

Why is the meter base my responsibility to pay for?

The meter base is the interface between the utility company's electric distribution system and the customer's facility electrical system. Each customer has different capacity, location and aesthetic needs for their meter base and our longstanding policy has been for the customer to provide a meter base that meets those needs as well as our requirements, as the utility, for providing an appropriate and safe point of delivery. We provide meter bases that can be purchased at our office that meet most customer's needs. Once the meter is installed in the meter base, we place one of our locking devices on it to prevent unauthorized access. Regardless, if the meter base is damaged or falls into disrepair, it is the customer's responsibility to arrange for repairs or replacement by a qualified electrician. We are happy to de-energize the service at no charge (during normal business hours) so that the repair can be done safely.

What is demand?

If you are in one of our commercial, industrial or irrigation customer classes, you will see a charge or charges on your bill that are described as "demand". While most people are familiar with kilowatt-hours as a measure of the energy that flows through their electric meter, another component of electricity consumption is the rate (or speed) at which energy is used, which we measure in kilowatts (kW). The "demand", then, is the highest rate or speed at which energy was consumed over the time period of your electric bill. This maximum, the demand, indicates the capacity of the electrical lines and equipment that are required to provide service to your facility. For our commercial, industrial and irrigation customers we break down the demand out separately on the bill so that we can more accurately and fairly bill for the cost of providing service for these higher capacity electrical loads.