

POLK-BURNETT ELECTRIC COOPERATIVE

Policy: **BD- 30: Energy Rate Design Guidelines**

Purpose: To set forth policy relating to the development and implementation of electric rates that matches the strategic objectives of Polk-Burnett Electric Cooperative (Polk-Burnett).

Policy:

A. Commitment to Rate Design

It is the policy of the board of directors of Polk-Burnett to develop electric rates that allow Polk-Burnett to provide electricity that is reliable, cost based, considerate of the environment and maintains the cooperative's financial strength at the lowest possible retail cost to members.

B. Basic Fundamentals

- i. Polk-Burnett will prepare revenue requirements and cost-of-service studies every five years (at a minimum), with applicable updates in the interim as required to have information needed to develop rates.
- ii. Rates will be developed and implemented that:
 - a. Allocate cost across rate classes in an equitable manner.
 - b. Minimize subsidies between classes (with the goal being less than 5%).
 - c. Minimize subsidies within a class.
 - d. Set Availability Charge to be within 85% to 100% of the calculated consumer costs as established in cost-of-service study.
 - e. Generate margins adequate to meet annual lender requirements and long-term financial objectives as per Polk-Burnett's equity management plan.
 - f. Pass through any Power Cost Adjustment (PCA), Revenue Volatility Adjustment (RVA) or Rate Surcharge on the current month wholesale power bill. The rate shall be increased or decreased per kWh, by dividing by the estimated kWh to be sold in the following month.

C. Environmental Commitment

- i. Develop and implement rates that encourage energy efficiency
- ii. Promote the use of renewable resources

D. Technology

- i. Invest in technologies that:
 - a. Allow Polk-Burnett to properly signal the member as to the current price of energy to encourage conservation.
 - b. Enhance member service and reliability

E. Monitoring

Management should be held accountable for implementing rates as approved by the board of directors and routinely report to the board as to the need to adjust rates to account for changes in costs or strategic initiatives.

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