

January 1, 2009, PCA Increase FAQ

Q: What is PCA, and when does the change take effect?

A: PCA stands for Power Cost Adjustment, and it is a separate line charge on the customer bill. It is directly related to the cost of power from our power supplier. At its November meeting, the LCEC Board of Trustees approved a Power Cost Adjustment (PCA) based on increased purchased power costs from its wholesale power supplier. The revised PCA went into effect for bills mailed on January 1, 2008 and increases from \$0.01376/kWh to \$0.01796/kWh.

Q: What impact will I see on my bill?

A: Because other components of LCEC electric bills are not changing, the new PCA will result in a 3.8% increase on the typical residential bill. An average customer (or one who used 1,000 kWh) in September, 2008 had a bill of \$109.96. On January 1, 2009, 1,000 kWh will cost \$114.16, for a difference of \$4.20. (3.82% increase).

Q: Why is an increase necessary?

A: Although some fuel costs, such as natural gas, have decreased, our current power supplier relies predominantly on coal for power generation. Coal prices and related transportation costs have increase significantly over the past year.

More than 70 percent of the LCEC electric bill is related to purchased power, which is included in LCEC rates at costs charged by the supplier. The PCA is adjusted periodically to reflect the purchased power costs. LCEC makes no margins (profit) on the purchased power portion of the bill.

Q: What does LCEC do with this collected money?

A: The funds from the PCA do not go toward revenue. It is a pass-through cost that goes to the power supplier to pay for the cost of power. More than 70 percent of the LCEC bill is attributed to power costs.

Q: Are there any other increases in the near future?

A: LCEC is doing everything possible to mitigate the rising cost of doing business. It is no secret that all utility rates have escalated over the past year and the impact is hitting everyone hard. We share our customers' frustration, and we continue to work hard to reduce costs and improve efficiencies in the parts of our business that we more directly control. As a business, we are also confronted with rising operational costs that challenge us to keep a close watch on the bottom line.

Q: Fuel prices are going down, why aren't power costs decreasing?

A: Although the price of natural gas has declined, our power supplier relies on coal to generate a large percentage of their power. Coal prices have increased 100

percent since this time last year. There are additional costs related to coal such as rail transportation.

Q: How do LCEC rates compare to FPL and other utility rates now?

A: For the typical residential customer using 1,000 kWh, FPL customers are paying \$106.81, TECO customers are paying \$125.23 and Progress Energy customers are paying \$134.43 compared to LCEC customers who pay \$114.16 per 1,000 kWh.

Q: How can I keep my bill as low as possible?

A: LCEC customers can check out “Billing Insights” on www.lcec.net under Energy Tools to generate an individual analysis of their usage based on their bill and customer-entered information about their home and energy lifestyle. LCEC also performs Energy Surveys at customer’s homes, providing an even more customized report of energy costs. General energy-saving tips include:

- Setting A/C temperatures to 78 degrees when at home, and 83 degrees when away from home can greatly affect kWh usage as A/C can account for nearly half a customer's energy bill.
- A new study by Florida Atlantic University finds that pool pump running time can be reduced to as few as 3 hours a day (many customers run theirs 6 or more hours a day).
- Water heater temperatures can be reduced to 120 degrees.
- Cleaning or replacing A/C filters monthly and having the cooling system inspected annually improves efficiency and extends the life of the unit. When eventually replacing the A/C unit, a rating of 14 SEER or higher is recommended.
- When replacing appliances, Energy Star models use less energy than their counterparts.
- Insulation with an R-value of R-30 is preferable to lower values to save energy costs.