

# GRAHAM COUNTY ELECTRIC COOPERATIVE, INC.

## RESIDENTIAL TIME-OF-USE RATES (TOU) SUMMARY

On August 21, 2012, the Arizona Corporation Commission issued Decision No. 73348, authorizing new residential time-of-use rates and hours for Graham County Electric Cooperative, Inc. (GCEC) which became effective on October 1, 2012.

### What are GCEC's Time-of-Use rates?

The following table shows the current residential TOU rates offered by GCEC compared to the standard residential rates:

#### Residential Time-of-Use Rate Schedule

Charge Description	Amount	Calculation
Service Availability Charge	\$9.00	Per month
Meter & Billing Charge	\$3.40	Per month
Off-Peak Energy Charge	\$0.06734	Per kWh
On-Peak Energy Charge	\$0.23835	Per kWh
Purchased Power Adjustor	*	Per kWh

#### Standard Residential Rate Schedule

Charge Description	Amount	Calculation
Service Availability Charge	\$9.00	Per month
Energy Charge	\$0.11038	Per kWh
Purchased Power Adjustor	*	Per kWh

\* The PPA rate can vary monthly based on the cost of power. Over the past year, the rate varied between \$0.025 and \$0.00 per kWh.

### What are the On-Peak / Off-Peak Hours?

The following table shows the On-Peak hours for each day Monday through Friday. All other hours including weekends and holidays are considered to be Off-Peak. Holidays are defined as New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

#### On-Peak Hours:

MONTH	MON – FRI	SATURDAY	SUNDAY	HOLIDAYS
Apr 1 – Oct 31	1 PM – 7 PM	Off-Peak	Off-Peak	Off-Peak
Nov 1 – Mar 31	6-9 AM & 6-9 PM	Off-Peak	Off-Peak	Off-Peak

### Why do we need Time-of-Use rates?

TOU rates help reduce the demand for electricity during "peak" times of the day when it costs the utility company more to purchase that power.

The principle is simple. Demand for electricity varies during the day. It is usually lowest in the middle of the night when most people are sleeping and commercial/industrial buildings are not in operation, and it is highest from about noon to 9 pm when most of us are working, cooking, watching TV, running the dishwasher, etc. Very hot and very cold days also make a big difference (more power is required to run air conditioners or heating systems).

What TOU rates do is reflect that reality into electricity prices to create incentives that encourage people to use less electricity when demand is highest and more electricity when it is lowest. The total amount of

electricity used could be the same, but the peaks will be lower and the valleys won't be as deep. This is in opposition to flat rates (same price throughout the day), which does not make it any more expensive to use power during peak time, leading to huge peaks.

(Source: "Get the Most Out of Time-of-Use Electricity Rates" <http://planetgreen.discovery.com>)

**Do Time-of-Use rates help protect the environment?**

It is generally agreed upon that if TOU rates reduce the peak demand then yes there is an environmental benefit to having these rates. The power grid has to be designed to meet peak demand. It's like having a car with a big engine because once in a while you need the power to drive fast. The rest of the time a smaller engine could work but you still need to have the extra power in reserve in order to drive fast again.

Charging higher electricity prices during peak demand has the effect of shifting demand to the least expensive times. This in turn means that fewer new power plants (often powered by coal or natural gas – fossil fuels that produce greenhouse gases and air pollution) need to be built to meet the peak. In short, it is a good way to better use what you already have.

(Source: "Get the Most Out of Time-of-Use Electricity Rates" <http://planetgreen.discovery.com>)

**Will Time-of-Use rates save me money?**

The short answer is...maybe. There are many factors that go into determining if a customer will be able to save money by switching to a TOU rate. Some of these factors include the total amount of electricity used per month, the individual customer usage patterns, willingness to adapt lifestyle in order to shift usage to Off-Peak hours, etc. In order to save money, customers must be able to shift enough usage to the Off-Peak times.

As a general rule of thumb, an average customer will need to shift at least 78% of the total monthly usage to Off-Peak hours with the remaining 22% On-Peak in order to save money. The more usage that a customer is able to shift to Off-Peak hours, the more money that customer might save. For example, a customer who uses 1000 kWh in a month and is able to shift 85% or 850 kWh to the Off-Peak hours will save approximately \$13.99 per month over the regular residential rate schedule. However if this same customer is only able to shift 60% or 600 kWh to the Off-Peak hours then he will have actually spent \$28.76 more than the regular residential rate. Contact a GCEC representative at (928) 485-2451 to discuss how you might be able to save money on TOU rates for your individual circumstances.

**If I decide that I no longer wish to be on Time-of-Use rates then can I switch back to the regular rate?**

Yes, customers are permitted to switch back to the standard residential rate at any time free of charge, however you will not be allowed to come back on TOU rates for a period of at least 12 months.

**Will I get reimbursed by the Co-op if I'm not able to save money while on Time-of-Use rates?**

No. TOU rates are optional and each customer must determine for himself if the TOU program will be beneficial before requesting to go on the program. A customer may return to the regular rate schedule at any time but may not return to TOU rates for a period of at least 12 months.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name (Printed)

\_\_\_\_\_  
Customer Number(s)

(By signing above I request service under the TOU rate schedule and agree with the terms and conditions for TOU service.)