



MESSAGE FROM THE COOPERATIVE

# Understanding the Power Cost Adjustment



Glenn W. Miller  
PRESIDENT/CEO

I'm often asked about what determines electricity prices. When speaking with members about these prices, we often talk about how the daily cost of living seems to have increased across the board.

In the past decade, we have seen runaway inflation intensified by a global pandemic, 100-year storms, and supply-chain failures. Each of these has played a role in the increasing costs of fuel sources used to create electricity.

As energy consumers, it's essential to be aware of changes in our utility bills and understand what factors contribute to these fluctuations. One such factor is the Power Cost Adjustment, which can sometimes lead to an increase in costs.

The PCA is a pass-through cost based on the wholesale cost of fuel. HWEC's PCA is calculated monthly and reflects the difference between our wholesale cost of power from Buckeye Power and the cost of power built into our energy (kilowatt-hour, or kWh) rates. The monthly PCA can be in the form of a credit or a charge on your monthly bill.

It is often influenced by fluctuating fuel prices, changes in energy supply and demand, and other operational costs. The PCA covers these monthly cost fluctuations without having to continually restructure electricity rates.

Wholesale power suppliers generate electricity from many sources including coal, natural gas, solar and wind farms, and hydroelectric dams. When the cost to generate power goes up, so does the PCA.

Distribution cooperatives will see increased power costs in the coming months, resulting from factors that are affecting most businesses and industries, as well as individual family budgets. In our industry alone, transmission charges have

tripled in the past decade. A benefit of being a cooperative member in Ohio is that we own our generation facilities, so we won't see drastic market shifts that investor-owned utilities may experience.

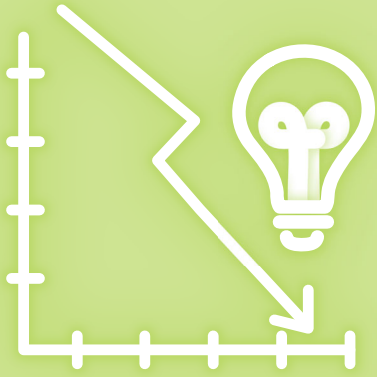
In keeping with our cooperative principles, the revenue received from our members' electric bills is used to pay for the cost of power and the cost of providing electric service. Because we are a not-for-profit cooperative, any remaining margins are returned to you in the form of patronage capital credits.

In summary, the three integral components that I hoped to illustrate through this article are:

- Power Cost Adjustments are not rate changes, but temporary adjustments month to month.
- A Power Cost Adjustment increase does not generate extra margins for the cooperative.
- Power Cost Adjustments are necessary to cover fluctuations in power costs, primarily driven by fuel and transmission prices.

As always, we will continue to keep a close watch on fuel costs in the coming months and adjust the PCA accordingly to reflect the most accurate prices. While a Power Cost Adjustment increase can be frustrating, it is a necessary tool for utilities to manage the dynamic nature of energy costs. By staying informed and taking proactive steps, consumers can better manage their utility expenses and contribute to a more sustainable energy future.

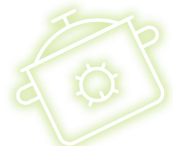
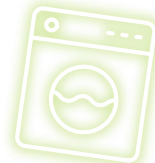
We're here to help you. Contact us if you have questions about your electric bill or for advice on how to save energy at home.



# 20 WAYS to reduce your electric consumption & reduce your electric bill.

- 1** Replace lightbulbs, especially ones that burn more than one hour per day, with light-emitting diode (LED) bulbs.
- 2** Seal from the inside. Air sealing is an inexpensive way to lower energy costs and improve comfort. Seal gaps and holes in walls, floors, and ceilings with caulk or foam sealant. Look for cracks around windows and where wires and pipes pass through walls.
- 3** Plug electronic devices such as cable boxes, printers, and TVs into power strips to turn off during vacations or long periods without use. Smart power strips make it an easy task to save money. Don't forget to unplug those charging cords too.
- 4** Close shades and drapes during the day to help keep your home cooler in the summer and warmer in the winter.
- 5** Change your central HVAC system filter when dirty, according to the manufacturer's recommendations. Dirty filters can affect your home's comfort and increase your electricity bill.
- 6** A 1-degree increase in heating setpoint or reduction in cooling setpoint can increase energy use by 3% to 5%, so set your thermostat to the lowest comfortable temperature in winter and highest comfortable temperature in summer.
- 7** Have your ductwork checked for leaks. Leaks at the return, air handler, and supply can be a major source of high bills. For mobile homes, check at the grill, crossover duct, and down flow air handler for leaks.
- 8** Set both the upper and lower water heater thermostats no higher than 120 F.
- 9** An electric space heater can cost more than \$125 per month to operate. Minimize their use, except for limited or temporary spot heating. Turn space heaters off when leaving the room.
- 10** Ensure refrigerator door seals are tight. Eliminate unnecessary refrigerators. An old fridge in your garage can use up to three times more energy.
- 11** Clean refrigerator coils annually.
- 12** Use small appliances like slow cookers or microwaves instead of the oven.
- 13** Run the dishwasher and washing machine only with full loads.
- 14** Install a water heater wrap and insulate hot water lines.
- 15** Clean the dryer lint trap after each load.
- 16** Ensure window A/C units are weatherstripped. Remove the unit in the winter and close and lock the window.
- 17** Keep fireplace dampers closed unless a fire is burning.
- 18** Ensure floor registers are not blocked with rugs, drapes, or furniture.
- 19** Plant trees and shrubs to provide shade on the east, south, and west sides of your home. Evergreen trees and shrubs can provide a windbreak on the north side. Look up before you plant, and never plant large trees under power lines.
- 20** Make it a habit to turn off lights in unoccupied rooms.

To learn more helpful energy-saving tips, visit your electric cooperative's website at [hwecoop.com](http://hwecoop.com) or follow us on Facebook for our Tuesday Tips.







## Fireplace efficiency: Maximize warmth and minimize waste

You may have heard that fireplaces can make your home colder and wondered how to keep your home comfortable while enjoying cozy fires.

Many open fireplaces are more suited for ambiance than creating heat. When you have a fire, warm air rises and draws the smoke out through the chimney. This also draws the warm air out of the house. This invisible force is called the stack effect.

The impact is exacerbated in drafty homes. When the warm air escapes through the chimney, it is replaced by cool air leaking in through gaps and cracks in the home. The greater the difference between the indoor and outdoor temperatures, the greater the stack effect, so it's smart to avoid having a fire in an open fireplace on the coldest nights.

Wood fireplaces are not an efficient option to heat your home. Most of the heat goes out of the chimney. If you enjoy the comforting ambiance and curling up in front of the fireplace during the colder months, here are some tips to efficiently operate a fireplace in your home:

Because it is out of sight, it can be easy to forget to close the chimney damper. The damper should be open when you have a fire going or when any hot ashes are in the fireplace, to ensure smoke and carbon monoxide don't come into your home. Once the fire and all ashes are fully extinguished, close the damper. Leaving the damper open allows warm air to escape, wasting energy.

If your damper doesn't close properly or your chimney doesn't have one, purchase a product designed for the task. There are a variety of chimney plug sizes and styles available, including inflatable options designed to fit snugly in place. While you are at the hardware store, pick up some caulking and weatherstripping to seal air leaks around windows, doors, and pipes along exterior walls.

Fireplaces with gas logs are required to be installed with a mechanism that always keeps the damper open. This safety feature allows gases from the pilot light to escape. Glass doors can reduce the impact of air leakage in the winter and summer months. Consider installing glass doors on open fireplaces and keep them closed to minimize drafts.

Sealed combustion gas fireplaces are fully enclosed systems that draw the air needed for combustion from the outside. When properly installed, you get the benefit of the warmth of the fire without the worry of heat loss from drafts. If you have gas logs and enjoy the ease of a gas fireplace, consider upgrading to a sealed combustion unit.

Turning the pilot light off in the summer can reduce wasted gas. If you plan to turn the pilot light off, follow the instructions in the owner's manual to avoid any potential safety issues.

Woodstoves and pellet stoves are additional options that provide more heat than wood or gas fireplaces. Federal tax credits are available for high-efficiency biomass stoves. A credit of 30% of the project cost — including the cost of installation up to a maximum of \$2,000 — is available for products purchased and installed between Jan. 1, 2023, and Dec. 31, 2032. The unit must have a thermal efficiency rating of 75% or more. Visit [www.energystar.gov](http://www.energystar.gov) for more information.

If you have a woodstove, fireplace, or any fuel-burning appliance in your home, be sure to install and maintain smoke and carbon monoxide detectors. Carbon monoxide is an odorless, colorless gas that can be harmful or even deadly if not detected.

Use these tips to keep your home warm while gathering your loved ones around a glowing fire during the winter season.



# HWEC Power Students



**MYLA GARRISON**

Triway  
Daughter of Josh & Jordan  
Garrison



**DEREK TROYER**

West Holmes  
Son of Lavern & Ileen  
Troyer



**MADELINE MORRIS**

Northwestern  
Daughter of John & Julie  
Morris

HWEC is proud to announce our newest Power Student winners! Education helps shape the leaders of tomorrow. That's why Holmes-Wayne Electric Cooperative is recognizing students for their hard work and dedication to education. These students had a minimum of three A's on their most recent report card and were the lucky winners of a drawing for \$30 gift cards.

**For more information on how to submit your Power Student visit: [www.hwecoop.com/power-students-program](http://www.hwecoop.com/power-students-program).**

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*Valentine's*  
DAY!

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