

Notice to Members of Revised Power Cost Adjustment

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As economic forces continue to push prices higher, the cost of energy has risen again. Beginning in July, members will see an additional increase in monthly bills of \$17.71 for each 1000kWh used.

The cost of energy is a direct pass-through of the electricity we purchase and distribute to members. Choptank Electric's internal costs, the delivery portion of the bill, remain unchanged. We are doing everything we can to hold down internal costs, but we cannot control the increase in national and international energy markets. Here are a few important points:

- To ensure affordable electricity, we belong to Old Dominion Electric Cooperative (ODEC), a generation and transmission entity owned by 11 electric distribution cooperatives. We buy 100% of our electricity through ODEC, which is similarly formed as a not-for-profit to generate and transmit electricity at cost. ODEC is diversified, generating and purchasing electricity derived from renewables, nuclear, coal, and natural gas.
- Natural gas prices were very stable for most of the past decade, which contributed to electricity rate stability and almost no mid-year price increases. The dramatic rise and volatility in natural gas prices over that last eight months is unprecedented.

- ODEC works to keep the wholesale power costs as low and stable as possible. One strategy used to manage power supply costs is a natural gas hedging program. These hedges act like an insurance policy against higher prices. ODEC pays a little bit every month for those hedges, but when prices jump like they have recently, the insurance policy pays off. If the hedges were not in place, the increases would have been far worse.

Power suppliers across the entire country are facing higher fuel costs that are causing rate increases coast to coast.

We hope this increase in energy prices is temporary. If the past is any indication, the cost of energy fluctuates from year to year. Over the last several years, our annual power cost adjustment has resulted in decreases to members. When the cost of energy stabilizes, we look forward to passing those savings on to you again.

As a member of a not-for-profit electric cooperative, you have the benefit of a dedicated staff working to bring reliable, affordable electric service to you - at cost. Since our inception in 1938, the member-leaders of Choptank Electric Cooperative have prioritized the families, farmers and small businesses in the communities we serve. We do not have stockholders, so we do not have to make a profit to pay dividends. We work for you. Any revenue margins are returned to you through our capital credit program.

To help you through these challenging times, our Board of Directors has triggered a capital credit distribution of \$3.7 million during the month of July. We will issue bill credits to members based on credit allocation during the approved retirement period of 1994 and 2021. Look for your credit on your July billing statement.

Please know that we continue to keep your priorities in mind as we plan for the future. We know that affordable electricity, avoided outages, speedy restoration during storms and friendly customer service are important to you. That's why they are priorities here at Choptank Electric Cooperative. Please let us know if you have any questions.



MEMBERS FIRST. EVERY DAY.

Choptank Electric Cooperative is an equal opportunity provider and employer.

Headquarters (Denton)

10384 River Road Denton, MD 21629

Regional Service Center (Salisbury)

6520 Waiston Switch Rd. Salisbury, MD 21804

Member Services 877-892-0001

Outage Reporting 800-410-4790

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Rates | Choptank Electric Cooperative

All rates excluding General Service-Irrigation: Effective with May 1, 2026 billings, Choptank Electric Cooperative's Power Cost Adjustment (PCA) is a charge of \$0.02994/kWh.