

Understanding MEAN'S Rate Structure

The Municipal Energy Agency of Nebraska (MEAN) Board and Management Committee annually reviews and establishes rates and charges to ensure MEAN's operating revenues are sufficient to pay operating expenses. This includes aggregate debt service obligations, capital costs as well as ensuring to have an adequate rate stabilization fund and sufficient cash reserves in accordance with policies approved by the MEAN Board.

MEAN's Primary Revenue Sources

MEAN's wholesale rate structure includes a fixed cost component and a flat energy rate for usage. MEAN's two largest sources of revenue come from a fixed cost recovery charge and electric energy sales:

1) Fixed Cost Recovery Charge

The fixed cost recovery charge accounts for 39 percent of MEAN's overall revenue requirement. It covers certain known costs related to MEAN's ownership of power resources in the region and power contracts. This charge is allocated to all long-term (Schedule M) and 10-year (Schedule K) participants based on each participants' three-year historical average peak electric demand.

Building certain known fixed costs into the rate structure better protects MEAN participants from revenue volatility from energy sales caused by variable components such as weather-related usage fluctuations, unplanned resource outages, fuel costs and transmission congestion/outages.

2) Electric Energy Sales

Revenue from electric energy sales accounts for approximately 61 percent of MEAN's revenue requirement. Unlike the fixed cost recovery charge, energy sales are highly variable as electric energy usage depends on consumer demand, which varies due to weather, time of day, and efficiency/conservation efforts.

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About MEAN

MEAN provides wholesale electric supply to 69 participating communities in Iowa, Colorado, Nebraska and Wyoming. A not-for-profit organization formed in 1981, MEAN is owned and governed by its participants. Each participant has a voting representative on the Management Committee and most have taken steps to serve on the Board of Directors.



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