



Peabody Municipal Light Plant

Community Owned. Not for profit. It's Ours.

January 5, 2023

Dear PMLP Ratepayer

The PMLP Purchased Power and Fuel Cost Adjustment (PP&FCA) is increasing for the 1st quarter of 2023 due to increased energy commodity costs. The PP&FCA is a quarterly adjustment which ebbs and flows with the costs tied to procuring these energy commodities. When commodities are high, the PP&FCA increases. When they're low, the PP&FCA will decrease. At this time, every electric utility is faced with energy prices that are higher than they've ever been.

The net result of this quarter's new PP&FCA is an increase to our all-in rate by approximately 16%. The "all-in" rate is a term used to describe all factors contributing to a customer's total bill, including PMLP's base rate, PP&FCA, Hydro credits and other factors (see your bill for a detailed breakdown). For reference, the PP&FCA cost for residential customers is now \$.04376/kWh. This means that our all-in rate for residential customers is around 16.5¢/kWh. In comparison, National Grid's rate is 48.8¢/kWh. PMLP still maintains very competitive electric rates compared to other utilities and continues to be among the lowest in the State and region.

While the rate comparison to investor-owned utilities like National Grid helps to demonstrate the benefits of a municipal utility, PMLP knows that any increase in these economic times is a difficult one. This is the second consecutive quarterly increase to the PP&FCA, and unfortunately, it is unclear if there will be relief in 2023, although we remain hopeful.

As an illustration of the higher costs that utilities like PMLP have faced, in January 2021 wholesale energy prices were 2.6¢/kWh, which increased to 14.9¢ in January 2022, and are forecasted to increase to 23¢ in January 2023. Our generation ownership and contracts are partially able to help shield our customers from these drastic price increases, but not entirely.

We continue to invest resources into making sure our electric system is stable, reliable, and resilient. When a major circuit experienced an equipment failure a few days ago, PMLP employees were able to restore power within 90 minutes. Many people in Peabody and South Lynnfield rely on uninterrupted service from PMLP, and when the occasional outage occurs, restoration is handled safely and as quickly as possible.

PMLP encourages all customers to take full advantage of discounts and rebate credits whenever possible. Our 20% discount for on-time payment as well as our many rebates for purchasing new, more energy-efficient appliances and yard tools, helps save you money in the up-front purchase cost as well as in your monthly operating costs.

For more information about rebates, or to sign up for automatic payments to never miss a discount, please visit our website at pmlp.com or call 978-531-5975.