

|                           |                          |                           |
|---------------------------|--------------------------|---------------------------|
| Subject: RATE DESIGN      |                          | Policy No: 20             |
| Original issue: 1/21/2011 | Last Revised: 08/14/2020 | Last Reviewed: 10/09/2026 |

## I. OBJECTIVE

- A. To set forth policy relating to the development and implementation of electric rates that matches the strategic objectives of Empire Electric Association, Inc. (EEA).

## II. POLICY

### A. Basic Fundamentals

1. EEA will prepare revenue requirements and cost-of-service studies as required to have information needed to develop rates.
2. Rates will be developed and implemented that:
  - a. Allocate costs across rate classes in an equitable manner.
  - b. Minimize subsidies between classes.
  - c. Minimize subsidies within a class.
  - d. Generate margins adequate to meet lender requirements and long-term financial objectives.
  - e. Generate adequate revenue for EEA to provide safe and reliable electric service to its members.
  - f. Are cost based and reflect EEA's lowest reasonable cost of doing business.
  - g. Comply with federal and state laws and regulations related to the development of demand-response and demand flexibility practices, including but not limited to, 16 U.S. Code §2621(d) as may be amended.

### B. Social Commitment

1. Environmental
  - a. Develop and implement rates that encourage energy conservation and efficiency.
  - b. Promote the use of economically justified renewable resources.
  - c. Consider measures to promote greater electrification of the transportation sector pursuant to 16 U.S. Code §2621(d) as may be amended.
2. Low/fixed income members
  - a. Ensure that rate development does not unfairly impact members regardless of economic status.

### C. Technology

1. Invest in technologies that:
  - a. Allow EEA to properly signal the consumer as to the current price of electricity.
  - b. Enhance customer service and reliability.

### D. Monitoring

1. Management should be held accountable for implementing rates as approved by the board of directors (Board) and routinely report to the Board as to the need to adjust rates to account for changes in costs or strategic initiatives.

## III. RESPONSIBILITY

- A. The Board shall be responsible for any change or revision of this policy.
- B. The general manager is responsible for administration of this policy and for making recommendations for changes.

|                                                                                     |                       |                  |
|-------------------------------------------------------------------------------------|-----------------------|------------------|
|  | President's Signature | Date: 10/09/2026 |
|-------------------------------------------------------------------------------------|-----------------------|------------------|