



October 11, 2022

Dear Valued Customer:

This summer has been unusually hot and as a result of the excessive heat, energy consumption has increased dramatically. In fact, Freeport Electric saw close to a 10% increase in energy usage compared to 2021. The increased energy consumption translates into higher energy bills for all our customers. However, the increased energy usage is only a partial answer to your higher than usual energy bills. The higher cost of fuel needed to generate electricity also affects the price of energy to our customers. The increased fuel prices directly impacts the cost of generation, which in turn increases the energy cost to customers. These higher fuel costs show up on your utility bill as Fuel Adjustment Clause charges. To help understand the increased costs, I have listed some of the factors that have had an effect on our energy prices.

- The cost of non-hydro energy to the Utility was 50 % higher in the summer of 2022, respectively, compared to the same periods last year.
- The cost of natural gas used to generate electricity has increased approximately 120% over last year's prices for the summer months.
- The Cost of TCC's (Transmission Congestion Cost) has gone up 5% in the last 5 years

All these factors have led to the fuel adjustment on your bill being the highest we have ever seen. Unfortunately, all of the energy we are purchasing or generating, other than hydro energy, is produced using fossil fuels - oil or natural gas. Therefore, if the price of fuel continues to rise, so too will our cost of energy. From filling our cars with gas to purchasing groceries at the market, we have all seen the direct results of higher fuel cost in just about everything we do. And, we have yet to see the impact on the cost of home heating oil or natural gas, but all indications are that these costs will also rise. Freeport Electric remains sensitive to the needs of our customers, especially those on fixed or limited incomes, and we understand your concerns over higher energy costs. We will continue to look for options that will help us reduce costs so that we can provide clean, reliable energy at the lowest possible cost.

For money saving tips to help lower your energy costs, please visit our Web site at:
www.freeportelectric.com.

Sincerely,

Al Livingston Jr

Superintendent of Electric Utilities

First in Value First in Service

Village of Freeport

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