

Dear REC Member,

There is no good time for a rate increase. That is why REC has worked to manage costs and delay changing base rates as long as possible. Unfortunately, we can delay no longer, and rates for distribution service will increase with the bills issued in March for electricity used during the previous 30 days. The question that immediately comes to mind is “how much?” For a residential member using 1,000 kilowatt hours (kWh) per month, the change will add an average of 4 percent, with the actual amount being slightly more in the four summer months and less in the remaining eight months of the year.

This change is the result of careful consideration by your cooperative’s board and management. The need to adjust rates was first mentioned by me at REC’s 2016 annual meeting, and has been communicated in numerous ways since then. In May of 2017, REC sought from the Virginia State Corporation Commission (SCC), the state agency that regulates utilities, permission to adjust rates. After seven months of careful review of REC’s operations and expenses, and after considering the input of REC members and other case participants, the SCC approved the new rates.

This change is not related to the Power Cost Adjustment (PCA) that occurred in January, which was the direct result of REC passing on to members, as required by SCC-approved tariffs, changes in wholesale costs on a dollar-for-dollar basis. The March 1 change is for building, upgrading, maintaining, and repairing the system of local substations, poles, wires, and meters that bring electricity into your home and community. Despite aggressive cost containment efforts, this change is now necessary in order for us to continue providing safe, reliable electric service.

I know high usage during the recent extreme cold spells, combined with the PCA increase that occurred in January, have strained family budgets. I encourage you to consider REC’s payment options, and more importantly, to take advantage of the many energy management tools we offer to help you reduce energy use now and in the future. More information on these services, and details of the rate changes, can be found at myrec.coop or by contacting us 1-800-552-3904.

Regards,



Kent D. Farmer
President and CEO

Summary of Rate Changes

- The Access Charge on your electric bill covers a portion of the costs associated with serving you. This charge will increase from \$10 to \$14 regardless of how much electricity you use. This is the first change to the Access Charge in more than 25 years.
- There will be a slight increase to the Kilowatt Hour Charges in the Distribution Costs section of your bill. These charges cover the remaining costs of operating the electric system.
- Summer electricity use drives a significant portion of REC’s power supply costs. To better align the rates with the costs, REC is implementing summer and non-summer rates. This change is reflected in the Generation/Transmission Costs section of your bill.
- During the eight non-summer months, and for the first 800 kilowatt hours of each summer month, the Electric Supply Charges rate will be lower.
- Every June through September, the Electric Supply Charges rate for electricity use over 800 kilowatt hours per month will be higher.