

# REC On-bill Tariff Stakeholder Meeting

November 4, 2021

Session Discussion and Chat Submitted Questions

Attendee	Questions/Comments	REC Staff Responses
<p>Seth Heald</p>	<p>I'm wondering if the administrative fees that members are charged will be used to pay for the branding study?            Why is a branding study necessary? How is this cost going to be managed, will it be baked into program costs for participants?</p> <p>(Related Chat Comment) Rory McIlmoil- Other coops have branded their PAYS programs a different name.</p> <p>(Related Chat Comment) Stephen Bickel – EEI permits programs to use the brand name e.g. Missouri utilities</p> <p>Are there some board members who are hesitant about going big? If so, what are their concerns?</p> <p>Following up on what Holmes said, will there be a chance for member-owner and stakeholder feedback after six months or a year from the program launch?</p>	<p>Peter Muhoro: REC does not feel we can use Pay as You Save as the brand. (Regarding brand study costs) Program costs are varied across the utility, we ran cost benefit analyses to make sure the program remains affordable to members and stands up to scrutiny before regulators and board. Branding study will not be included in program fees. Admin fee will not be used to pay for this expense.</p> <p>Peter Muhoro: No hesitation on going big. We are focused on doing it right. We will communicate to the board that there is strong desire to go big.</p> <p>Peter Muhoro: Yes, we appreciate the engagement. We expect that we will be at an assessment point in that timeline and would certainly like to reconvene this forum to share what we learned and hear from our members to learn more.</p>
<p>Judy Lamana</p>	<p>(Re: Language on Terms and Costs) "80% of 80%" -- that is really hard to wrap my brain around. If you keep it, you need to put in a simple example and add more explanation.</p> <p>What is going on with the upfront initial service charge if it doesn't look like the payback will occur over the life of the upgrade? How will you really know? How can it be a tariff if you are perhaps paying an estimated balloon payment upfront?</p>	<p>Brian Doherty: Expect to reduce the upfront finance charge. REC is not able to finance the investment based on the Virginia statute</p>

<p>Andrea Miller</p>	<p>What is your pilot period? How many homes will you do?</p> <p>The target number of homes seems very low.</p>	<p>Joyce Bodoh: 1400 homes over 5 years</p> <p>Peter Muhoro: Understand the desire for more, looking at peer utilities for what can be managed. REC is not putting a ceiling on the program. Want to start here and take time to do it well. We believe this is a stable pace to begin, but growth is our goal and the more we get enrolled and gain experienced, the faster we can go.</p>
<p>Rory McIlmoil</p>	<p>What is the range of interest rate offered by contractors? If 6% say, it could offset the savings, and adds complexity. What is the term of the contractor offerings?</p> <p>(Re Cost of Capital) Given your use of RESP, and the low cost of capital, will you pass these savings along to customers? Each percent effects costs to members. How are you passing the savings of costs of capital and demand savings to customers?</p> <p>(Re Program Scale) Note that the goals of REC are less than smaller utilities with fewer resources. REC has the resources and capacity to do more. Would nudge them to do more. Just a comment for the group and a nudge to REC, 1,400 homes at \$7,500 per home is \$10 million (rounded) over 5 years, or \$2 million per year. By comparison, Appalachian Electric Co-op (TN), which serves about 30% of the number of meters as REC, has a goal that is roughly equivalent to REC's even though it is much smaller in both meters served and staff capacity.</p>	<p>Brian Doherty – Contractors often offer 0% financing options.</p> <p>Joyce – We want to work with contractors to manage this process. Looked at other co-ops for guidance. We do not have a ceiling of what the investment is worth. Sometimes that requires a copayment to make the math work and allow participation.</p> <p>Peter – This model offers several advantages over a loan</p> <p>Joyce Bodoh: RESP allows an interest rate up to 5%, we are starting with 3% to make it more affordable, will look at adjusting rates as needed if that proves too high.</p> <p>Joyce Bodoh: If a customer is participating their costs will be reduced through energy savings. The rate of demand side savings is accounted for as part of the power cost adjustment in the utility accounting. There is not a way to account for it with the specific participant. But those savings are recognized across the rate base including participants.</p> <p>Peter Muhoro: We hear you and others that you want us to go big. We will take that to the board and look at opportunities to go bigger.</p>

	<p>So my nudge would be to ramp up the 5-year goal three-fold, **at an absolute bare minimum**.</p> <p>Is the intention to ask for \$10million? You can ask for \$50million and you are not on the hook until you actually spend it down.</p>	<p>Peter Muhoro: Yes. We will continue to explore the different capital source options available and pathways to work within RUS. Our goal is to get the best rate that offers the best options for our members.</p>
<p>Emily Pointek</p>	<p>The language in the terms refers to a “reasonable margin” as part of program costs. What does REC believe a reasonable margin is for this program?</p> <p>Recommend clarifying the margin would be beneficial to participants.</p> <p>(Regarding eligibility requirements in Section 2) REC has expanded eligibility to members with gas equipment. Are you also considering customers on payment plans or net metering?</p> <p>Holmes Hummel: Emily Pointek’s question refers to what is known as the Participant Cost Test.</p> <p>Rory McIlmoil: Highly recommend including Pre-pay. They stand to benefit the most and yield value to REC. What about time of use?</p>	<p>Joyce Bodoh: That language is taken directly from the law. It is not REC’s intent to make a margin of profit.</p> <p>Peter Muhoro: We are a co-op, our intent is to take in as little as possible. Our intent is to reinvest in the program.</p> <p>Brian Doherty: Right now only open to the A1 rate class. Residential homes is the focus of the program.</p> <p>Peter Muhoro: I agree, we should look at this before taking this to the board.</p> <p>Brian Doherty: Members on a prepay program are folks who look more closely at Kwh per month. They would be good participants.</p> <p>Brian Doherty: Members on prepay are classified as A1. Time of use is also schedule A1, believe they would be eligible but need to confirm. Population numbers are not large but we would</p>
<p>Chelsea Harnish</p>	<p>The draft model tariff regarding the assessment process says offers must be based on onsite inspection. What will the inspection include? Would like to see that made explicit in the language.</p> <p>What are the contractor certification requirements?</p>	<p>Joyce Bodoh: This would be a full energy audit, probably taking more than an hour. It would include looking at insulation, a blower door test, and other measures.</p> <p>Joyce Bodoh: EUtility will be leading this process and has standard requirements for the programs they manage. I will need check on this and make them available in program materials.</p>

	<p>What cost effectiveness test will you be using for your measures?</p>	<p>EEtality will run the audit using their prescribed protocols. Expect to see a 20% savings target. Not sure the name of the software the use but we can make that available.</p>
<p>Karen Campblin</p>	<p>Thanks for having this meeting and fielding questions. Clarifying question: Joyce stated documents would be made available to the public and the board, and public would have opportunity to comment. When will these be available and what will be included?</p> <p>When do you expect to get packet the board?</p>	<p>Joyce Bodoh: We will update program design, FAQ, Terms and Conditions, Appendix. Not sure about the resolution. Please get us comments quickly in advance of the board meeting, within two weeks.</p> <p>Peter Muhoro: Nov 18<sup>th</sup>. REC process dates will be reviewed again at the close.</p>
<p>Stephen Bickel</p>	<p>What is the maximum cost-recovery period that the program will allow?</p> <p>(Re RUS Terms) RUS requirement is to have REC pay back RUS in 10 years, not necessarily the member to REC.</p>	<p>Joyce Bodoh: 10-12 years</p> <p>Peter Muhoro: We could end up looking at as long as 15 years. There are a number of capital options. RUS has a 10 year requirement. The terms are set by RUS, we are trying 10-12 first, we will assess if it allows the best terms for the members. We will make the RUS terms available for review to be transparent.</p>
<p>Frank Moseley</p>	<p>How are you engaging and enrolling contractors in this program and supporting diversity and equity of contractors?</p> <p>What is your outreach plan? You are asking us for help in that. That's awesome. Hope that DEI plan provides info on pathways to participation.</p> <p>Does this include energy auditors as well?</p>	<p>Joyce Bodoh: We have commitments to diversity. I would like to see demographic questions included in the contractor solicitation and make sure diverse contractors rise to the top.</p> <p>Peter Muhoro: Encourage everyone to go to REC website and download our DEI plan. One of the things I can ask is for help to reach a diverse contractor network and get us as many options for participants. We will do our part to reach as many as possible, but request help to more.</p> <p>REC will start with in-house auditors. Expect to grow beyond available capacity and secure additional auditors as program grows. Whatever we can provide in terms of marketing and outreach, we will happily supply and</p>

		<p>really want your help to reach more people.</p> <p>Brian Doherty: Please keep us informed of gaps in outreach or awareness and let us know how we can reach more people.</p>
<p>Holmes Hummel:</p>	<p>(On RUS Terms) The budget resolution being voted on will add substantial funds to the available capital resources at RUS. There is an opportunity to secure additional capital and adjust issues like the 10 year term. CEW is happy to help navigate these opportunities.</p> <p>Have been trying to keep track of various documents. There was a couple of documents, a Q&amp;A and a summary of process. Will there be an update to these materials and a summary of what issues were addressed and what REC was not able to address?</p>	<p>Peter Muhoro: Joyce will be sharing timeline, and we do intend to update and share these documents. If there is anything you feel is missing, let us know.</p>
<p>Carmen Bingham</p>	<p>People have to keep in mind the expectation when you tell people “We’re going big”. It is important to set realistic expectations on the reality of getting this work done. We are coming out of pandemic and established programs are struggling to get work done because of supply chain and people are reticent to have others in their home. You want to manage participant expectations to make sure members have a good experience and are not surprised by the timeline. It won’t be an overnight thing. I don’t want members to be disappointed and get a bad experience that sours them on the program.</p> <p>Will provide additional comments in writing regarding marketing and qualifying members and the targets to engage.</p>	<p>Peter Muhoro: Appreciate calling attention to this. We are very cognizant of those issues and want to ensure that we deliver quality service and experience to members.</p>
<p>Joyce Bodoh (REC)</p>	<p>I recognize people have offered to help outreach and engagement. Thank you for the offer, we certainly will take you up on that.</p>	