



SOUTHSIDE ELECTRIC COOPERATIVE

Your Touchstone Energy® Cooperative 

FAQ: RATE INCREASE

1. How much is SEC raising rates? When will the rate increase take effect?

SEC has not increased rates in 6 years. SEC residential accounts will see an average increase of approximately 7.5% or an average of \$.40 cents additional per day. SEC submitted a formal application to the State Corporation Commission July 19, 2019 with the expectation that rate changes will go into effect January 1, 2020. Additionally, we have been transparent throughout the process including notifying the entire membership 60 days prior to filing the application.

2. Why is SEC raising rates?

SEC always looks to provide the highest standard of service at an affordable cost. Being good stewards of our members' money, we want to ensure we keep up with the cost of managing and improving our distribution system to provide continued reliable service to our members-owners. SEC's rates must increase in order to provide the service that our members deserve. SEC must also meet the margin requirements from our lenders. As a not-for-profit electric cooperative, these margins are returned to each contributing member in the form of capital credits.

3. How does SEC's rates compare to others?

The average number of meters per mile of line for electric cooperatives in Virginia is 9.7. SEC has 6 meters per miles of line, which is the third lowest density for Virginia Cooperatives. Most of SEC's meters serve residential accounts (94%) and therefore we need to have a rate that helps provide quality service to our member owners at the lowest possible price point.

According to the U.S. Energy Information Administration (EIA), the 2018 national average for residential retail sale of electricity was 13.3 cents per kWh. For 2018 SEC's comparable residential rate was 12.9 cents per kWh.

4. Who decides when a rate increase is needed and who determines the amount?

SEC's Board of Directors and Executive staff are tasked with overseeing the financial health of the organization, ensuring that we are good stewards of our member-owner's money. Rate adjustments proposed by our management team, are evaluated by an independent consultant and then approved by the elected Board of Directors who are all member owners of the cooperative.

5. When was the last rate increase? When's the next one?

SEC's last rate increase was in 2014. There is no time frame established for when the next rate increase will be required, and SEC will continue to look for ways to effectively control the cost of doing business so that rates remain constant and affordable.

6. Did you consider phasing in the increase to minimize the effect to the members?

Rate increases need to be approved by the Virginia State Corporation Commission which is time consuming and costly. A gradual increase would have required SEC to file a new rate case for each increase. From a regulatory and pro member business standpoint it makes more sense to file for the entire amount at once.

7. What has SEC done to control costs?

SEC realizes every dollar matters and we always look for ways to be efficient including leveraging technology to control labor costs, using competitive vendor selection and disciplined market purchase of electricity. Periodic rate adjustments are needed to keep up with the overall cost of providing electric service in rural Southside Virginia.

8. Can SEC keep rates stable instead of refunding capital credits?

As a not-for-profit electric cooperative, SEC is required to return margins to its members. By refunding these margins, our members can be assured that SEC is operating at cost and not relying on contributions of past generations to fund current operations.

9. What programs do you offer to help me pay, save or decrease my bill?

SEC has many member friendly payment options including, auto-draft, automated telephone payment system, website, and mobile app. SEC's website has several tools members can use to identify and understand their electric consumption such as our Home Energy Suite and Smart Hub Usage Explorer. SEC also offers free home energy audits.

10. Where can I find copies of the new rate schedules?

Copies of SEC's rates are available on our corporate website at www.sec.coop. They can also be obtained by coming to our HQ building in Crewe or one of our four district offices.