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## Rate Increase Being Considered

Steadily increasing costs of wholesale power are forcing Albemarle EMC to review the need for a rate increase.

The increasing costs of power generation are affecting utilities across the country. Dominion North Carolina Power recently announced a 10 percent increase to their rate structure. Albemarle EMC is facing a similar circumstance due to wholesale power costs. About 59 percent of Albemarle EMC's annual expenses is due to the purchase of wholesale power.

In 2011, Albemarle EMC hired North Carolina consulting firm Bellwether Management Solutions to conduct a study of the co-op's rates. The rate study entailed a thorough review of all aspects of Albemarle EMC's expenses, both present and projected into the near future. Albemarle EMC has four main classes of electricity consumers: residential, small commercial, large commercial and security lighting. The study will determine what it costs to provide electricity to each of those rate classes as well as if any changes need to be made to those classes.

Wholesale power costs are mainly driven by the expense for coal-fired generation. That cost has been increasing due to new environmental regulations, demand from China as well as exorbitant rates charged by rail companies to transport coal.

"Retail rates must reflect changes in wholesale rates," said Gary Ray, general manager of Albemarle EMC. "Much like other businesses, Albemarle EMC has to know what it costs to serve members so we know how to price services. We need to have rates high enough to maintain the financial integrity of the co-op."

Albemarle EMC, based near Hertford, is a member-owned, nonprofit electrical co-op that serves more than 12,000 residences and businesses. The service territory includes the counties of Chowan, Pasquotank, Perquimans, Camden and a part of Currituck.