

## **MEMBER SERVICE CHARGE INCREASE**

**JANUARY 1, 2022**

### **Frequently Asked Questions (FAQ)**

#### **SUMMARY**

**For the first time in four years NHEC is increasing the monthly Member Service Charge. On bills rendered on or after January 1, 2022, the Basic Residential Member Service Charge will increase by \$1.70 for the typical residential member. A residential member using 500 kWh per month will see a total bill increase of 1.4%.**

#### **What is the Member Service Charge?**

The Member Service Charge is a fixed, monthly charge that is paid by all NHEC members, regardless of how much power they use. On January 1, 2022, the Basic Residential Member Service Charge (97% of our membership) will increase from \$29.32 to \$31.02 per month. Commercial, industrial, and multiphase residential members also pay the Member Service Charge at different rates and will also see increases on January 1, 2022 as well.

#### **What does the Member Service Charge pay for?**

The charge pays for the operating expenses of the Co-op, ensuring that NHEC's electric distribution system continues to provide safe and reliable service to all its members. The Member Service Charge and Distribution Delivery Charge are the only monthly bill items that fund NHEC's operations.

#### **Why is the Member Service Charge increasing?**

Over the past four years NHEC has seen the cost to provide service to its members rise. For example, the cost NHEC pays contractors for tree trimming in power line rights-of-way has increased by nearly 40% during that period. Costs have increased for equipment and materials as well over the same time period – 40% increase in the price of transformers, 200% increase in conduit, etc. The Member Service Charge funds essential investments that make NHEC's system more reliable, like tree trimming and equipment upgrades. These projects help reduce the number and duration of power outages and are critical to maintaining the electric distribution system throughout NHEC's rural service territory.

#### **Are any other monthly rates or charges increasing?**

No, only the Member Service Charge is increasing. The Distribution Delivery Charge has not been increased in over four years.

#### **What does the Member Service Charge NOT pay for?**

The Member Service Charge is not being increased to fund NHEC's broadband efforts or the return of capital credits to members.

### **Why is the Member Service Charge increasing instead of the Distribution Delivery Charge, which is based on the amount to electricity a member uses?**

Nearly 40% of NHEC's members are seasonal residents, meaning they don't have the same level of electric use all year round (ski condos, lake houses and hunting camps). All NHEC members rely on the electric system whether they use 10 or 10,000 kilowatt-hours a month. Since the electric system needs to be available and maintained so all members can use it, regardless of their consumption, increasing the Member Service Charge is the fairest way to recover the Co-op's costs.

### **Why is NHEC's Member Service Charge higher than other NH utilities?**

Because NHEC has a high percentage of seasonal members compared to other neighboring utilities the fairest way to recover increases in the Co-op's operational cost is through the Member Service Charge. Other utilities have lower fixed monthly charges but much higher distribution rates that are based on the amount of electricity their customers use. NHEC always tries to make sure that all our members pay their share of the cost to provide them service, which is why increasing the Member Service Charge is the fairest way to recover the Co-op's costs.

### **Won't increasing the Member Service Charge hurt low-income members and those on a fixed income?**

The majority of low-income NHEC members live in their homes year-round and are not seasonal members who spend only part of the year living in NHEC's service territory. If NHEC recovered our costs only through an increase in the Distribution Delivery Charge, which is based on a member's monthly use, members who live in NHEC's territory all year would pay a larger share of the costs than seasonal members. This would result in low-income members who live in NHEC's service territory year-round paying a higher proportion for service than seasonal members who spend only part of the year living in NHEC's service territory and may have very little electric use for several months.

### **I can't afford my electric bill, how can NHEC help?**

There are several [resources available](#) to NHEC members who are having difficulty paying their bills. Call us at 1.800.698.2007, or email [solutions@nhec.com](mailto:solutions@nhec.com) to inquire about:

- Monthly payment plans
- Budget Billing
- [Project Care](#) assistance for members in emergency situations (apply online)
- Referrals to state and local agencies
- [Energy Efficiency programs](#) with rebates and incentives to save energy