



# Blue Ridge Mountain Electric Membership Corporation

PO Box 9, 875 Main Street East Young Harris, GA 30582 | P: (706) 379-3121 | F: (706) 379-4836

## **BLUE RIDGE MOUNTAIN EMC CUSTOMER CHARGE EXPLAINED**

(UPDATED JANUARY 2019)

### **What is the Customer Charge on the BRMEMC electric bill?**

All BRMEMC electric rates, as defined in our currently effective rate schedules as approved by TVA, are made up of primarily two components; the fixed customer charge and the energy charge. The fixed customer charge is one way for us to recover our fixed costs such as; the cost of constructing our electric infrastructure, installing meters, reading the meters each month, billing the members, collecting payments each month, and paying taxes, insurance, etc. The customer charge helps BRMEMC keep the cost of constructing infrastructure and operating our business fair for all customers. The second component of the rate is the energy charge (kilowatt-hour charge), which can be looked at as a variable cost recovery charge. Customers who use larger amounts of energy pay for this variable cost through the energy charge portion of the rate. BRMEMC has different customer charge amounts assigned to different classes of customers. For example, all residential customers pay the same customer charge, while others in the commercial or industrial classes pay different amounts based on their individual class of service. Customer charges are determined through a “cost of service” study. BRMEMC adjusts its customer charge rates as needed based on information provided from that study which evaluates the fixed-cost expense required to serve each meter by class. Rates are authorized and detailed in TVA’s RS and GSA rate schedules. BRMEMC simply follows the approved rate design and charges each metered account the appropriate customer charge, based on the type of service. BRMEMC's customer charge by class are as follows:

Rate Class	Charge (As of January 2019)
RS (Residential)	\$21.37
GSA1 (General Power, Under 50 KW)	\$22.39
GSA2 (General Power, Over 50 KW)	\$75.00
GSA3 (General Power, 1,000-5,000 KW)	\$250.00

### **Does every utility have a customer charge?**

All electric utilities charge a fixed monthly charge although they may have a different name for this charge (i.e. Fixed Service Charge, Monthly Facilities Charge, etc.), and many other electric utilities don’t itemize this charge on the monthly bill.



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## **Does BRMEMC need to have a Customer Charge?**

Some members have suggested that BRMEMC should do away with the Customer Charge entirely and simply roll all of the EMC's cost recovery into a kilowatt-hour rate. The most basic reason that we do not do this is that this would create a discriminatory rate for customers within the same rate class, something TVA simply will not allow. TVA's definition of a discriminatory rate is one wherein a single customer is disproportionately charged for a portion of the fixed-cost to serve another customer. If all costs were rolled into kilowatt-hour sales then member-customers who use more kilowatt-hours each month would unfairly and disproportionately be burdened with paying a greater share of the operational costs of the Cooperative. Customer charges in the TVA system are not arbitrary and must be justified by a regularly updated cost-of-service study that accurately reflects the individual costs associated with serving each meter by rate class. In the TVA area each customer is billed in exactly the same way within each customer class, creating a non-discriminatory service design.

## **Conclusion**

BRMEMC has made significant efforts to inform its member-customers about the Customer Charge and why we must have it. BRMEMC has conducted regular cost-of-service studies that tell us what it costs our company to provide electric service to each customer by rate class, and we have selected Customer Charges that we believe both fairly and equitably assigns costs to each member-customer. We have tried to increase transparency in our rates with our member-customers by breaking this charge out on our customer bills, and we have done so even when most others in the electric industry do not. Our rates are justifiable, conservative and are certainly well within the averages found in other electric distribution providers both in the TVA area, across Georgia, and among the largest private (IOU) providers. BRMEMC cannot change impacts from the weather, our customer density, or the seasonality in usage among our customers, but what we can do, and always strive to do, is create rates that are fair and non-discriminatorily assigned to each customer according to that customer's true cost to serve. We welcome continued debate and discussion in this matter, and will continue to work to inform our membership on this issue.