



Northern Neck Electric Cooperative

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NNEC INCREASES MONTHLY ACCESS CHARGE AND DECREASES ENERGY DELIVERY CHARGE

In 2008, NNEC proposed changing its rate structure to recover the costs of facilities and equipment through the monthly access charge. The proposed change filed with the Virginia State Corporation Commission (SCC) was based on a cost of service study. The SCC approved a rate increase for NNEC effective January 1, 2009, to generate an additional \$2,008,990 in revenue to offset increasing operating costs. However, the SCC reduced the proposed monthly access charge and increased the energy delivery rates to compensate for the decreased collection under the access charge.

The Virginia General Assembly approved legislation during its 2009 session which allows distribution electric cooperatives to make adjustments to their rates for the collection of fixed costs through the monthly access charge rather than through the energy delivery charge. As a result of this legislation, NNEC is increasing its monthly access charges to the originally proposed amounts while also lowering the energy delivery charges to the originally proposed amounts for the Residential, General Service and Church rate schedules as follows:

Residential Rate Schedule

The monthly access charge will increase from \$16.00 to \$22.23 and the energy delivery charge will decrease from \$0.03145 to \$0.02556 per kilowatt hour.

General Service Rate Schedule

The monthly access charge will increase from \$16.00 to \$22.33 and the energy delivery charge will decrease from \$0.04036 to \$0.03444 per kilowatt hour.

Church Rate Schedule

The monthly access charge will increase from \$16.00 to \$30.60 and the energy delivery charge will decrease from \$0.04135 to \$0.03258 per kilowatt hour.

The table below demonstrates the effect of these changes for a typical Residential customer at various monthly kilowatt hour usages.

| Usage Level | Current Rate | New Rate Effective July 1, 2009 | Change |
|-------------|--------------|---------------------------------|---------|
| 0 | \$16.00 | \$22.23 | \$6.23 |
| 500 | \$78.94 | \$82.23 | \$3.29 |
| 1000 | \$141.88 | \$142.22 | \$0.34 |
| 1500 | \$204.82 | \$202.22 | -\$2.60 |
| 2000 | \$267.76 | \$262.21 | -\$5.55 |
| 2500 | \$330.70 | \$322.21 | -\$8.49 |

As NNEC and its members develop ways to use less energy, this rate structure will help the Cooperative maintain a healthy financial position while allowing members to save money through their reduced kilowatt hour usage. Northern Neck Electric Cooperative will implement the changes to its rate schedules beginning July 1, 2009. Copies of the new rate schedules are available at NNEC's office and on NNEC's Web site at www.nnec.coop/member/ratesched.aspx If you have any questions, please contact Customer Service at 804-333-3621 or 800-243-2860. Your July bill will be pro-rated between the current rate and the new rate effective July 1.