

## What would life be like without electric co-ops?

BY F. WHIT HOLLOWELL JR., CEO

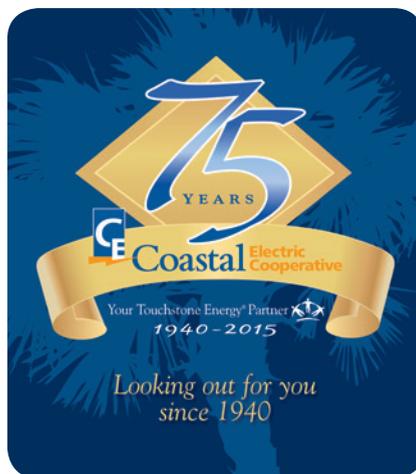


F. Whit Hollowell Jr.

In the holiday movie classic “It’s a Wonderful Life,” lead character George Bailey (played by Jimmy Stewart) wishes he had never been born due to financial troubles he is experiencing. Through the help of an angel, he sees how many lives would have been negatively affected if he had never existed. George comes to realize that, even with his problems, he has a wonderful life with great friends and family.

So what do you think life would be like if community leaders had not founded Coastal Electric Cooperative 75 years ago?

Living in the U.S. in 2015, it is nearly impossible to imagine life without electricity. So many of our modern conveniences that improve the quality of our lives are dependent on electricity. From the alarm clock that wakes us up, to the refrigerator that keeps our morning milk cold and fresh. From the HVAC unit that keeps us cool in the summer and warm in the winter, to the vacuum that lets us clean more efficiently and all those kitchen appliances that save us time and physical energy. Of course, so much of our



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entertainment, whether from the TV, radio or computer, depends on the kilowatt-hours that your electric co-op provides. Just think, there would be no smartphones if there were no electricity.

Businesses of all kinds rely on electricity to produce and sell the products we need. So it is no wonder that many electric co-ops feel that, while our primary product is electricity, we are really in the quality-of-life business.

That’s why we have taken the lead in funding educational opportunities for youth. Elsewhere

in this newsletter, you will read about Coastal Electric’s Bright Ideas classroom grants, which empower teachers to bring their innovative teaching ideas to light. Since the program’s inception, we have awarded more than \$220,000 to local school classrooms. It’s one of many things we do beyond just providing electricity.

As we celebrate the season that reminds us to be thankful for all we have, it is important to remember the 1.3 billion people in the world who still live without reliable electric service. That is equal to about four times the U.S. population!

We are thankful that our community ancestors right here had the vision and foresight to do for ourselves what needed to be done, gathering our friends and neighbors to form our electric co-op.

As the electric business of the 21st century continues to evolve, you can count on Coastal Electric Cooperative to meet all of your electric energy needs. More important, we are here to help improve the quality of *your wonderful life*.

# Not an increase, but prepare for an electric rate change Jan. 1



Mark Bolton

BY J. MARK BOLTON, VICE PRESIDENT

Now that we have your attention, and perhaps with some degree of skepticism, let's discuss how electric rates for some Coastal Electric members will soon change.

First, please hear me loud and clear. Coastal Electric is not having an electric rate increase.

Using the test year 2014 as a revenue model, the changes we are implementing will be "revenue neutral." That means after rate changes are implemented, our annual revenue will be the same. But there will be increases in certain use patterns that will be offset by decreases for other users.

The average residential member using 1,350 kilowatt-hours (kWh)

The average residential electricity user will see no change in the amount he or she pays for electricity next year.

a month (that's about \$178 worth) will see virtually no change in the amount he or she pays for electricity next year.

If you are a higher-than-average user, you will see a savings on your bill; the greater your use, the more you will save compared to last year. A member who has been receiving electric bills in the \$250-per-month

range will experience an annual savings of \$144.

On the other hand, the electric accounts with very low use will see an increase. The largest percentage increase will be for accounts using about 150 kWh per month. Under present rates, that would be about \$30.

To be sure, these accounts are not occupied homes. They are typically a meter on a device such as an irrigation timer, an electric gate opener, a small water pump or a shop or shed. It could also be one of the hundreds of idle electric service points we maintain that use zero kWh per month.

Yes, I know, it seems strange, but a lot of meters are energized for the convenience of the member. These small loads use only a few kWh of energy each month. It is the monthly cost of maintaining electric service to these meters that's driving the need to realign rates.

It might surprise you to know that cost is about \$42 per month. It is important, as closely as possible, for the co-op to recover that cost from every member to avoid situations where members who use a lot of electricity subsidize those with the minimal-use meter on their dock or backyard shop. Under present rates, the minimum bill for a meter is \$24.75. That's still \$17.25 short of the actual cost.

Historically, most electric companies have not tried to recover all of their fixed costs upfront. Instead they set a Customer Charge, or a Basic Facilities Charge, at a lower

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## Rate change: One example

### Simplified bill calculation with old rate (RS-5)

Customer Charge: \$13.50

Energy Charge (1,350 kWh x 12.25 cents): \$165.38

**Total bill (before taxes): \$178.88**

### Simplified bill calculation with new rate (RS-6)

Facilities Charge: \$27

Energy Charge (1,350 kWh x 11.25 cents): \$151.88

**Total bill (before taxes): \$178.88**

This example calculation shows the average electricity user (1,350 kWh per month) will see no change in their bill after the new rates take effect Jan. 1. Members using more than 1,350 kWh per month will see a decrease in their bills. Members using less than 1,350 kWh will see an increase. A member who has a \$250 monthly bill will see a decrease of about \$6.

A member receiving a small bill of \$30, typically for a pump or outbuilding, will see an increase of about \$12. But this may be offset somewhat by the savings from the member's house account.

# \$21,400 awarded to teachers by Bright Ideas Prize Team

Coastal Electric Cooperative and its foundation awarded more than \$21,000 in Bright Ideas grants to schoolteachers in Bryan, Liberty and McIntosh counties in October. The winning teachers were caught totally by surprise when the Bright Ideas Prize Patrol came to their classroom to present them with giant balloon bouquets, gifts and a presentation check.

Since the program's inception



McIntosh County Academy Principal Scott Barrow, left, and math teacher Abner Zachary receive a \$1,924 check from Coastal Electric CEO Whit Hollowell and Director Barbara Davis. The money will be used to purchase a 3-D printer to help geometry students comprehend three-dimensional concepts of geometric equations.



Coastal Electric Human Resources Manager Daphanie Harris, left, and Board President Stephen Mullice present a \$1,200 Bright Ideas grant check to Karisa Young at Liberty College and Career Academy for her project, "The Reality Store."

in 2002, more than \$220,000 has been awarded to local teachers. The grants give teachers the power to put their creative teaching ideas into action. Applications are accepted from teachers of grades K-12.

Bright Ideas is made possible in part through the voluntary donations of the cooperative's members who participate in Operation Round Up.



John Melcher, STEM teacher at Richmond Hill Middle School, receives a check for \$1,384 and shows off the greenhouse where his sixth-graders will plan, design and build a pollinator butterfly garden and outdoor learning center. From left, Terry Cook, Coastal Electric IT manager; Elizabeth Bennett, assistant principal; Coastal CEO Whit Hollowell, Daphanie Harris, Melcher and Ken Deal, assistant principal.



Anthony Johnson, a teacher at Midway Middle School, received a Bright Ideas grant for \$1,590 for his project, "REAL Men Read."

## The 2015 Bright Ideas winners and their projects



- **Mary Jo Fina:** \$1,900  
*Richmond Hill High School*  
"Children First—Pediatric CPR"
- **Patricia Ann Bryant:** \$1,872  
*Richmond Hill High School*  
"Building Future Health Care Workers"
- **Christy Crowley:** \$1,160  
*Dr. George Washington Carver Elementary*  
"Growing Healthy Eaters"
- **Windi Holmes:** \$1,712  
*Dr. George Washington Carver Elementary*  
"Electrical Engineers Workshop"
- **Patrick Welch:** \$1,732  
*Richmond Hill Middle School*  
"Making Connections"
- **John Melcher:** \$1,384  
*Richmond Hill Middle School*  
"SOS—Pollinator Garden"
- **Wendy Dauphinee:** \$1,598  
*Richmond Hill Middle School*  
"Physics on the go!"
- **Abner Zachary:** \$1,924  
*McIntosh Academy*  
"3-D Printing in Math Class"
- **Brittany Thurston:** \$1,559.80  
*McIntosh County Middle School*  
"Smart Music"
- **Anthony Johnson:** \$1,590  
*Midway Middle School*  
"REAL Men Read"
- **Karisa Young:** \$1,200  
*Liberty College and Career Academy*  
"The Reality Store"
- **Linda Cooke:** \$826.67  
*Liberty Elementary*  
"Poetry Under Construction"
- **Diane Claxton:** \$1,037.01  
*Button Gwinnett Elementary*  
"Outside These Four Walls"
- **Victoria Funston:** \$1,912.90  
*Waldo Pafford Elementary*  
"Building History"

See more pictures of our Prize Team and grant recipients on Facebook at [CoastalElectric.Coop](http://CoastalElectric.Coop)



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### Business office hours

Open 8 a.m. to 5:30 p.m. Monday through Thursday, and until 5 p.m. on Friday, except for holidays.

### Report outages

Call us at (800) 421-2343

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*Coastal Electric Cooperative, your Touchstone Energy® Partner, is a not-for-profit, member-owned power cooperative providing electricity to the people of Bryan, Liberty, Long and McIntosh counties.*



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*The power of human connections*

# Prepare for a rate change

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price and then set an energy charge higher than the actual cost of energy so that after a member uses the average amount for a home, the remainder of the \$42 basic facilities cost is recovered.

I hope you see where this methodology can be flawed. Members who use more than the average—sometimes a lot more—are actually contributing more than necessary toward the fixed cost. The co-op is unintentionally over-recovering costs from them.

The opposite is true for the member with an electric meter for his dock or shed that occasionally may power a light or a battery charger. They never use enough to pay for their monthly fixed costs.

It would be easy to just charge everyone \$42 and then roll back the energy rate a few cents to make it revenue neutral for the average user. Some electric co-ops and investor-owned utilities are doing that, with surprising acceptance from their customers.

But after reviewing the just-completed Cost of Service Study, Coastal's Board of Directors was not quite ready to make that step. Instead, they compromised by raising the Customer Charge from \$13.50 to \$27 and at the same time reduced the energy charge from 12.25 cents per kWh to 11.25 cents.

Again, the end result is that an average-use member will see no difference in his or her monthly bill.

We know it won't be that "average" user who will call. It will likely be the very low user. And I want to make it clear when we say low use, we are talking about far less than would be consumed even in a very small house. We're talking

about non dwellings or unoccupied homes.

Usually, this is a second meter for a member whose main meter serves the house. So it will not be uncommon for the increase on the minimal-usage meter to be offset by the new reduction in their high-usage home.

But we are still sensitive to the situations where a member will decide it is no longer affordable to pay \$27 per month (the new minimum) just to have electricity available at a dock, shop or wherever. The member may find it better, in the long run, to have an electrician run a circuit from their house meter to the point on their property where Coastal was previously providing service.

In many cases, this would have been the wise choice in the beginning. But when faced with the sometimes-significant upfront cost of combining the two service points, it was easier to just ask Coastal Electric to make that extension.

We're prepared to work with members who would like to make those conversions now. We will not be performing the services of a licensed electrician but we can advise, and, when needed, provide a new electric meter cabinet that can facilitate an electrician getting wiring to the new service point.

Coastal Electric is driven by the mission of providing reliable electric service at the lowest possible cost, while maintaining fairness and equability among the different classes of service.

The new rates are filed with the Georgia Public Service Commission and are available to anyone from our website at [CoastalElectricCooperative.com](http://CoastalElectricCooperative.com).