

NHEC Explains "Member Service Charge"

Same charge
for every member

By Fred Anderson
President/CEO, NHEC

If you get your electricity from New Hampshire Electric Cooperative, you've no doubt noticed the Member Service Charge portion of your bill. It's a fixed monthly charge that is paid by all Co-op members, regardless of whether you use one kilowatt-hour (kWh) per month or 1,000. I'd like to explain its intent and clear up some common misconceptions.

Every business has operating costs, and the Co-op is no different. The Co-op recovers the large majority of its costs with two charges that appear on your monthly bill – the Member Service Charge and the Delivery Charge. While the Member Service Charge is fixed and equal among all residential members, the Delivery Charge is a per kWh charge that varies depending on how much electricity you use.

Every four years, NHEC conducts or updates a Cost of Service Study (COSS), which we use to evaluate our rates and fees. Our 2013 COSS calculated it costs a little under \$50 per metered account, per month to serve all our residential members. This is our cost to provide service to your meter. It covers expenses related to the maintenance of our electric distribution system so that we may have an infrastructure that is available to serve you 24 hours a day,

365 days a year, no matter how much power you use.

At present, the monthly Member Service Charge is \$26.06. In the past, the Member Service Charge was lower than it is now – about \$9 per month – but the Delivery Charge was about twice what it is now. In 2004, the Co-op's Board of Directors made the decision to increase the Member Service Charge and lower the Delivery Charge.

When the Member Service Charge was increased in 2004 and the Delivery Charge decreased, it resulted in an overall bill decrease for about two-thirds of Co-op members. Similarly, if the Member Service Charge were decreased today, it would result in a bill increase for two-thirds of our members.

Another important reason for the current rate structure is its impact on the Co-op's energy efficiency efforts. With a lower Delivery Charge, there is less incentive for the Co-op to sell more electricity to make more money. While this effort by an electric company to sell less of its product can seem counter-intuitive, our current rate structure means we can fully support our members' energy efficiency efforts and maintain financial strength.

Bottom line: NHEC is a non-profit cooperative, and we believe we have developed a rate and fee structure that is fair to all members and will continue to review that rate structure to ensure it is appropriate.

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District; and the East Andover Fire Precinct, which voted a net appropriation that will require \$54,800 to be raised by taxes on properties in the East Andover Fire Precinct. Each of those amounts to be raised by taxes is only slightly changed from last year.

2014 Tax Rate Estimates

The total net appropriation voted for 2014 at the various annual meetings is \$6,456,424. This is up \$230,651 from \$6,225,773 appropriated for 2013. Assuming that the Merrimack County

charge to Andover this year remains the same as last year, and estimating the amounts of expected offsetting revenues, the total tax rates for this year are estimated to be \$21.35 for properties in the Andover Fire District and \$21.09 for properties in the East Andover Fire Precinct. Each of these total tax rates is up about \$2.00 or 10.3% from last year.

The increase in the total tax bill for a property valued at \$200,000 is estimated to be up approximately \$400. Of this amount, about \$300 will go to increased School taxes, and \$100 will go to increased Town taxes.

Letters

Thank You for Supporting Me

I would like to thank everyone who supported and encouraged me in my recent bid for the office of Selectman for the Town of Andover. I cannot begin to express what your good wishes have meant to me.

Although I did not prevail, I wish to congratulate Sophie Viandier on her win, and wish her the best of luck.

Mary Anne Levesque

I'll Do My Best for You

Thank you to all who wrote me in on the ballot for Cemetery Trustee. I am grateful for the opportunity to serve in my own small way.

I pledge to do my best for you.

Carla Levesque

Your opinion matters! Please send a letter to the *Beacon* expressing your thoughts on any local matters. Our readers want and need to hear your voice!

Honored and Delighted to Serve

I cannot thank my supporters and townspeople enough for showing me such wonderful support and for

helping guide me into this position as a member of the Board of Selectmen. I am honored and delighted to be on the Board. Please feel free to contact me with questions or concerns, comments, and recommendations.

Sophie Viandier
SGViandier@gmail.com

Thanks, Jon!

I would like to thank Jon Champagne for the help and support he has given to the Andover Conservation Commission over the years he was Road Agent. Specifically we thank him for:

- meeting with the ACC regarding concerns over tree cutting on scenic roads;
- supporting and helping with the installation of "Beaver Deceivers" on Elbow Pond Road, which has proven to be a very successful way to prevent road damage;
- picking up the "blue bags" of collected roadside garbage during road clean up week each May;
- planting nine trees as part of the Arbor Day celebrations and Tree City certification (four flowering dogwoods by the Town Hall, a Siberian spruce by AE/MS, and four red oaks by the Highland Lake Cemetery.

Thank you, Jon, for always being ready to help, even when we called you at the last minute.

Mary Anne Broshek

The mission of *The Andover Beacon* is to serve and strengthen the Andover community. To that end, we welcome civil, reasoned letters addressing specifically local issues, events, and developments. Submissions must not be critical of another's religion; blasphemous; obscene; hateful; legally objectionable; or commercial in nature. The *Beacon* reserves the right to edit or not publish submissions it deems inappropriate for any reason.



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