

Dear Members,

I am writing to inform you that Blue Ridge Mountain Electric Membership Corporation will have to raise its portion of the electric rates by 2.25%. This increase is the first in ten years and will go into effect on October 1. Over those ten years we have been able to manage our way through and absorb normal inflation, largely on the strength of growth, but post-COVID inflation rates have been much higher and have proven a different matter.

BRMEMC continues to experience an enviable growth rate of nearly 1,200 meters per year. The growth accelerated during the COVID pandemic, as many spent much more time in their second homes in the area. But the negatives include difficult material supply chain issues resulting in 50%-60% cost increases on some items needed to build and maintain the system. These issues are not unique to us or even the electric industry. Anyone buying eggs, butter and milk has felt the results of these issues. Our increase will represent only a 2.25% increase (well below what we are seeing in our household staples). This increase will be spread evenly across all rate classes, but will be applied in different methods.

Residential rates will be increased by raising the customer charge \$2.90/month from \$22.91 to \$25.81. The margin on kWh sales will not be increased. This method was chosen for fairness to large and small users (a seldom used vacation property bears the increase equally with a heavily used residence). This method provides predictability both for the member and the cooperative.

GSA1 - Commercial and Industrial accounts (those with maximum demands below 50 kW) will be increased by raising the customer charge \$2.70/month from \$23.64 to \$26.34. The margin on kWh sales will not be increased. This method was chosen for the same reasons given in residential class.

GSA2 - Commercial and Industrial accounts (those with maximum demands over 50 kW but less than 1,000 kW) will be increased by raising the margin on kWh sales by 0.314¢ per kWh. The customer charge on these customers will not be increased.

GSA3 - Commercial and Industrial accounts (those with maximum demands over 1,000 kW) will be increased by raising the margin on kWh sales by 0.264¢ per kWh. The customer charge on these customers will not be increased.

Outdoor Lighting will be increased by raising the margin on kWh sales by 0.178¢ per kWh. The customer charge on these customers will not be increased.

Again, all these methods are calculated to provide a 2.25% increase in revenue from each class.

I realize this news may not fit exactly with all our announcements of grants won to expand broadband service to select areas. In truth, we have recently won three fiber grants that will cover projects costing \$16.3 million dollars. The rest of the truth is those funds and efforts are separate from electric revenues. Even on the fiber side, we will have to pay that entire sum as we build. Upon completion of work we will be reimbursed 0.70¢ for each dollar spent. In essence, these grants mean we will spend nearly \$4.9 million dollars in these areas. Nonetheless, these grants are a blessing as they will help to bring this service more quickly to our members.

I wish I could tell you this is all the news but TVA, due to similar issues, has announced an end to its Pandemic Relief Credit which we have passed on to the members each of the past three years. In all fairness, the pandemic is generally acclaimed finished though its effects are still evident. Regardless, this credit had the effect of reducing TVA's portion of your bill by roughly 1.5%. In residential bill terms, the removal of this credit will result in an increase of \$1.50 per month for each \$100 spent. On the average bill, which is roughly \$127/month, this will increase that bill by approximately \$1.90.

Altogether, the total effect of these changes should be around \$4.90 per month for the average residential member, or an increase of around 3.8% on that average bill, and will commence on October 1.

I'm not sure what the coming years hold, but it seems clear to me the new investment in the electric system, both TVA's and ours, will increase considerably as old non-electric loads are shifted to electricity and electric vehicles become standard. This past Christmas has surely proven that. Yet as we are given grace, we will continue to manage these changes with such wisdom as is granted, and with the clear understanding that we as members own these opportunities and share these burdens.

Thank you all so much for the support you have shown and continue to show! And thank you for the opportunity to serve!

Sincerely,

L. Allan Glidewell
General Manager
Blue Ridge Mountain Electric Membership Corporation