

South River EMC Communicator

NEARLY \$6 MILLION IN REFUNDS DISTRIBUTED

This year, South River EMC refunded \$5,987,244 to current and past members.

As a not-for-profit cooperative, we don't technically earn profits. Instead, any money remaining at the end of the year, called margins, is returned to the members who purchased energy from the Cooperative during that year.

Following is a breakdown of the numbers:

- 22,332 members received refund checks.
- 21,331 current members had their refund applied to their electric account.
- The remaining refunds for inactive members have been applied to outstanding balances or have been moved to a "hold" status because we do not have a valid current address or the amount is less than \$50.

This year, the Cooperative is returning 20 percent of the amount allocated to members for 2021, as well as the remainder of the 2005 year; 100 percent of the 2006 year; and 45 percent of the 2007 year.

The remaining 2021 amount will be refunded in 19 years, unless a member leaves South River EMC and chooses the early retirement option. That's all part of being a member.

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South River EMC offices will be closed December 23 & 26 in observance of Christmas and January 2 in celebration of the New Year.

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The Equalizer – Minimizing Cost Impacts

During our past two annual meetings, I shared with you that the Cooperative is getting closer to the time when some sort of adjustment to rates will be needed. I also stated that we will seek to minimize the impact on you, our members.

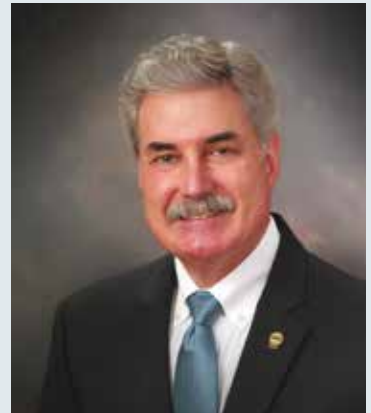
Projections for 2023 are showing a slight shortfall in the revenue required to maintain the level of service that you expect and deserve. Therefore, the Cooperative plans to use a Wholesale Power Cost Adjustment (WPCA) mechanism to equalize the under collection of revenue. We will refer to this as the Equalizer and it will show up as a line item on your bill. The kwh (energy) charge and the monthly Grid Access Charge will remain the same. However, when there is a need to collect more revenue, the Equalizer will allow the Cooperative to add a small charge to bills to make up the difference. At this time, we do not expect to assess a charge under the Equalizer until April or May. The amounts collected will be evaluated quarterly as costs and revenues fluctuate. The monthly amount will be adjusted up or down to match our revenue needs. This approach is designed to lessen the impact on you.

It has been nine years since South River EMC raised rates. In the last one and a half years, your Cooperative has faced significant inflation--just like you. Whether you go to the grocery store or the gas station, have some maintenance or repair work done on your

home or your car, buy a piece of equipment or building supplies, prices on everything have increased. The cost of our transformers and conductor have gone up approximately 30 percent, while poles have gone up approximately 20 percent. Large line trucks have increased in price more than 20 percent too. Unquestionably, all of our operating costs have increased quicker than anticipated, including the cost to borrow money.

Thankfully, our wholesale power costs have not gone up as much as other costs but they have increased. Wholesale power costs account for around 65 percent of our total expense, which works out to roughly \$65 million annually. This year, our wholesale power costs increased by approximately \$1.7 million and for 2023, an increase of \$2 million is projected.

Making a rate adjustment is not something I take lightly and I was optimistic earlier in the year that we could possibly avoid one in 2023, but that is not the case. Nevertheless, I have prayed for guidance in seeking the best approach, with you in mind. South River EMC has been working with our rate consultant for over a year on a Cost of Service Study to assess cost impacts and to ensure that rates are appropriate for our revenue needs. Some of the normal options considered for increasing the amount of revenue collected, include a higher



MESSAGE FROM CEO CHRIS M. SPEARS

kwh charge and/or raising the monthly Grid Access Charge. Our rate consultant is supportive of the Equalizer approach and it truly does appear to be the best option to minimize the impact on you. It allows quite a bit of flexibility as well, which is important at a time when there are many uncertainties associated with inflation, the economy and a clean-energy transition taking place in America.

South River EMC has used this approach in the past. Prior to our last rate adjustment in November of 2013, a WPCA charge was used before new rates were implemented. Eventually, a rate revision will need to take place. Until then, the Equalizer should serve as a way to make a gradual progression toward a conventional rate change.

You may be able to offset the Equalizer charge by taking advantage of some of the energy saving programs and assistance that we offer.

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EQUALIZER continued from page B

These options include a Time-of-Use Rate, the Connect to Save Program (smart thermostats and water heater controls), Smart Energy Profiles, rebates on new appliances and new heating and cooling equipment along with weatherization, online tools, videos and SmartChats. Additionally, we have three Energy Advisors, the Advise Guys, who can provide you with expert advice.

Our mission is to provide competitively priced electricity. Because South River EMC is owned by those we serve, we strive to be good stewards and to provide a good value to you. We are in uncertain times. Even

so, you can count on your local electric Cooperative to look out for your best interests. I hope you can see that by holding off on a rate adjustment for more than nine years and returning more money back to you, when retiring Capital Credits, in recent years, your local electric Cooperative has been, and continues to be, committed to you.

At the October South River EMC Board Meeting, approval was sought from the Board of Directors to implement the Equalizer and the Board was supportive. More information will be provided pertaining to the Equalizer in this newsletter, on our website and through

social media. Nonetheless, if you have questions about this matter, please do not hesitate to contact our office.

Many of you will celebrate the birth of Jesus Christ as our Savior this month and I hope your Christmas celebration is wonderful and merry in every way. Additionally, I want to wish all of you a Happy and Blessed New Year. I consider it a privilege to serve you, as your CEO and if I can assist you in some way, please do not hesitate to contact me. You can email me at CEO@sremc.com or you can call my direct line at 910-230-2990.



Costs are rising everywhere and your cooperative isn't immune.

- Line and bucket trucks: up 20-25%**
Lead time of 24 months.
- Pole-top transformers: up 30%**
Lead time of 20 weeks.
- Pad-mount transformers: up 30%**
Lead time of 40-52 weeks, depending if single or three phase.
- Wire: up 30%**
Cost expected to double in 2023.
- Cabinets: up 30%**
Lead time up to 50 plus weeks.



NOMINATING COMMITTEE APPOINTED

South River EMC is already considering options for the 2023 Annual Meeting of Members. At a meeting of the Cooperative board of directors, the nominating committee was appointed in accordance with the Cooperative bylaws.

This committee, made up of a representative from each of the directorate districts, will make recommendations for directors from districts 1, 2 and At-Large.

Anyone interested in running for a seat in any of the districts up for election in 2023 can contact any member of the committee by December 29

or send an email to nominations@sremc.com.

Members can also be placed on the ballot by submitting an authorized petition form 40 business days prior to the annual meeting. The petition must include the full name of the member and the district they wish to represent.

The petition must also contain the printed names, addresses, telephone numbers and signatures of at least 100 official South River EMC members.

Anyone interested in obtaining an authorized petition form should contact Barbara West-Lee at 910-230-2966 or online at [sremc.com/annual-meeting](https://www.sremc.com/annual-meeting).

District 1 - Glenda Taylor, 10081 Mcdougald Rd., Broadway; represents South River EMC service area west of Highway 401 in Harnett County.

District 2 - Raylon Wood, 71 Unity Church Rd., Four Oaks; represents South River EMC service area east of Highway 421 and north of Highway 13 in Sampson and Johnston counties.

District 3 - Joseph R. Anders, 2055 Carr Church Rd., Clinton, NC 28328; represents South River EMC service area east of Highway 242 and south of Highway 13 in Sampson County.

District 4 - Johnnie Baggett, 1108 Fayetteville Hwy., Dunn; represents South River EMC service area in Sampson County southwest of Highway 421

and west of Highway 242, east of Dunn Road and Carroll Store Road to Maxwell Rd., east of South River School Rd. and Bluman Rd. to the Harnett-Sampson-Cumberland county lines and north to Highway 421.

District 5 - Anthony "Tony" Warren, 2392 Andrews Chapel Church Rd., Roseboro; represents South River EMC service area south of Maxwell Rd., west of Carroll Store Rd. and Dunn Rd., west of Highway 242 and Highway 411 to Highway 701, northeast of Old Fayetteville Rd. and Turnbull Rd. to the Sampson-Cumberland county line and north to Maxwell Rd.

District 6 - Carol Hudson, 3661 Murphy Rd., Fayetteville; represents South River EMC service area in Cumberland County

north of Highway 24, east of the Cape Fear River, south of the Cumberland-Harnett county line and west of the Cumberland-Sampson county line.

District 7 - Warren Paul Jones, 5280 Loop Rd., Linden; represents South River EMC service area in Cumberland County north of Highway 24, west of the Cape Fear River, south of the Cumberland-Harnett county line, and all of Harnett County east of Highway 401.

District 8 - Walter Clark, 1124 Pony Dr., Hope Mills; represents South River EMC service area in Cumberland and Bladen counties, south of Highway 53.

At Large - Robert Earl Butler Jr., 3036 Odom Rd., Clinton; may nominate from any South River EMC district.

CELEBRATING 395 YEARS OF SERVICE



Left to right: David Jackson, 20 years; Keith Gardner, 15 years; Andrea Wilson, 10 years. Not pictured: Earl Underwood, 30 years.



Keith Starling, 25 years



George Williams
Director At-Large
15 years



Dorcas Autry Fisher
Director District 5
10 years



Left to right: Maria Stanley, 5 years; Tony Costanzo, 10 years; Angelina Turlington, 10 years. Not pictured: Randy McLamb, 35 years.



Chuck Richardson, 10 years



C. Wayne Collier
Director District 7
5 years



Left to right: Darryl Kelsey, 20 years; Eric Simpson, 20 years; Timmy Williams, 30 years; David Larson, 30 years; Donald Graves, 20 years; Bradley Bullard, 20 years.



Left to right: Pam Carter, 15 years; Hannah Wilks, 5 years; Barbara West-Lee, 35 years

Making improvements helps comfort and costs.



Improvements To Cut Cost

Insulating and weatherizing your home might sound like a big task, and it is, but it depends on what you need.

When air comes in from outside it changes the temperature of your home and you often compensate by adjusting the thermostat. This then makes the heat pump run longer, and contributes to higher energy costs.

When homes settle, they often need some weatherization work, be it caulking or weather stripping. When done this can help improve comfort and cost.

Insulation also needs to be checked, because it prevents heat transfer, or the loss of heated air, in this case, to the outside.

However, if it is patchy, there isn't any, or the wrong resistance, or R-value, it can lead to discomfort.

South River EMC offers rebates on weatherization and insulation improvements in your home. For details visit sremc.com/insulation-weatherization or call 910.892.8071 x 2222.

Adjust And Replace This Season

If you're having company this season, you might be able to save a little on heating costs. People generate heat, so turn down the thermostat a little.

There comes a time when improvements and adjustments won't help, and replacement is necessary.

With a heat pump you want to consider the seasonal energy

efficiency ratio, or SEER, rating which measures the cooling efficiency. A unit with a high SEER rating should also be able to heat efficiently as well.

A geothermal heat pump is the most efficient, pulling heat from the relatively constant ground temperature, and is best for new construction homes. Perhaps a high-efficiency air source heat pump will work

well for you, or maybe a mini split.

Before you consider a new unit, do your research and check out the rebates available. South River EMC offers several on high-efficiency heat pumps. For details visit sremc.com/insulation-weatherization or call 910.892.8071 x 2222.

Savings Come From Actions

An Energy Star certified appliance has the ability to help you save, and you can save more by using it efficiently.

For example, an Energy Star certified refrigerator is nine percent more efficient than a standard unit, which doesn't sound like a lot, but it's an appli-

ance that runs all day, every day.

People are constantly opening and closing the doors, they stand with the door open, and doors aren't closed tightly. Having an efficient appliance is only half the equation. Using it efficiently is the other half.

When you need a new appliance, consider Energy Star, because South River EMC offers a rebate on several appliances. For more information on Energy Star certified refrigerators, clothes washers and dryers, and dehumidifiers, visit sremc.com/energy-star-appliances or call 910.892.8071 x 2153.

Your Average Water Heating Isn't Saving You

The average household uses 64 gallons of water every day, with an average of \$400-\$600 spent on water heating each year.

A standard water heater holds water in its tank and heats it periodically, which means, it works constantly. When you use the hot water at the top, cooler water is brought in on the bottom and has to be heated.

A heat pump water heater uses heat from the surrounding area where the unit is located.

Because it moves heat, rather than generating it, the unit is two-three times more efficient. It should be located in an area around 1,000 cu. ft., which remains in the 40-90 degree range year-round.

Another option is solar water heating. The heating resource is free, but you need to have enough to power a system. That and location are key. Solar water heaters are typically installed on a roof, so you'll need

to make sure it doesn't break local building codes. Solar systems also require an electric back-up for days of high consumption, and low solar output.

The average water heater lasts about 10-15 years. Do your research and find a unit that works for you. Read about water heating rebates at sremc.com/energy-efficient-water-heating or by calling 910.892.8071 x 2153.



Washing with cold water as much as possible can help save.

Solar Myths

Green energy is being touted to consumers as a means to save money and the environment. While solar can be good, it's not for everybody. It is important to do your homework in order to make an informed decision. This article will detail some of the solar myths and statements that you might have heard or read.

You might have heard a statement like: "Electricity rates are going to increase drastically due to the coal ash settlement." The fact is, South River EMC has already paid its share of the assessment in full — without a rate increase.

Members have also been told by solar sales people that electricity rates nationwide are guaranteed to increase dramatically. While there is upward pressure on rates due to inflation and high materials costs, no solar company has a crystal ball.

The South River EMC team has worked to keep our Cooperative in a financially strong position to absorb many cost increases without passing those on to our members. South River EMC has not changed rates in nine years due to sound financial practices and good forecasting. Our track record indicates that we will contin-

ue to take measures to offer excellent service and mitigate increasing costs for the benefit of our members.

South River EMC has not partnered with, or endorsed, any particular solar company. We are happy to work through the interconnection process with your contractor of choice to ensure certain standards are met.

There are several commercials on TV and radio stating the government will pay for you to install solar panels. There is no evidence of a federal program that provides free solar panels, free installation, or incentive checks. Homeowners are eligible for federal tax credits on solar installations, but not free panels. The 2022 residential investment tax credit (ITC) is 26 percent of the cost of your solar system. In 2023, the credit falls to 22 percent.

Solar can be a good investment for some consumers, but for others it can be a pitfall, actually increasing monthly expenditures since debt must be incurred to purchase the equipment and have it installed.

Lastly, members are being told they will not have an electric bill if they install solar panels. Since



Advise Guy Eric Gainey

homes consume electricity 24 hours per day, there will be times when the solar production will not meet the demand for electricity. As long as you are connected to the electric grid, you will have a bill.

We are here for you. We will be happy to review the information you receive from any solar company and your energy use history. Feel free to contact us at 910.892.8071 or email AdviseGuys@sremc.com.

There are good and reputable solar companies and installers, and solar may be right for you, but it is up to you to do the homework. Let us help you make an informed decision!

South River EMC Communicator



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A Touchstone Energy® Cooperative



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