



# Albemarle SOUNDS

June 2024

Proudly serving the members of Albemarle Electric Membership Corporation

## Albemarle Sounds

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**Albemarle Electric Membership Corporation**

Your Touchstone Energy® Cooperative   
*The power of human connections®*

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*Albemarle EMC is an equal opportunity provider and employer.*

## Renewable Energy Charges Increase

The monthly Renewable Energy Portfolio Standard (REPS) charges for the following rates will increase, effective June 1.

The residential REPS charge will increase from 42 cents to 69 cents. The commercial REPS charge will increase from \$2.35 to \$3.86. The industrial REPS charge will increase from \$15.63 to \$25.72.

The NC Renewable Mandate enables co-ops to recover the additional cost of purchasing renewable energy. By law, a percentage of the co-op's power must come from renewable resources.

## Cost of Service Study Being Conducted

Albemarle EMC has not had a rate adjustment in over a decade, and the cost of wholesale power, materials and other expenses has continued to rise. As a result, Albemarle EMC has hired an independent consulting firm to conduct a study of the cooperative's rates.

Booth and Associates, based in Raleigh, is conducting the study to determine if an adjustment is necessary to maintain the cooperative's financial health.

"We conducted a cost of service study in 2020 that recommended we increase our rates then," said General Manager Kevin Heath. "However, we decided not to implement a rate increase and, instead, looked for ways to reduce expenditures. But in the years since 2020, inflation has steadily risen increasing our costs on everything."

Members may have noticed increases to their power bills through the wholesale power cost adjustment charge. This charge is used when the cost of power to the cooperative is higher than what is built into the rate base, which is what we are experiencing now. A portion of the increase has been passed on to our members so the co-op can remain financially stable.

Wholesale power costs comprise the lion's share of the cooperative's operating expenses, more than 60 percent. Since 2012, the year of the co-op's last rate increase, the cost of purchased power has risen 32.3 percent. In addition, other costs such as line trucks, transformers, power lines and insurance have all increased. Since 2012, the cost of installing single phase service to members has risen more than 100 percent, and the cost of three-phase has risen from 75 to 84 percent, depending on the type.

We are doing what we can to mitigate costs. We ask members to join our effort by reducing usage when beat-the-peak notices are received during periods of extreme hot and cool weather. Visit our website at [www.aemc.coop](http://www.aemc.coop) or call our office at 252-426-2586 to learn more about ways to reduce your energy use at home.

## 2023 Margins Allocated

Albemarle EMC recently allocated capital credits in the amounts of \$2,188,649 operating margins and \$547,433 in G&T margins. Margins are allocated annually after the books are closed and audited. Allocations are calculated by taking the co-op's total margin figure for the year and dividing it by the co-op's total patronage for electric service. This determines the percentage factor. This ratio is then multiplied by the total patronage that each individual member paid that year.

Your cooperative has been fortunate to have been able to allocate margins every year. Over the past five years, \$2,013,184 operating and \$563,528 G&T was allocated in 2018, \$3,306,399 operating and \$550,252 G&T in 2019, \$2,008,043 operating and \$554,150 G&T in 2020, \$2,642,340 operating and \$557,243 G&T in 2021 and \$2,360,411 operating and \$571,283 G&T in 2022.

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# Nominating Committee Appointed

At their May meeting, the Albemarle EMC Board of Directors appointed a nominating committee for the purpose of nominating a slate of candidates for this year's board of directors election.

Anyone wishing to be nominated to run for a seat on the Albemarle EMC Board of Directors has until early July to inform the co-op of their intention. Qualifying members who wish to be considered for nomination should notify Public Relations Coordinator Chris Powell by email ([chris.powell@aemc.coop](mailto:chris.powell@aemc.coop)) or by addressing a

letter to Chris Powell, Albemarle EMC, P.O. Box 69, Hertford, NC 27944. The prospective nominees will be given the names and addresses of the nominating committee members they will need to contact. The nominating committee will meet in mid to late July.

Up for election this year are board of directors seats for the counties of Pasquotank and Camden as well as one at-large seat for all counties. The co-op's Annual Meeting will be held on Saturday, Sept. 21 at the Perquimans County Recreation Department, located at 310 Granby St., Hertford.

## Bylaws Relevant to Nomination of Directors

### Section 4.03 Directorate Districts

Directors shall be nominated and elected in a manner such that the Board shall be comprised of two Directors from each of the four Directorate Districts, designated one (1) through four (4) inclusive and one Director from Directorate District Number five (5) as follows:

### Section 4.04 Qualifications

To become or remain a Director, a Person must comply with or meet the following:

- (a.) Have the capacity to enter legally binding contracts;
  - (b.) Be a Member of the Cooperative;
  - (c.) Reside principally in the Directorate District from which a Director is to be chosen, and continuously and materially use, receive, or purchase electric energy from the Cooperative at the Member's primary residence;
  - (d.) Possess a valid high school diploma or equivalent certification; and
  - (e.) Must not have been convicted of a felony, a crime involving moral turpitude, or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.
- A Member shall be disqualified from being or remaining a Director, as a result of a conflict of interest, if:

- (a.) The Member is a current, former, or retired employee currently receiving any benefit from an electric supplier or is the spouse of a current, former, or retired employee currently receiving any benefit from an electric supplier; provided, however, a former employee who is not a retiree currently receiving any benefit from the Cooperative and has not worked for the Cooperative

within seven (7) years of the date of the relevant Director election or selection is not disqualified;

- (b.) The Member is a Close Relative of a current Director or of an employee of an electric supplier;
- (c.) The Member is employed by, materially affiliated with, or shares a material financial interest with any other Director;
- (d.) The Member is or has been employed by, materially affiliated with, or has a material financial interest in any individual or entity which regularly, directly or substantially competes with the Cooperative or its subsidiary or affiliates, including investor-owned utilities or municipalities providing similar services provided by the Cooperative, unless the person has not been so employed or affiliated with the individual or entity for a period of at least seven (7) years from the date of the Director election or selection;
- (e.) The Member is employed by, materially affiliated with, or has a material financial interest in any individual or entity which regularly sells goods or services to the Cooperative or any Cooperative subsidiary or affiliate; and
- (f.) The Member seeks or applies for employment with the Cooperative. Any Director seeking to be employed by the Cooperative must submit his or her Board resignation prior to such time as he or she submits an application for employment or otherwise solicits the Cooperative for such employment.

If it is determined that any person being considered for or currently holding a position on the Cooperative's Board of Directors lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause him/her to be removed therefrom, whichever be the case. Nothing in this Section contained

shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the disqualified Directors has an interest adverse to that of the Cooperative.

### Section 4.05 Nominating Committee

The Board of Directors shall appoint, not less than sixty (60) nor more than one hundred and thirty (130) days before the date of the meeting of the Members at which Directors are to be elected, a Nominating Committee consisting of an uneven number of Members of the Cooperative, not less than five (5) nor more than eleven (11), who are not current Directors and who are not Close Relatives or Members of the same household of current Directors or known candidates. In selecting the Committee, the Board shall have regard for equitable representation of the five (5) Directorate Districts of the Cooperative.

At least thirty (30) days before the annual Member meeting, the Committee shall meet and prepare and post at the principal office of the Cooperative, a list of nominees for Directorate Districts to be elected, listing separately the nominee or nominees with respect to each Directorate District for which a Director must, pursuant to this Article, be elected at the meeting. The Committee shall include at least one (1) nominee for each Directorate District for which a Director is to be elected, including their name, address, and Directorate District of residency. The Committee's posted list shall also clearly show which nominees are opposed with respect to the same Directorate District.



# Albemarle EMC is at Your Service

## Albemarle EMC Advocates for You

As an Albemarle EMC member, you have a team of people working on your behalf to keep power affordable and reliable.

At the federal level, the National Rural Electric Cooperatives Association regularly meets with members of Congress to support legislation that helps cooperatives and hopefully stop legislation that would hurt cooperatives.

At the state level, the N.C. Electric Membership Corporation’s lobbyists primarily help shape legislation in the North Carolina General Assembly.

Electric cooperatives also utilize two state and federal Political Action Committees to provide campaign contributions to legislators who are supportive of electric cooperative issues.

Recently, Albemarle EMC and other North Carolina electric cooperatives sent a delegation to Washington, D.C. to meet with legislators to discuss issues important to electric cooperatives.

### EPA Power Plant Rule

At the top of the list of electric cooperative concerns is a U.S. Environmental Protection Agency proposal that threatens electricity reliability and affordability. At issue



*Gas-fired power plants could be forced to shut down if unworkable proposals from the U.S. Environmental Protection Agency are allowed to go into effect.*

are the overly stringent emissions requirements for new and existing coal and natural gas power plants that would gradually go into effect after 2030. The requirements involve the use of carbon capture and sequestration (CCS) as well as the use of hydrogen as a fuel to fire power plants.

Currently, the technology doesn’t exist for the affected power plants to satisfy the EPA’s requirements, which would eventually force the plants to be shut down. While CCS and hydrogen fuel are both promising technologies, they are not yet widespread or commercially available and have not been adequately demonstrated. There are no power plants in the country currently meeting what the EPA proposes with either CCS or hydrogen technologies.

The EPA’s proposed CCS and hydrogen requirements endanger new natural gas plants and all but ensure coal plants will opt to shut down by 2035. This will reduce key generating resources, magnifying today’s reliability challenges. All of this would occur while the demand for electricity skyrockets, as we electrify more of the American economy.

### U.S. Department of Agriculture “New ERA” Program

Electric cooperative leaders asked legislators to oppose cuts or changes to the New ERA program that would drive up costs and increase uncertainty for electric co-ops that have projects funded by the program. The New ERA program is a \$9.7 billion USDA program specifically for electric cooperatives to purchase or build new clean energy systems. The voluntary program allows flexibility for individual electric co-ops to design infrastructure projects

that meet community needs without jeopardizing affordability or reliability. Eligible projects include renewable energy, storage, carbon capture, nuclear, generation and transmission system efficiency improvements. In North Carolina, electric co-ops have secured funding from similar programs to enhance resiliency, cyber security and reliability of service to electric co-op members.

As more of the American economy is electrified, the demand for electricity continues to grow. Over the next five years, peak electricity demand is forecast to grow by 38 gigawatt — the equivalent of adding another California to the nation’s grid. To meet future electric demand, electric cooperatives are utilizing programs such as New ERA to invest in electric infrastructure today that will be critical to keeping the lights on tomorrow at a cost consumers can afford.

### Supply Chain Challenges

Electric cooperatives have faced considerable challenges procuring grid components in a timely way at a reasonable price.

Unfortunately, the U.S. Department of Energy recently proposed a transformer efficiency rule that would have exacerbated the existing supply chain challenge and driven up costs for minimal efficiency gain.

However, because of co-op advocacy and congressional pressure, DOE’s final rule is much improved over the initial proposal. The final rule provides stability for most of the market, while affording a more gradual shift towards tighter efficiency standards for transformers used to meet larger commercial loads.