

Electric Rate Adjustment Increase Adopted by Board of Aldermen on February 09, 2006

1. Effective on January 01, 2006 the City of Southport received an increase of 9.7% on the price of energy purchased from the North Carolina Eastern Municipal Agency.
 - a. A decrease in Southport's electrical fund revenue of \$398,904.00 per year is projected due to this increase.
 - b. An average monthly decrease in revenue of \$33,242.00 will be seen unless adjustments are changed.
 - c. This adjustment is largely due to the significant increase in the boost of natural gas and coal.

2. We are working on ways to reduce our electrical cost such as:
 - a. Automatic meter reading could increase the efficiency of our billing process.
 - b. Further increase emphasis on Load Management program and customer revenue collection.
 - c. Repairing undersized feeders and trimming trees will decrease line loss.
 - d. Educate customers on ways to reduce cost by conserving energy.
 - e. Perform energy audits to help customers find ways to save.

3. The City of Southport's electrical distribution system requires upgrades. Our substation reached 95% capacity this past summer.
 - a. There are National Electric Code concerns that need to be rectified.
 - b. Rebuilding this facility will cost approximately \$1,000,000.00 dollars.
 - c. Several feeders are undersized and need to be upgraded. Some of these feeders are being placed underground.
 - d. \$240,000.00 was budgeted for this project for 2005/06.

4. The City of Southport absorbed 2% of the last rate adjustment and all of the previous two adjustments. A proposed energy rider of 0.837 cent per KWH will be needed to offset the increased energy purchased cost.
 - a. This adjustment will produce \$398,904.00 per year.
 - b. Average household adjustments will be \$11.73 per month based on 1,400 kwh usage.

Board of Aldermen approved this Energy Cost Adjustment of 0.837 cents per KWH on February 09, 2006 at their regular scheduled meeting.

****EFFECTIVE AUGUST 01, 2008, THE BOARD OF ALDERMEN APPROVED THE ENERGY COST ADJUSTMENT AT A RATE OF \$.0186 PER KWH AT THE AUGUST 07, 2008 MEETING.**

***** EFFECTIVE OCTOBER 13, 2011, THE BOARD OF ALDERMEN APPROVED INCORPORATING THE ENERGY COST ADJUSTMENT OF \$.0186 PER KWH INTO THE BASIC ELECTRIC RATES.**