

LUB Electric Rate Increase (Effective Oct. 1, 2025)

By Linda Garza, TVRA President

Rate Increase Proposal:

At the June 23rd, 2025, LUB Board Meeting, Manager Kevin Goins reviewed three electrical rate increase options prepared by an outside consulting firm to meet LUB's forecasted 2026 revenue & budget needs. The proposed options were as follows:

Proposal Option	Customer Base Rate Increase	kWh Rate Increase - Residential
Option 1	\$2.50	\$0.00045
Option 2	\$1.50	\$0.00124
Option 3	\$0.50	\$0.00203

On July 28th LUB Board members voted and approved Option 1, stating this option ensures consistent revenues and does not rely on seasonal consumptions that can vary from year to year and may result in LUB's inability to meet 2026 revenue and budget plans. Option 1 also provides a fairer, more equitable distribution of the overall rate increase.

Residential Electric Rate Components:

During the August 22nd, 2025, TVRA State of Loudon County meeting, Mr. Goins and LUB Director of Finance, Ryan Moore, further explained the components that make up residents' electric service rates. As you can see in the diagram below, TVA Wholesale & Fuel Cost make up the majority of residents' kilowatt hour (kWh) charges.



October 1, 2025, Rate Components:

While LUB's Retail kWh rate is a constant flat rate, TVA's Wholesale and Fuel Cost rates are adjusted monthly and seasonally:

- Fuel Cost - adjusted monthly according to the cost of fuel
- Wholesale Rate - adjusted seasonally with higher rates for summer (\$0.07311) and winter (\$0.07026) months, and a transition rate (.06800) for all other months.

Estimated impact:

So, how much more is electric going to cost Tellico Village residents? Using an example of a 3,300 sq. ft. home with an average monthly consumption rate of 1,744 kWh, LUB's increased rates will cost \$3.28 (\$2.50 base rate increase / \$.7848 kWh rate increase) more per month starting with residents' November 1 invoices, for October 1 usage and beyond. NOTE: Impacts due to TVA rate increases are not included in this example.

For a comparison of your month to month or year over year electric cost, look at the Bill Comparison chart on the back of your monthly invoice. For complete monthly rate information including all rate components visit LUB's Residential Rate webpage:

https://www.loudonutilities.org/service_rates/residential_rates.php