

# Comparing OTEC's Residential Rates

By Michael Howe

Have you ever wondered how the retail residential rates for Oregon Trail Electric Cooperative (OTEC) compare with those utilities surrounding the OTEC service territory?

You might be pleased to know the rates are very comparable currently, but there is an even better long-term outlook for OTEC members.

OTEC's service territory, which stretches from as far north as Elgin to as far south as Burns, is neighbored by Idaho Power Co., Pacific Power and Light, Harney Electric Cooperative and Umatilla Electric Cooperative. These are the four utilities most commonly used in comparisons.

The chart on this page shows how OTEC compares to the others, based on the average residential use of 1,000

kilowatt-hours per month.

One thing OTEC members will notice on their bills is the rate is decoupled. That is, OTEC's rate is based on both a delivery charge and an energy rate.

The delivery charge is essentially the cost of operating a local utility to deliver

electricity to the consumer's location. This cost includes, but is not limited to, the costs of operating and maintaining poles, wires and substations.

OTEC's delivery charge is currently set at \$15 per month for residential rates. This is about half of what the true cost of delivery is.

## Residential Electricity Rates

Based on 1,000 kWh used in one month

Utility	Rate
OTEC	\$78.63
Umatilla Electric	\$76.20
Idaho Power	\$74.92
Pacific Power	\$90.36
Harney Electric	\$62.56

Comparison of OTEC's current rates to neighboring utilities as of May 1, 2010.

One reason OTEC has moved toward an emphasis on the delivery charge is because of an increased focus on conservation and renewable energy by government, industry and the public. Continued decoupling of the rates will allow OTEC to strengthen its support of conservation and efficiency efforts, and better withstand the economic impacts of those efforts.

With recent announcements by the Bonneville Power Administration (BPA) that a future wholesale rate increase is likely in October 2011, OTEC might be forced to pass on this increase in retail residential rates at that time. The BPA wholesale rate increase will, in part, be due to a low water year and an increased emphasis on conservation and renewable energy.

But Anthony Bailey, OTEC's manager of accounting and finance, suggests the decoupling of rates has placed OTEC's members in a good position for the future.

"Over the next few years, I believe OTEC's residential rates will be among the lowest in the region," says Bailey. ■

