

## June 2009 Rate Increase FACT Sheet

### **Rate increase FACTS:**

The AVERAGE total increase in rates, including the increase in the basic charge, is 6.4% but the actual total varies depending on consumption level. The price increase becomes effective with all bills issued on and after June 8, 2009 for the entire usage from the prior meter read.

*Summary of Basic Charge increases (included in total percentages above):*

Residential from \$7.50 to \$10.00; General Service single phase from \$7.50 to \$10.00, three phase from \$28.00 to \$30.50; Industrial from \$85.00 to \$90.00; Irrigation single phase from \$8.50 to \$10.00 and three phase irrigation from \$10.00 to \$12.50, \$30.00 to \$32.50 and \$40.00 to \$42.50.

\*\*This increase will cost the AVERAGE EPUD residential customer roughly \$7.00 more per month.

### **Why are the rates increasing?**

There are multiple factors behind the rate increase. The main point is, *as the regional demand for power rises, the COST of power rises*. Here are some points to consider:

- As the population of our region grows, so does the cost of providing power. New generating facilities, which are vital to producing additional power, cost 130% more to build today than they did in 2000.
- The demand for electricity will continue to increase as much as 30% by 2030, with a higher percentage forecasted for Lane County.
- Bonneville Power Administration (BPA) is forecasting a 9-20% rate increase in 2009 to cover some of these new costs along with the cost of fish restoration.
- Electricity rates in Oregon today are still roughly 50% lower than in states like NY or CA.

*So what does this mean to EPUD Customer-Owners?*

- The cost of buying power from BPA is approximately 40% of EPUD's total annual cost. When BPA raises rates, EPUD must also raise rates.
- The cost of maintaining our District's distribution facilities is also greatly increasing due to increased costs across the board.
- EPUD's industrial load has declined sharply due to the economic downturn. We are forecasting a \$600,000 dollar budget shortfall due to this revenue decline.
- EPUD **MUST** raise rates to cope with these issues and remain a solvent company.

As a non-profit public power entity, EPUD provides power to our customer-owners at-cost. We raise rates only when necessary to cover the cost of providing power.

Even with the rate increase, EPUD remains in the middle as compared to the rates of other local utilities.

### **Why is the Basic Charge (or customer charge) increasing?**

A Basic Charge is a **fixed** charge that covers a portion of the utility's costs that occur regardless of energy use. These costs are actual costs and regardless of energy consumption or size, these costs still exist. These costs shared by all customers include a portion of the cost of providing power (from the substation to the meter), meter reading, billing, repayment of long-term debt, public relations, communications, and general administration. In reality, the ACTUAL cost of doing business is much more than what we charge customers. We are able to charge less by internally absorbing as many costs as possible.

The Basic Charge is increasing simply because the cost of doing business is also increasing. Here are just a few factors you can list that have added to the increase in basic charge:

- The cost of building materials, fuel, and maintenance supplies have increased
- The cost of postage, administrative materials and other equipment have increased
- The cost of labor has increased

Even with the rate increase, EPUD remains in the middle as compared to the basic charges of other local utilities.

### **Energy Charge + Distribution Charge = kWh Usage Basics:**

As of June 2009, the **energy charge** and **distribution charge** will be combined into one charge called **kWh Usage**. The rates were combined in an attempt to simplify the charges on the bill by creating one single charge instead of two separate charges. Following is a description of what the charge covers:

- EPUD's cost to purchase power. We purchase power from Bonneville Power Administration and pass the charges directly on to our customer-owners at the same rate.
- The actual cost of delivering power to a Customer-Owners home. This includes the cost of maintenance on power lines and substations, tree trimming and other expenses. In other words, this is the cost of EPUD doing business.