

## OTEC-PRESS RELEASE

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### **OTEC prepares for rate increase to take effect in November**

**Baker City, Ore. (OTEC)** – After reviewing the final “Cost of Service” report and assessing revenue needs to sustain the Cooperative, at the September 26 meeting, OTEC’s Board of Directors approved a rate increase of 4.62 percent to recover cost increases passed through from BPA, OTEC’s wholesale power supplier, as well as to recover increased distribution costs. Although BPA increased rates to OTEC as of October 1, 2017, members will not be impacted by the rate increases until November 1.

For the non-profit’s more than 23,000 residential members the increase will be \$4.00 per month, raising the monthly delivery charge from \$25.50 to \$29.50. The residential energy rate (per kilowatt hour rate) will remain unchanged.

“The board voted to increase the monthly delivery charge to \$29.50 to move closer to full recovery of the actual cost to provide electrical service to a location,” said OTEC’s General Manager Les Penning. “The monthly delivery charge is designed to maintain the electrical infrastructure of the cooperative, so service is available when a member needs it. At the same time, the board felt it was very important to keep the energy rate as stable as possible to remain competitive and affordable for the membership. By not increasing the energy charge it ensures that when members must use more energy to heat or cool their homes, they pay nothing more for the increased usage per kilowatt hour than they have in the past.”

Beginning earlier this year, OTEC was informed by its primary power supplier, the Bonneville Power Administration (BPA), of an increase of approximately 5.4 percent to its wholesale rate. BPA will apply this rate increase to OTEC’s wholesale power purchases beginning October 1.

This increase will be absorbed by the member-owned cooperative through the month of October, thanks to better-than-expected revenues as a result of the harsh winter usage in January and February. “The board believed it was appropriate to return revenues back through to the membership in this fashion,” said Penning.

As reported earlier in the year, BPA’s rate increase has been attributed to the combination of continued investments in their aging transmission infrastructure (approximately \$6 billion over the next 6 years), lost revenues from the reduced demand for the sale of the excess power BPA produces and the near collapse of the secondary energy market.

Historically, the sales of BPA’s excess energy into the secondary open energy market helped to reduce wholesale rates to their consumers, including OTEC.

OTEC has received questions regarding how competitive the cooperatives rates are in comparisons to others. According to the National Rural Utilities Cooperative Financial Corporation (CFC), OTEC’s rates are some of the lowest in the country. In July 2017, being compared against 300 similar co-ops that borrow exclusively from CFC, OTEC ranked 26<sup>th</sup> for the lowest residential rates nationally.

OTEC serves approximately 23,000 members in 30,000 metered locations spanning Baker, Harney, Grant and Union counties. Members will notice the increase in their electric bills mailed after November 1.

For more information on BPA’s rate increase visit [www.bpa.gov/news](http://www.bpa.gov/news).

For more information on OTEC’s breakdown per Rate Class visit: <http://www.otecc.com/members/rate-schedules>.

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