

OTEC-PRESS RELEASE

News contact: Lara Petitclerc-Stokes | Manager of Communications and Government Affairs
Phone: 541-524-2858 | E-mail: lpetitclerc@otecc.com

FOR IMMEDIATE RELEASE – Friday, September 4, 2015

OTEC prepares for rate increase

Baker City, Ore. – As was to be expected, there is going to be an increase in the delivery of your power services this fall.

In July, the Bonneville Power Administration (BPA) announced a rate increase of 7.1 percent average for wholesale power and 4.4 percent average for transmission scheduled to take effect October 1, 2015.

At their August 25 meeting, OTEC's Board of Directors approved an average rate increase of 5.8 percent for all members. For OTEC's more than 23,000 residential members the increase will be 4.34 percent (\$3.94) reflected in their monthly delivery charge - increasing it from \$21.56 to \$25.50. The residential kilowatt hour rate will remain the same.

"For the past eight years we have been extremely frugal in our costs unrelated to BPA power purchases," said George Galloway, OTEC's board president. "This will be the first time in four years that a percentage of the increase (2%) will be allocated to OTEC's operating expenses. Increases, relative to OTEC's operating expenses, have been passed through to its membership at a rate of one-half of a percent per year, far below the rate of inflation."

"With BPA's announcement, paired with soft natural gas prices, and an estimated wildfire tab for damages of approximately \$1.5M - with little FEMA disaster assistance on the horizon - OTEC needs to cover its expenses to operate," Galloway explained. "Comparatively, our charges for electric service have been reasonable and highly competitive with our peers. We are hopeful that this will be our last rate increase for at least the next two years."

According to the National Rural Utilities Cooperative Financial Corporation (CFC), OTEC's rates are some of the lowest in the country. In July, after a series of 145 separate ratios and being compared against 300 similar co-ops that borrow exclusively from CFC, OTEC ranked 3rd for the lowest rates in the state, 23rd lowest rates nationally.

"We are a local, member-owned, not-for-profit cooperative. We do not raise rates to generate profit," said OTEC's General Manager, Werner Buehler. "But, at the end of the day when OTEC experiences an increase in power costs, we need to cover the cost of doing business and pass the increase along to the members who own the cooperative."

OTEC serves approximately 30,500 meters in Baker, Harney, Grant and Union counties. Members will notice the increase in their electric bills mailed after October 1.

###