

## **OTEC-PRESS RELEASE**

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### **BPA costs trigger electric rate increase locally.**

**Baker City, Ore.** – On July 26, the Bonneville Power Administration (BPA) adopted a 5.4 percent average wholesale power rate increase and an average transmission rate decrease of 0.7 percent for the cost of power it provides to its not-for-profit electric utilities in the Northwest, including Oregon Trail Electric Cooperative (OTEC). BPA will apply this rate increase to OTEC’s wholesale power purchases beginning October 1, 2017.

Over the last several months OTEC has been discussing its cost of service, the potential impacts of a BPA wholesale rate increase and associated distribution cost increases. OTEC’s current average rate including their power supply and distribution costs ranks them 26<sup>th</sup> lowest in the nation.

“Regardless of this favorable ranking, we continue to focus on utility operations and efficiency in delivering power. Because we understand the impact it has on our local economies,” said OTEC General Manager Les Penning.

BPA delivers clean renewable hydropower to more than 140 Northwest utilities and continues to face significant challenges in several areas.

“The combination of a recent court decision ordering increased spill at the hydroelectric dams along the Columbia River and the collapse of the secondary energy market has many Northwest utilities who get their power from BPA, including OTEC, concerned,” added Penning. “Combined with continued investments in their aging infrastructure (approximately \$6 billion over the next 6 years) and lost revenues from the reduced demand for the sale of the excess power BPA produces, consumers may now be expected to make up for those lost revenues.”

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

Prior to the increase taking affect in October, OTEC’s Board of Directors will review the final “Cost of Service” study assessing revenue requirements for operations of OTEC’s distribution system as well as the final landing point of the wholesale power cost and approve the final rate design and increase.

“When looking at rates, generally our Board of Directors will concentrate on two primary categories,” said Penning. “Delivery charge and energy charge. Our upcoming ‘Cost of Service’ study will guide the delivery charge and ensure that it is - or is moving closer to - covering all fixed costs such as poles wires, etc.”

OTEC’s members will be informed of the exact amount of this rate increase beginning in October through the Ruralite magazine, the “News from the Trail” billing insert, OTEC’s website ([www.otecc.com](http://www.otecc.com)) and Facebook page ([www.facebook.com/OTECOop](http://www.facebook.com/OTECOop)).

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

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