

Benton REA Rates in the Making

The Bonneville Power Administration has notified Benton REA that the cost of wholesale power it purchases from BPA will increase by 15% effective this October. In addition to incorporating the increased cost of wholesale power in the new Benton REA retail rates, which will be implemented in 2012, we also want to make sure that the retail rates fairly and equitably reflect the other costs of providing service to the different member types such as residential, season, commercial, industrial and irrigation. Through the use of a Cost of Service Analysis (COSA), all of the costs incurred by the Association to provide electrical service to the membership, including wholesale power costs, will be allocated to the various member types. This COSA allocation is critical to ensure that each member type “pays its own way” and helps eliminate cross subsidies between members. The COSA program, developed and maintained by EES Consulting in Seattle, employs standard utility practices regarding the use of cost allocation factors associated with electric utility retail rate making.

While the actual retail rate increases applicable to each Benton REA member type will not be available until later this month, we anticipate that the average retail rate increase will be about 9.5%. The impact of the rate increases for individual members will vary depending on lifestyle and actual energy consumption.