

FAQ – Rate Increase effective January 1, 2012

Updated January 2012

Effective January 1, 2012, Benton PUD customers' rates increase an average 6%. The Residential rate is increase 5.4%

Why is a rate increase necessary? The primary causes of the increase in 2012 is 1) reduced revenues from surplus power sales, 2) BPA wholesale rate increases, and 3) the legal mandate to purchase renewables and conservation.

- 1) The District's surplus power sales are projected to be less for two reasons – reduced excess power to resell and wholesale power prices have decreased. Benton PUD's new contract with BPA reduces the amount of excess power that is available to the District to sell into the power market. The District will continue to reduce retail rates by selling excess low-cost BPA power into the market at a margin; however, we will have less excess power to sell.
- 2) BPA wholesale rates increased an average of 7.8% effective October 2011. The BPA wholesale power rate increase is primarily due to rehabilitations of the aging federal hydro system, fuel purchases and repairs at the Columbia Generating Station and investments in salmon recovery.
- 3) The Energy Independence Act (Initiative 937 passed in 2006 by voters) requires utilities with over 25,000 customers, like Benton PUD, to obtain energy from renewable resources (such as wind) even when not required to meet load. Benton PUD has invested over \$11 million in Nine Canyon and White Creek Wind projects to be prepared for the first renewable requirement in 2012. In addition, Benton PUD will spend nearly \$3 million on wind resources in 2012. Some of that will be offset by sales for resale. The EIA also requires a dramatic increase in conservation programs. Benton PUD's conservation budget for 2012 is \$4 million. In 2012, approximately 4% to 6% of our residential customers' bill is for the mandated renewables and conservation program.

Power costs and taxes represent nearly two-thirds of the annual budget for Benton PUD. Increases in wholesale power costs are projected to impact rates cumulatively by 9% - 14% over the next four years, but rates will be set year to year to reflect current cost estimates. Benton PUD bases its financial forecasts on conservative assumptions, and there is significant uncertainty as to the net power costs in future years.

What is the new rate for the residential customers?

The average increase for Residential customers is 5.4%. A typical residential customer's bill will increase from \$101 to \$106. The monthly base charge is now \$11.05 (was \$10.50) and the kWh charge is \$0.0684 (was \$0.0649).

What were the past rate adjustments?

Last January, rates increased an average of 8% (residential rates increased by 7.9%) and rates were projected to increase an average of 9.5% in 2012.

Rate went up an average of 6% January 1, 2010. Prior to 2010, there were five consecutive rate decreases between 2004 and 2009.

How does Benton PUD compare to others? Are other utilities raising rates?

With the rate increase, the average Benton PUD residential bill will be about \$106.

Many utilities throughout Washington and the Northwest are announcing rate increases, primarily due to the increased cost of wholesale power.

How are other customer rate schedules impacted?

Each rate class was adjusted, using the cost of service analysis. The increases for the other rate classes are: Small General- 4.5%, Medium General- 7.6%, Large General- 8.0%, Irrigation classes- .07 to 6.5%

Will there be rate increases in the future?

Projections show the need for rates to increase next year.

What is Benton PUD doing to reduce costs?

Benton PUD strives to increase efficiencies in its operations and reduce costs in order to keep future rate increases as low as possible. The overall budget has been scrutinized and where possible, reductions and deferrals of both capital and operating & maintenance expenses were made.

Efficiency improvements will continue to be implemented to reduce operational costs in the future. For example, the meters that were recently installed enable Benton PUD to read meters remotely and have reduced operating costs.

If my billing period is for energy consumed for part of December and part of January, what rate will I be charged?

Usage in December will be billed at the old rate and usage in January at the new rate and will be based on average usage per day. To determine average usage per day, the total energy used for the month will be divided by the number of days in the billing period. For example, if a customer uses 1200 kWh in a 30 day billing period, the average per day is 40 kWh. The customer will be billed the average per day at the old rate from the December read date to January 1, and then at the new rate from January 1 to the January read date for both the base rate and the energy charge.

How will the Budget Payment Plan be impacted?

Shortly after the first of the year, budget payment amounts will be recalculated to reflect the January rate increase. Budget payment amounts are recalculated twice a year.

What kind of programs do you have to help customers?

Benton PUD offers two programs for low income customers. The discount of 15% or 20% is determined by the household income.

- **Low Income Senior Discount** - To qualify you must be a Benton PUD customer at least 62 years of age with a total annual household income of 200% or less of the Federally Established Poverty Level. Only one discount per address per customer. Applications are renewed every three years.
- **Low Income Disabled Discount** - To qualify you must be a Benton PUD customer with a disability, or have a household member with a disability, and a total annual household income of less than 200% of the Federally Established Poverty Level. Only one discount per address per customer. Applications are renewed every three years.

Applications have more information about the programs and are available on our website or by calling 582-2175.

We also have conservation programs to help customers save energy and money.

Conservation is an important component in keeping costs and rates down. Benton PUD has an extensive conservation program and offers rebates on qualified ENERGY STAR® appliances as well as incentives for energy efficiency improvements made to a home or businesses. Details are available on the website or at 582-1234.