Benton PUD considering a rate increase and new rate design

Benton PUD is considering an average revenue increase of 3.9% effective September 1, 2015. The last rate increase was in January 2012, over three years ago. Rate increases by rate class range between 1% and 7% with the residential increase at 4.6%.

Power costs have increased $10 million since 2012. Financial forecasts show a need for a 5.9% increase primarily due to rising power costs. Reserves will be used to lower the average increase to 3.9%.

Bonneville Power Administration increased Benton PUD wholesale rates five percent in 2013 and plans an additional increase in rates of 6.5% in October 2015. Renewable energy required by the Energy Independence Act also impacts power costs, representing a 2.6% impact on residential customers bills.

Benton PUD is also proposing a new rate design to better reflect changes in the electric utility industry. As utilities face increasing regulatory mandates, rising power costs, distributed generation and evolving customer needs, utilities must reassess how they design their rates to ensure fairness for all customers.

As part of the new rate design, the Residential customer class “Monthly Base Charge” will be replaced with a “Daily System Charge.” The Residential customer rate increase will be reflected entirely in the “Daily System Charge.”

Benton PUD’s current monthly base charge for residential customers is $11.05. The proposal being considered would result in an average monthly amount for the daily system charge to be $15.60 (based on a 30-day month). On average, this will result in an increase of $4.55 each month for the residential customer class. The median monthly amount today for comparable Northwest utilities is $17; however, that figure is expected to rise over the next several years.

The customer rate meetings were held to provide detailed information about the proposed rate increase and explain the new rate design.