

COOS-CURRY ELECTRIC COOPERATIVE, INC. FOR MEMBERS ONLY



Your Touchstone Energy® Cooperatives
The power of human connections® 

August 2009

Contact Us

Port Orford

541-332-3931

Coquille

541-396-3118

Gold Beach

541-247-6638

Brookings

541-469-2103

After Hours

Emergency and Outage

866-352-9044

www.ccec.coop

Office Hours

7:00 AM—5:30 PM

Monday—Thursday

Closed Fridays and Holidays

From General Manager/CEO Roger Meader

The Bonneville Power Administration (BPA) has announced an increase in the cost of power we purchase to meet your needs, effective October of this year. We expect that increase to be 6.8 percent for what's known as priority firm (PF) customers and approximately 4.4 percent for "slice" customers. Customers with slice contracts, like CCEC, receive a slice or portion of the Federal Columbia River Power System generation that is marketed through BPA and they pay a slice or portion of the associated expenses. The slice is a set amount for eleven months of the year and a "true up" occurs in the twelfth, which means we either have to pay more if expenses were higher or we receive a refund if conditions were better than expected. BPA Administrator Steve Wright has said the increase was unavoidable due to the increased costs of operating the Columbia Generating Station nuclear plant and salmon protection.

Wholesale power represents over 50 percent of our cost of doing business. Other projects like finishing the transmission upgrade, building a much-needed Coquille office/warehouse and maintaining our current level of tree trimming and removal for system reliability also affect rates. We expect the overall rate increase to be 15 percent, with about half implemented in October and the balance next April. CCEC has not had a rate increase for five years; and in fact, residential rates were decreased nearly three years ago. Our philosophy is to only collect enough to cover costs, keep a reasonable margin and meet financial parameters.

In March, I said that this year would be a year of change for your electric cooperative as Congress and state legislatures across the country set out to tackle climate change. The Oregon Legislature ended their session without passing climate change legislation. At the state level, everything is on the shelf for right now. The U.S. House of Representatives passed cap-and-trade legislation by a narrow 219-212 vote. The U.S. Senate is working on their version. The final details of any climate change legislation won't be worked out until debated and agreed to in conference committee; but any legislation that includes mandates and sets timelines for a reduction in emissions or for adding new, acceptable renewable energy projects to our existing supply will most likely increase the price you pay for the electricity you use.

We'll be out discussing the rate increase in more detail in August and September. I hope to see you at one of the Town Hall meetings. As always, please feel free to contact me if you have questions.

Climate Change. Emission Reductions. Protecting the Environment. Renewable Energy. Our Energy, Our Future. How does it all fit together and how do we learn more about it?

Join Power of Community — learn more — and have a voice.

Call any office for more details or sign up online at <http://oreca.org/powercom.php>



TOWN HALL MEETINGS SCHEDULED TO DISCUSS RATES

In January, we announced a rate increase expected to take place in October 2009. Since then, two cost of service studies have been completed and the board of directors has held workshops to discuss wholesale power issues, legislative initiatives, revenue requirements and various rate scenarios. Now it's time to have a dialog with the membership. Please join us at one of the special Town Hall meetings.

August 6

Oregon First Community Credit Union
Coquille

August 13

Event Center On The Beach
Showcase Building, Gold Beach

August 20

Best Western Beachfront Inn, Brookings

August 27

Port Orford CCEC Office

All Town Hall meetings are scheduled for 6:30 PM. Sandwiches and light refreshments will be served at 6:00 PM.

WHAT IS A COST OF SERVICE STUDY?

A cost of service study is one component of rate design. It is a tool that is used to compare the annual costs associated with serving each "class" of electric consumers, such as residential consumers, with the revenue generated from that consumer class.

Expenses associated with each class and the cooperative's "plant" or infrastructure are put into four categories:

- A consumer component consisting of expenses and plant items that are required to provide, operate and maintain the distribution system at minimum load (basic charge)
- A demand component related to the costs to serve loads that go above the minimum load ("peak" demand)
- An energy component representing the energy charges billed by the power supplier (kilowatt hour charge)
- A direct assignment component consisting of costs or special work required to serve a particular consumer class

RATE SETTING PROCESS

Rates are designed to collect the appropriate revenue from each consumer class — through a combination of monthly minimum or basic charge, kilowatt hour or usage charge and demand charge. Cooperatives collect just enough money to cover costs and keep reasonable margins.

Tools such as cost of service studies help identify historical and projected revenue needs and expenses and are used to set rates that are as fair and equitable as possible. Perhaps the most challenging part of rate design is to determine how much of the total revenue to collect through the monthly minimum charge and how much to collect in the kilowatt hour charge.

The monthly charge is the amount that must be collected each and every month from members to pay for the cooperative's infrastructure, maintenance and operations. Whether a member lives here for 12 months of the year or only four, the infrastructure stays in place, crews respond to outages, maintenance is performed and offices are staffed to serve the membership.

Different utilities have different philosophies. For example, a water utility typically has a high monthly charge (to reflect the actual cost of water delivery) and lower charge for the water that is used. Electric utilities traditionally put more of the cost to serve or deliver power in the kilowatt hour charge in order to have a lower basic charge. But, each electric utility sets rates based on their individual needs and philosophy. If you're comparing rates, be sure to consider the consumer or monthly charge as well as the kilowatt hour charge. They go hand in hand.

..... For Members Only Newsletter

Published by Coos-Curry Electric Cooperative, Inc. Marketing and Member Services