



June 17, 2024

Senate Committee on Energy & Environment  
900 Court Street NW  
Salem, Oregon 97301

**RE: Follow Up to Senator Leiber Question on Consumer-Owned Utility Rates**

Dear Members of the Senate Committee on Energy & Environment:

Oregon Municipal Electric Utilities Association (OMEU) is made up of eleven municipally owned and operated electric utilities. (A twelfth municipally owned utility, the Eugene Water & Electric Board (EWEB), maintains independent representation.) As consumer-owned utilities (COUs) we are directly accountable to the people we serve through our city councils and local governing boards. Our rates are not-for-profit and set to cover the costs of service, not to earn a rate of return for investors.

At your most recent committee meeting on May 30<sup>th</sup>, you had an agenda item on electric utility rate increases that included a presentation by Bob Jenks, Executive Director of the Citizen's Utility Board (CUB). Mr. Jenks' presentation was focused on investor-owned utility rates, which are set by the Public Utilities Commission (PUC). Senator Leiber asked about how the IOU experience compares to what is happening in COU territories. While Mr. Jenks was able to give an accurate, general picture, here is some more specific residential rate information from the municipal electric utilities I work with.

Attached please find a table with electric utility rates for each of OMEU's eleven municipal electric utilities, the date and amount of the most recent rate increase, any plans for future increases, and a brief explanation. This table shows energy costs and the basic customer charge. Note that a few utilities have additional city service charges that appear on the customer bill to support city general fund operations, which I have not included.

As city-owned utilities all of our budget and rate information is publicly available. Our customers have a direct voice in utility decisions, including rates, at our open city council and board meetings.

As Mr. Jenks mentioned, COUs enjoy priority access to federal power generation from the Bonneville Power Administration (BPA). This power averages 95% carbon free TODAY. Our existing BPA power contracts will expire in September 2028, so discussions are underway to develop policies and contracts that ensure competitively priced power into the future. The IOUs do not have this same access to BPA power.

As you review this rate information, keep in mind that some municipals with growing loads, like Canby Utility, Forest Grove Light & Power, and the City of Cascade Locks, need to procure power beyond

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their Tier 1 BPA allocation. Those utilities are currently purchasing additional Tier 2 power that BPA must acquire at market rates, which is considerably more expensive than the Tier 1 power from the Federal Columbia River Power System. As a result, those utilities are seeing more rate pressures.

As noted by Mr. Jenks, all utilities are facing inflationary pressures. We are seeing significant increases in material costs, as well as continued supply chain challenges procuring transformers, poles, and other utility necessities. Many OMEU utilities are also playing catch up from forgoing rate increases during the height of the pandemic.

While expenditures for wildfire mitigation have increased, they are not on par with the spending of the IOUs given our smaller and more urban service territories. Many municipals are also working to take advantage of Federal grid hardening dollars provided under the Infrastructure Investment and Jobs Act.

I am happy to arrange a meeting or call for any Senators who may have further questions on this topic. Thank you for your interest.

Sincerely,

*/s/ Jennifer Joly*

Jennifer Joly, Director

Oregon Municipal Electric Utilities Association

### Municipal Electric Utility Rate Information

<b>Municipal Utility</b>	<b>Current Residential Rate</b>	<b>Most Recent Rate Increase %</b>	<b>Planned Increases Rate Increases</b>	<b>Notes/Rationale for Increase</b>
<b>Ashland Electric</b>	First 500 KWh = 0.076 500 – 5000 KWh = 0.091 Over 5000 KWh = 0.129  Basic Charge = \$16.25	July 2021.  1.3% first 500 KWh 1.1% 0.78%  Basic Charge = 16% increase from \$14.	Finishing master plan. Will prioritize projects for the next several years, estimate the capital requirements & use that information to drive any future rate increases.	Approved by Council based on cost-of-service study/city master plan & adjustments for inflation.
<b>Bandon Electric</b>	First 650 KWh = 0.0875 Over 650 KWh = 0.0946  Basic charge in city: \$11.99 Basic outside city: \$25.14	Approved by voters May 2023.  1.2 cents/KWh = 14% increase 14.5% over 650 KWh  Base charge increase of \$5/month within city limits (72% increase from \$6.99); \$1/month outside city (66% increase from \$15.14).	Depends on BPA power and transmission increases to utility.	Bandon is unusual. Their city charter is very restrictive, requiring voter consent for rate increases except to offset BPA wholesale electric rate increases. Prior to the voter-approved increase in 2023, the last rate increase was in 2019 due an increase in BPA wholesale power rates.

<b>Municipal Utility</b>	<b>Current Residential Rate</b>	<b>Most Recent Rate Increase %</b>	<b>Planned Increases Rate Increases</b>	<b>Notes/Rationale for Increase</b>
<b>Canby Utility</b>	First 2,000 kWh = \$0.0743 Over 2,000 kWh = \$0.0801  Base charge = \$15.00/month	Nov. 1, 2023. Increase of 8.21% increase on first 2,000 kWh. 4.8% increase over 2,000 kWh  Base charge increase of \$1.43/month = 10.5%	None. Nov. 2023 increase covers FY 2024 – FY 2025.	Rates last raised in 2019. In 2021, Board opted to absorb the BPA wholesale power rate increase. Rate adjustment was needed to cover cost increases for wholesale electric power and higher operating expenses. BPA is forecasting a 14.46% increase to Canby Utility in FY 2024-25 for wholesale electric power. This is primarily due to higher market prices for Tier 2 power. Additionally, operating expenses have increased significantly since the last rate increase in 2019 due to effects of the COVID pandemic and inflation.
<b>Cascade Locks</b>	\$0.07795/kWh in city \$0.10465/kWh Outside UGB  Basic charge in city = \$13.00/month Outside UGB = \$23.00/month	Rates increased Oct. 1, 2023.	Two more annual planned rate increases following cost of service study.  Basic charge will increase to \$15.00	BPA Tier 2 cost increases, continued system operation costs.

Municipal Utility	Current Residential Rate	Most Recent Rate Increase %	Planned Increases Rate Increases	Notes/Rationale for Increase
			<p>(15%) on Oct. 1, 2024 &amp; to \$25.00 (8.7%) outside UGB.</p> <p>Basic charge will increase to \$18.00 (20%) on Oct. 1, 2025 &amp; to \$27.00 (8%) outside UGB.</p>	
<b>City of Drain</b>	<p>\$0.090/kWh</p> <p>\$12.00 base rate</p>	January 1, 2020	<p>3 Phase increase approved in March; effective July 1, 2024.</p> <p>7/1/24 – 6/30/25 base rate increase to \$17 = 46.6%.</p> <p>7/1/25 – 6/30/26 base rate increase to \$20 = 17.6%.</p> <p>7/1/26 base rate increase to \$22 = 10%.</p>	To ensure adequate revenues to meet costs of continued operations and future capital expenditures.

<b>Municipal Utility</b>	<b>Current Residential Rate</b>	<b>Most Recent Rate Increase %</b>	<b>Planned Increases Rate Increases</b>	<b>Notes/Rationale for Increase</b>
<b>Forest Grove Light &amp; Power</b>	Up to 1000kWh = .074/kWh  Over 1000 kWh = .083/kWh  Customer Charge = \$21.39	Rates increased on Jan. 2, 2024 by 9.5%  Customer charge increase = \$1.86/month = 9.5%	An additional 6% rate increase has been approved for Jan. 1, 2025 for both energy & customer charge. However, the increase will be reviewed in Oct. 2024 & could be lower.	The rationale behind the rate increase was the 8.5% rate increase the utility saw from BPA which was mostly due to increased Tier 2 power costs related to load growth. The other reason is because the utility held off on rate increases during the Covid period and used contingency funds to pay bills.
<b>Hermiston Energy Services</b>	0.074/kWh  Single phase basic charge = \$21.00 Three phase basic charge = \$34.00	In Oct. 2021, the rates were increased 7% effective Jan. 2021 and 7% effective Oct. 2021.	5-7% rate increase in 2024 is likely. Currently doing a cost-of-service system study.	Increased material costs for system maintenance & construction work plan.
<b>McMinnville Water &amp; Light</b>	Up to 1,000 kWh = \$0.06000/kWh  Over 1,000 kWh = \$0.06659/kWh  Customer Charge: \$16.10	Rates increased Oct. 2023 by 2.75%.	Proposed rate increase for Oct. 2024 is 2.75%	Utility does cost of service analysis every two years. Materials costs have gone up significantly.

<b>Municipal Utility</b>	<b>Current Residential Rate</b>	<b>Most Recent Rate Increase %</b>	<b>Planned Increases Rate Increases</b>	<b>Notes/Rationale for Increase</b>
<b>Milton-Freewater Light &amp; Power</b>	0.0752/kWh Base charge within city = \$15.00 Base charge outside city = \$16.00	June 2023 rate increase of 5%.	Not currently.	Astounding increase in cost of operations & materials. Needed infrastructure improvements.
<b>City of Monmouth</b>	8.47 cents per kWh Basic customer charge: \$11.95	Rate increase of 10% to energy & basic charge on May 15, 2023.	2% increase in FY '24.  4% increase in takes effect in FY '25, plus \$1 increase to basic charge	Costs are outpacing revenue. Utility will be doing a cost-of-service analysis to help guide our future increases.
<b>Springfield Utility Board</b>	<i>For Oct – April:</i> First 1,500 kWh = \$0.0622/kWh Over 1,500 kWh = \$0.0723/kWh  <i>For May – Sept:</i> First 900 kWh = \$0.0622/kWh Over 900 kWh = \$0.0672/kWh  Basic charge: \$17.98/month	April 1, 2024, rate increase of 3% for first 1,500 kWh & 2.6% over 1,500 kWh  3.3% increase in basic charge from \$17.40/month	Recommendation to board by budget committee.	Board goal of lowest possible rates consistent with fiscally sound utility operations. Board resolution notes increasing costs for power purchased by BPA.