



My least favorite topics

By Craig A. Harting

I'M SURE you're not surprised that my least favorite topics are rates and rate increases. Recently, you've probably seen where PPL had a 26% power-cost increase due to rising costs in the wholesale market. I had a number of calls asking whether this would affect our cooperative. The answer is no because we get our power from Allegheny Electric Cooperative, Inc. (Allegheny) in Harrisburg. PPL and Penelec are only used to move our power to us.

As rural electric members in Pennsylvania and New Jersey, we own 10% of the two nuclear units in Berwick. This portion produces 60% of the power we need. Another 10% comes from our hydroelectric plant on Lake Raystown and a share of the Niagara Falls and St. Lawrence hydro plants. Allegheny buys the remaining 30% from the wholesale market, but has the next several years already contracted at fixed prices.

In the future, we may be affected as we continue to purchase this 30%, but Allegheny spreads pricing risks through multiple contracts, which expire at different times. Allegheny estimates power costs (the generation portion on your bill) will remain steady for the next several years. Because of Allegheny's ownership and supply portfolio, we have kept generation rates the same since 2013 with a few more years of stability looking ahead.

The distribution portion on your bill pays for the operations at Sullivan County Rural Electric Cooperative. This includes everyone from the office to the field staff and all of the substations, poles, lines, buildings, trucks, and equipment.

Our last distribution increase was in June 2017. We are planning a rate increase in June this year in the distribution charges, but no change in generation rates. The basic service charge will increase \$5, but the distribution kilowatt-hour (kWh) rate will decrease 4%.

The net effect will be a \$2.73, or 1.8%, bottom-line increase in the monthly bill for the average consumer using 930 kWh. The percentage increase will be larger for smaller use levels and less for higher use levels.

We are adjusting our rates since all of our costs are fixed, and do not vary with the amount of power sold. The basic service charge collects equally from all members since we all need to pay for the availability of the grid whether we use any power or not. Rate changes are never done lightly, and you can be assured we will continue to work hard to hold down costs and deliver a reliable source of power.