



OPPD is proposing a major restructuring that will affect your bill for years to come
Omaha Together One Community (OTOC) Analysis-- Nov 13, 2015



The OPPD staff is proposing both a major restructuring of their service charges and electric usage rates and a separate 4% increase to their electric usage rate that will go into effect in 2016. OPPD believes that these changes are needed because of a long term reduction in the growth of energy usage caused by more energy efficient appliances, greater conservation and increased use of solar arrays and other forms of customer generated electricity. These changes would increase OPPD’s stream of fixed income from service charges and reduce reliance on variable income from their customer’s energy use.

If fully implemented, these changes would increase OPPD’s income from **fixed service charges** from about \$38 Million per year to about \$132 Million per year, a \$94 Million increase. This would provide more stability to OPPD in a volatile energy climate. Because OPPD wants these changes to service charges to be “revenue neutral,” OPPD would gradually reduce their energy use rates by 28% for all households and small commercial businesses (from .105 cents/kwh to .075 cents/kwh) and therefore collect about \$89 million less from these customers **for energy use.**

	2015	2016	2017	2018	2019
Customer Charge	\$10.25	\$18.00	\$18.00	\$18.00	\$18.00
Delivery Charge	----	----	\$7.00	\$12.00	\$17.00
Total Service Charge	\$10.25	\$18.00	\$25.00	\$30.00	\$ 35.00

Reduced Usage Rate(kwh) ---- **-9%** **- 16%** **-22%** **-28%**

The Problem Caused by this restructuring: Shifting the \$95 Million by increasing fixed service charges and reducing energy usage rates will not impact all households equally. The 1/3 of OPPD households which use relatively little electricity each month (200 to 700 kwh/mo) would spend about \$50 to \$225 more each year for electricity. These 108,000 households would pay an extra \$12 Million per year for the same amount of electricity. The 40% of OPPD households using a lot more electricity (1000 to 2000 kwh/mo) would spend \$50 to \$345 less each year. These 130,000 households would pay \$19 Million less each year for using the same amount of electricity. **The adverse effects of this proposed restructuring include:**

- **Low use customers will pay more** including many low income and fixed income seniors;
- **Apartment & small home dwellers** who conserve will pay more for the same energy use;
- **Reduced incentive for all customers** to make careful use of energy;
- **Increased wasteful use** of energy when reduced emissions are needed to battle climate change;
- **Makes investing in efficient appliances and roof top solar** harder to justify economically.

You can Contact your OPPD Board member:

You can email your comments to the Board at their website <https://ww3.oppd.com/contact-management/>

The OPPD Board currently plans to **vote** on this proposal and the separate 4% rate increase at their **December 17** meeting at 10:00 a.m. OPPD staff proposes that the rate increase goes into effect January 1, 2016 and that the restructured service charge and rates go into effect June 1, 2016.

Go to www.OTOC.org for a more detailed OTOC assessment of this proposal or email at otocfornebraska@gmail.com or call 402-344-4401 for questions