Tariff Revision Information

The proposed 15.5% rate increase is necessary to keep up with the rising costs of electric service. While 15.5% is a large increase compared to increases in years past, it is only applicable to consumer, energy, and demand charges, which make up about 75 – 80% of electric bills. The overall impact of the increase on electric bills is about 12%. CEC’s rates have increased slower than inflation over the past 20 years, meaning bills from 10-20 years ago “felt” much larger than current bills will, even after this increase.

The quarterly fuel surcharge, seasonal rates, PCE credit, and individual usages makes it very difficult for customers to have a feel for what their electric bill is going to be month to month. For ease of comparison, a residential unit using 500 kWh in the summer, is increasing from $184 to $212, a $28 difference. A decrease in fuel surcharge due to efficiency upgrades is estimated to be $8 each month, so the impact on a residential bill is roughly $20 each month.

Costs dramatically increased in 2022 and have stayed high. Except for hydroelectric production, all operating activities have increased. There is no singular cost that is driving the increase, it is felt everywhere. The issue of rising costs is compounded by the overall declining sales environment and the even-year lows of seafood processing. Revenues need to increase as sales are decreasing.

CEC is a nonprofit organization, so there is no advantage for CEC to over collect with rates, as profits are retired back to members in the form of capital credits. CEC owes capital credits back to the membership regardless of today’s environment. Retiring capital credits or holding on to them would not change CEC’s need for additional revenues in 2024. CEC is in good financial condition, which is why the board of directors has committed to capital credit retirements for the last six years and plans to continue.

This rate increase allows CEC to continue to deliver safe, reliable, and renewable power now and for future generations of Cordovans. CEC can’t increase rates arbitrarily, so while we’ve heard some feedback that rates should have been increased in prior years to avoid a large one-time increase, there was no cost justification, because revenues were sufficient.

CEC is working diligently to maintain Cordova’s electrical system and provide stability in customer electric bills. In 2023 CEC achieved its highest hydro output ever, which reduces the fuel surcharge paid by customers. CEC is also improving the efficiency of its diesel fleet, so that diesel is burned as efficiently as possible. In addition, CEC has adopted a margin stabilization plan that will help stabilize rates between high and low sales years.

Example Residential Bill			
500 kwhs - summer rates			
	2023	**2024**	
Energy Charge	$ 184	$ 212	28
Fuel Surcharge	$ 49	$ 41	(8)
Total	**$ 233**	**$ 253**	20
PCE Credit	$ (45)	$ (45)	-
Customer Bills	**$ 188**	**$ 208**	20