

FENN RURAL ELECTRIFICATION ASSOCIATION

NEWSLETTER

December 2019 – Issue 73

Regulated Rate Option Update

The Regulated Rate Option (RRO) is actually a default rate applicable to Albertans without an electricity contract. It is important to understand that the RRO is <u>reflective of the current price to purchase electricity</u> and it may increase or decrease from one month to the next.

In 2017, the previous government implemented an RRO rate cap of 6.8 cents/kWh. As of November 30, 2019, the RRO price cap is no longer in effect after the Government of Alberta eliminated the cap with the passing of legislation included in Bill 21 (*An Act to Cap Regulated Electricity Rates*).

The current government explains that the price cap program implemented in 2017 by the previous government was designed to protect Albertans from volatile electricity prices while the province transitioned to a capacity market for electricity.

With the current government's decision to halt the transition to a capacity market and maintain an energy only market, the price cap is no longer needed. The government further confirms that if you're an RRO customer, you may remain on the regulated rate or choose to purchase your electricity from a competitive retailer serving your area.

The Alberta Utilities Commission (AUC) regulates Alberta's for-profit electricity providers and certain municipally owned electric utilities, in addition to gas and water utilities operating in Alberta.

With some Rural Electrification Associations, like FENN REA, the contracted RRO provider establishes the respective monthly RRO rate.

As Battle River Power Coop is the RRO provider for FENN REA, the rates are determined in accordance with our Cooperative Agreement. With the passing of Bill 21, you will note the December RRO, published in the last newsletter, was changed. See notation below.



Regulated Rate Option (RRO)

The RRO rate may increase or decrease from month to month as it is priced on the open market and subject to many factors relating to supply and demand. If you do not have a contract with an electricity retailer, then you receive the default RRO rate.

For December 2019, the RRO was repriced at \$0.06899, reflected on your enclosed bill. The RRO for January 2020 is \$0.07101. The RRO rate is also listed on www.fennrea.com.

For power outages, emergency power troubles and service requests, contact the distribution system operator for FENN REA: ATCO Electric

Phone toll-free: 1-800-668-2248

FENN REA

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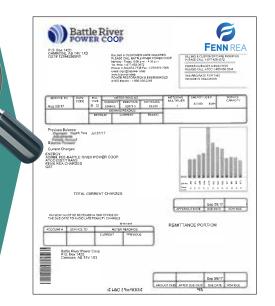
Understanding Your Monthly Bill

For this article, we are using the monthly bill for the RRO which is managed for FENN REA by Battle River Power Coop. The details of charges would be applicable to any electricity provider's monthly invoices; they simply might be listed differently.

In the top section, you will find your billing address account number, the current and previous meter read, the kWh hours used, the electricity rate and the service address site ID.

In the middle section you will find the charges for the month (see details below) and details on any previous balances or payments. You will also see a chart reflecting the last 12 month's usage.

The bottom remittance portion provides details on amount due and the due date, in addition to your account information.



ENERGY:

This line item reflects the cost of energy used within the billing cycle and varies based on consumption and the current cost of the energy. Billing cycle details are located in the top section of the bill.

ADMIN FEE:

This is the fee charged by the electricity retailer/RRO provider to cover the costs of billing and other customer service related functions.

ATCO DIST/TRANS:

The distribution component (DIST) is the charge to operate your FENN REA distribution system and covers the ATCO annual contract fee to facilitate that operation. This includes new construction, vegetation management, pole testing and replacement, emergency responses and ongoing general maintenance to keep the system functional.

The transmission component (TRANS) is also based on consumption and reflects all supplemental transmission related charges such as the Quarterly Adjustment Riders, etc. in a single line. Transmission rates are established by the Transmission Facility Operators (TFOs). This amount must be collected by the Distribution System Owner (FENN REA) and paid to the TFOs – in essence, it is a flow through.

FENN REA CHARGES: This charge covers the operation of FENN REA, including Board of Directors' expenses, administration, Annual General Meeting, contract negotiations, accounting/audit, contractor management and inspections, industry and stakeholder relations and sustains the Deposit Reserve, which provides for capital maintenance of the system.

The reverse side of the bill has other information such as contact details, payment instructions and additional charges information, in addition to data on monthly charges.

Members are free to purchase electricity services from a retailer of their choice. For a list of retailers, visit ucahelps.alberta.ca or call 310-4822 (toll free in Alberta).