



LELD restructures rates to reflect rising power costs

The Board of Electric Light Commissioners approved a 1.5 cent increase in its base rate for all customer classes, citing the need to cover rising power costs. The adjustment is not an outright increase, however, as commissioners explained that they have also lowered – by the same 1.5 cents – the power cost adjustment (PCA) charge to more accurately reflect the true cost of providing power in today’s market.

“As fuel costs have grown steadily over the last few years, we have, on occasion, adjusted the PCA to recoup those higher costs,” explained Savas Danos, general manager of the department. “We are now at a point where those adjustments have aggregated to a point of imbalance. By embedding more of our costs in the base rate, we have restored the PCA to its true purpose – a means to buffer more acute, market-driven price fluctuations,” he said.

According to Danos, the realignment of the rate structure allows the department to bill in a manner more consistent with the intent of the PCA, which is to capture the costs of shorter-term price spikes. “We believe that this rebalancing of our rates more precisely reflects our power costs,” he added.

LELD rates remain among the lowest in the region. The latest statistics compiled by the Massachusetts Municipal Wholesale Electric Company (MMWEC), which tracks the rates of both public and private utility companies, show that LELD’s residential rates have consistently remained about 30 percent lower than those charged by both Mass Electric and NStar for the same usage. For purposes of comparison, a Littleton customer using 1000 kWh per month over the last month had a monthly bill of \$95.15. The same usage in Ayer, served by Mass Electric, cost \$122.22; while in Acton, served by NStar, that usage cost \$153.02.

Danos explained the challenges of power purchasing in a rapidly evolving industry marked more by mergers, acquisitions and bankruptcies and less by stability. He said that although the department has entered into favorable contracts to supply longer-term, lower-cost power, two of those companies have been unable to deliver – one declaring bankruptcy and the other exiting the business. Until those contracts are reassigned or replaced, he said, the department must fill the gaps by purchasing in a volatile market. “I know of no other utility, public or private, that has been able to hold the line on power costs as well as we have,” Danos said.

“We continue to aggressively pursue agreements that will help us retain our status as the region’s low-cost electric utility,” Danos said. “We look forward to keeping our commitment to competitive rates, outstanding reliability and superior service.”