

Frequently Asked Questions Regarding WPCA



What is the Wholesale Power Cost Adjustment (WPCA)?

This line item within most of our retail rates is used to adjust for changes in purchased power and other costs. When the price of wholesale power increases to a level that is more than what is being budgeted and can be recovered through our normal retail rates, the WPCA must be increased to make up the difference. The WPCA, or a similar fuel factor, is used by electric utilities nationwide.

How much will this change in WPCA cost me?

The WPCA was \$0.01990 per kWh in August 2022. Beginning with the bills generated after September 1st, the WPCA increased to \$0.04656 per kWh. For October, the WPCA was reduced to \$0.03939 per kWh for bills generated after October 1st. As you can see, as the wholesale cost of natural gas changes, so does Sawnee EMC's WPCA.

What is driving up the cost of fuels to generate power?

Just as the price of gasoline at the pump and other items in our daily lives has increased, the price of natural gas has taken a dramatic jump. The demand for natural gas is as high as ever. The war in Ukraine and the global demand for natural gas is causing natural gas shortages across Europe and Asia, and the USA is exporting natural gas to Europe and Asia. Therefore, the wholesale price of natural gas in America has gone up because of shortages, pipeline limitations and other factors.

How long will this level of fuel cost adjustment last?

That remains to be seen at this time for a variety of reasons. The wholesale natural gas market and electric energy prices are very volatile currently. We know that it will be at this level for the foreseeable future. As the energy markets nationwide settle down, the wholesale cost of electric energy will come down; and when that happens, the WPCA should be reduced also.

Is this price increase happening to everyone else?

"Yes" – we think the same electric generation fuel cost increases are impacting every electric utility. However, even with this new WPCA in place, we feel you will be paying very competitive rates compared to other utilities in the state. Very few, if any, users of electricity or natural gas will escape these increases. Many other power providers have announced rate adjustments and fuel cost adjustments to cope with the rising costs, and we expect many more will follow.

Is Sawnee to blame for these rising costs?

"No" – we do not think so. The costs that impact Sawnee's September WPCA modification are outside of Sawnee's control, and we think outside the control of anyone in north Georgia. The wholesale energy market nationwide relative to the supply and demand for natural gas as well as the transportation system to deliver it to those who need it coupled with the regulations on "how" electricity is to be produced has a more dominate influence on these cost pressures.