PSC passes Gulf States rate increase

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Capitol news bureau

The Public Service Commission approved on Thursday an increase in Gulf States Utilities electric rates that will result in an annual average monthly bill about $3 higher for the residential customers.

But the average customer using 1,000 kilowatt hours a month will not see an immediate increase.

The rate increase gives GSU $28 million more in revenues as part of a phase-in program of increases arising out of putting the River Bend nuclear plant into the company’s rate base.

The rate structure approved by a 3-2 vote does away with the traditional winter-summer rates schedule in which customers pay higher rates during the summer and lower ones in the winter.

The new rate schedule averaging the two rates will, in fact, provide customers with a somewhat smaller bill in May than what would have been the case when bills are paid following the April switch to summer rates.

The change will eliminate the "sudden rate shock" of the rate increase and the summer rate schedule going into effect at about the same time.

Commissioner Louis Lambert of Gonzales, who voted against the increase, was most critical of the increase, which arises out of a decision by District Judge William Brown ordering the PSC to phase in a schedule of increases to cover $1.8 billion of the cost of the River Bend nuclear plant.

Lambert said that if GSU had not opposed a management study of the company’s operations, there might have been savings that would have offset the increase.

The commissioner said GSU customers were denied savings through legal delays and legal rulings.

He said he wanted Brown to "revisit" the case based on those possible savings.

Commission consultant Mike Fontham warned that if the PSC took no action a higher $38 million increase ordered by Brown could result rather than the $28 million increase before the commission.

"We’re putting all the GSU customers at risk” if no action is taken, said PSC rate rate, 2B.

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member Kathleen Blanco of Lafayette.

Commissioner Don Owen of Shreveport also said that the Brown decision is “being revisited by the staff and consultants” by their investigating GSU’s operations and finding savings that reduce the court-ordered $38 million increase down to $28 million.

Based on winter rates, the average bill for customers using 1,000 kWh would go from $71.17 to $73.79. The summer rate would go from $79.51 to $82.57.

But with the elimination of the summer-winter rates schedule, the new year-round average 1,000 kw bill will be $74.04, Fontham told the commission.

The rate schedules don’t include the state 3 percent sales tax, Fontham said.

Voting for the rate increase were Tommy Powell of Eunice, Blanco and Owen. Voting against were Lambert and John Schwegmann of New Orleans.