Natural Gas Pipeline to Afton—Crow Creek Pipeline

It’s been almost 10 years since Lower Valley Energy completed a 50-mile natural gas pipeline from Big Piney to the Jackson office. The project helped improve reliability and reduced costs. Not only has the expansion of natural gas in Teton County been extremely popular and asked-for, but the increased usage has kept natural gas prices stable to Lower Valley Energy users, and also helped reduce electric rate increases through shared overheads.

Since 2016 Lower Valley Energy has been exploring bringing in a natural gas pipeline from southeast Idaho to the Afton headquarters. Currently the Lower Valley Energy natural gas distribution system is in fact two separate systems—so a new pipeline would mirror the Jackson pipeline in both savings and reliability for the Afton area.

“Serving our customers more reliably is a hallmark of Lower Valley Energy,” states LVE CEO and President, Jim Webb. “This project would also help eliminate well over 100 tanker trucks of liquified natural gas off the road every year.”

Engineering services company Stantec held two public scoping meetings in February to talk about the project with interested parties and gather feedback. The meetings were in Montpelier and Afton. Stantec is helping with the environmental impact reports on behalf of the Forest Service.

The current timeline for the project as it moves forward are more environmental engineering work and easements and then a possible start date of 2019.
advances in the industry, growing demand for natural gas, safety, and rates were at the top of a long list of issues at the forefront of the utility.

“Improving technology and growing demand for natural gas are presenting Lower Valley Energy with some exciting opportunities,” stated LVE CEO and President, Jim Webb. “I want our members to know that their cooperative is well positioned for the future.”

Although Lower Valley Energy is over 80 years old, the cooperative intends to be the utility of the future and grow and change with its members’ needs. Careful and thoughtful planning will help the cooperative keep up with exciting changes in technology, renewables, electric vehicles, energy efficiency and declining electric use.

The strategic planning session is part of an ongoing effort to improve the organization and also involves such tools as cost-of-service studies and integrated resource plans to tackle both serving and procuring power. Industry experts are invited to speak to the cooperative to give insights into the energy industry. Two facilitators were on hand from the Cooperative Finance Corporation (CFC) to help with the most recent strategic planning session. The CFC facilitators were not only able to help prioritize issues, but also used a baseline of key trend ratios to see where Lower Valley Energy ranks among all cooperatives across the country.

The strategic planning work done in February will be filtered and developed into an official Strategic Plan and available on the Lower Valley Energy website this summer.

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Rates at Lower Valley Energy

Every month we write a check to the Bonneville Power Administration (BPA)—they are our electric provider and are part of the reason our rates are literally the lowest in the country for electric residential cooperative rates. BPA’s rates are incredibly low because they manage the hydropower system in the Northwest, the area known as the Columbia River basin (which includes the Snake River system). BPA’s revenues (and therefore its ability to maintain low rates) are affected directly by water conditions and excess power sales into markets like California.

The general process of rate-setting is encompassed in a rate case, which covers 2 years of operation. BPA forecasts its expected costs and sets rates to cover those costs. In the interim, should BPA need additional money, they can enact what is called a Cost Recovery Adjustment Clause (or CRAC). The best information we have is that there is currently a 72% chance of a CRAC being enacted on October 1, 2018. We do know that water levels in the Columbia system are pretty good while the wholesale power prices are pretty weak. We also do know that BPA is currently working on identifying cost reductions. We hope to have firmer numbers on the possible rate increase by the next newsletter.

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