

Falls City hit with \$1.4-million electric bill

(KLZA)-- An unfortunate break down in communications is causing the need for Falls City to dig deep into the Electric Department reserves to pay the February electric bill.

Falls City Utility Superintendent Ray Luhring addressed the Falls City Council Monday night to discuss how the City has come to owe \$1,453,699 for electricity following an extended period of sub-zero temperatures in February.

Falls City paid several million dollars toward the construction of an Omaha Public Power District coal-fired power plant south of Nebraska City in the early 2000's, in return for OPPD providing power to Falls City from the plant.

Prior to the February cold snap, a tube leak at the plant caused OPPD to shut the plant completely down with no power generation. However, Falls City was not notified of the situation.

Through the agreement, Falls City receives credit for 135 megawatts of electricity daily. However, with the plant out of operation February 11 – 14, the City received no credit and the power was purchased on the open market.

Luhring said that he was disappointed the City did not receive a call advising them of the situation. He told the Municipal Energy Agency of Nebraska representative that he felt notice should have come from MEAN since that is who the City contracts with to purchase power on the market.

It was noted that even though the City is seeking relief from the bill, it has to be paid, or the City would be in default and power to the City would be shut off.

The City is now reviewing ways to come recover the \$1.5-million.

It boils down to a rate increase for Falls City Utility customers. The Board of Public Works will consider the options on how long of a period to stretch the rate increase to customers during their next meeting and their recommendation will be brought back to the Council for approval.

Council member Don Ferguson noted his displeasure with the lack of communication from the Municipal Energy Agency of Nebraska.

Following the presentation the Council voted unanimously to use the reserve funds to pay the invoice.

Luhring assured the Council that steps have been, and are being taken to make sure such a breakdown in communications does not happen again.

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