



# CONNECTED

The Newsletter of Cowlitz PUD

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## State Renewable Portfolio Standards Initiative Proposed

A proposed new law calling for many of the state's electric utilities to obtain 15 percent of their electricity from new renewable resources by 2020 could go before Washington voters next fall.

The good news for local electric customers is that whether or not this proposed law is adopted, Cowlitz PUD is already positioning itself to add a significant amount of renewable generation, on top of the hydroelectric resources utilized for many years.

Over 25 state ballot initiatives were filed earlier this year with the Office of the Secretary of State, including one aimed at meeting our state's growing electricity demand with required levels of renewable energy and energy conservation.

Supporters of Initiative Measure No. 937, which "concerns energy resource use by certain electric utilities," must gather signatures of 224,880 registered voters to be included on the November 2006 ballot.

This measure, if passed, would require investor-owned and consumer-owned utilities with 25,000 or more customers to meet designated targets for energy conservation and use of eligible renewable energy resources. Cowlitz PUD has 46,700 customers.

Qualifying utilities would be required to use eligible renewable resources or acquire equivalent renewable energy credits (or a combination) to meet these annual targets:

- At least three percent of load by January 2012 and each year through December 2015;
- At least nine percent of load by January 2016 and each year through December 2019; and
- At least 15 percent of load by January 2020 and each year thereafter.

## Inside This Issue:

- Commission Activities
- Convenient Bill Paying Options
- A Message from the General Manager

Cowlitz PUD's electrical load is about 530 average megawatts of energy.

The renewable power sources defined as eligible in Measure No. 937 include wind, solar energy, geothermal energy, landfill gas, gas from sewage treatment facilities, bio-diesel fuel and wave, ocean, or tidal power.

Cowlitz PUD owns 43.6 percent of the output of the White Creek Wind Project under development in Klickitat County, WA, with phases 1 and 2 scheduled for construction in 2007 and 2008. This renewable source alone would easily exceed the initiative's 2012 target for Cowlitz PUD and would provide enough output to meet nearly two-thirds of the 2016-2019 target.

One or more additional White Creek phases may be built in 2009 or beyond. We also own 2 MW of capacity at Energy Northwest's Nine Canyon Wind Project near Kennewick.

Incremental electricity produced as a result of improved efficiencies to hydro projects would also qualify. We believe any increased output over historical generation at the PUD's Swift No. 2 hydro project, as a result of the recent reconstruction work, would count toward our resource requirements.

We consider issues related to power generation and meeting our customer's future electric needs as critical and will make it a priority to keep you informed on the proposed initiative and the decisions Cowlitz PUD is making related to power resources. Stay tuned!

# Cowlitz PUD Offers Convenient Options for Paying Your Monthly Bill

A large percentage of PUD customers make their monthly payment by sending a check in the mail or making the trip to our Longview office to drop off their payment. We want to make sure you are aware of two very convenient alternative methods to pay your bill: Autopay and PUD pay stations.

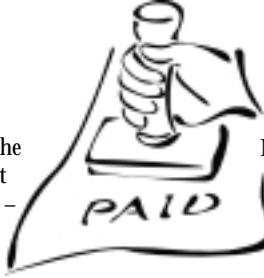
## Autopay saves you time and postage

Cowlitz PUD's easy-to-use Autopay program is the most convenient way to pay your monthly bill. It means no more postage and trips to the mailbox – or trips to the PUD office to pay your bill. It's easy to set up and it's free.

Autopay automatically transfers your PUD payment from your checking (or savings) account to your PUD account, about 10 days after the day we send your statement.

You will continue to receive a PUD bill every month showing your usage, charges and the date funds are transferred from your bank account.

To sign up for Autopay simply fill out the form below and mail it or bring it in to the PUD. Make sure you also provide us a voided blank check or deposit slip.



## PUD Pay Stations: A more convenient way to pay in person

Many of our customers prefer to pay their bill in person. An alternative to coming to the PUD office is making your payment at one of our six pay stations around Cowlitz County. These businesses (except Furness Drug) are open on Saturdays. Be sure to take your PUD bill with you when making a payment at a pay station.

**Castle Rock**  
CASCADE MARKET  
204 W. Cowlitz Street

**Longview**  
COWLITZ BANK  
927 Commerce Avenue

**Kalama**  
GODFREY'S PHARMACY  
270 NE 1st Street

**Longview**  
OLYMPIC DRUG  
1244 15th Avenue

**Kelso**  
FURNESS DRUG  
114 S. Pacific

**Woodland**  
WOODLAND SAVE-ON-FOODS  
1325 Lewis River Road

### AUTOPAY APPLICATION

Name \_\_\_\_\_ PUD Account No. \_\_\_\_\_

Service Address \_\_\_\_\_ City \_\_\_\_\_ Phone \_\_\_\_\_

#### Instructions:

- Attach a voided blank check or deposit slip to this application
- When you receive a PUD bill that says EFT, you will know that your bill is automatically being paid from your checking/savings account. Until you see EFT, noted on the bill, please continue to pay it as you normally would.
- Call (360) 423-2210 or (800) 631-1131 if you have any questions.

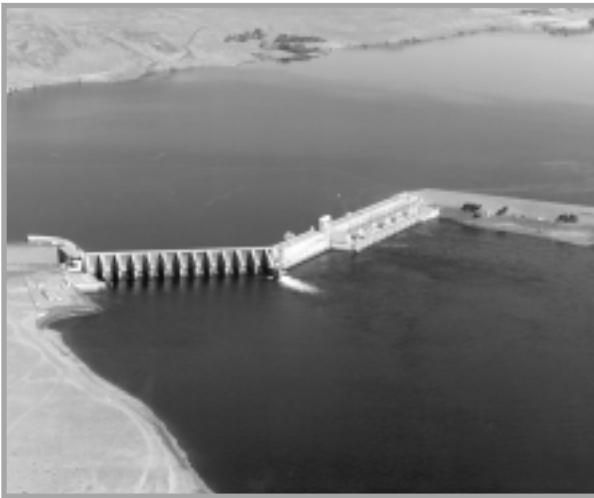
Bank Account No. \_\_\_\_\_ Account type: Checking \_\_\_\_ Savings \_\_\_\_

Bank Name \_\_\_\_\_ Branch \_\_\_\_\_ City \_\_\_\_\_

I hereby authorize Cowlitz PUD to initiate debit entries and, if necessary, credit entries and adjustments to my account listed above. This authorization remains in effect until Cowlitz PUD has received written notification from me of its termination or I move from the above address.

Customer signature \_\_\_\_\_ Date \_\_\_\_\_  
(As it appears on your bank account)

Complete and send or hand deliver to Cowlitz PUD, 961 12th Avenue, Longview, WA 98632



One of Cowlitz PUD's non-BPA power resources is Wanapum Dam, owned by Grant PUD. Cowlitz PUD has had power purchase agreements for over 50 years with Grant PUD, which also owns and operates Priest Rapids Dam. Both hydro projects are located on the mid-Columbia River, about halfway between Yakima and Moses Lake.

## Cowlitz PUD's Fuel Mix

Cowlitz PUD buys about 90 percent of its wholesale power from the Bonneville Power Administration. BPA power comes predominately from the Columbia River system hydroelectric projects. BPA's power mix also includes the output of the Columbia Generating System (nuclear plant) near Richland, WA and some miscellaneous non-hydro resources purchased on the open power market.

The remainder of the PUD's power comes from production at its own Swift No. 2 hydroelectric project on the Lewis River, purchases from the mid-Columbia hydro projects owned by Grant PUD and wind generation at the Nine Canyon project near Kennewick.

According to data provided by the Washington State Department of Community, Trade and Economic Development, here's the most recent breakdown of Cowlitz PUD's fuel sources:

Fuel type	PUD mix
Coal	5.7%
Hydroelectric (Water)	81.1%
Nuclear	10.9%
Other*	2.3%

\*Includes the following fuel types - biomass, natural gas, petroleum, waste incineration and wind.

## Commission Activities



This column highlights the activities of the PUD Board of Commissioners. During its March meetings the Board:

- **Reviewed recent construction activities at the Swift No. 2 Hydroelectric project** and approved several construction change order requests as recommended by staff.
- **Met with department directors and other staff members** to hear monthly updates on capital budget expenditures, line construction activity, system reliability, customer service activity, financial status, power management statistics and progress on the FERC license application for the Swift No. 2 Hydroelectric project.
- **Met with representatives from Energy Northwest, who presented information about the Pacific Mountain Energy Center IGCC power plant planned for construction on Port of Kalama property by 2011 or 2012.** Energy Northwest asked the Board to file an Expression of Interest by mid-April, which would indicate if Cowlitz PUD is considering a future power purchase agreement from the proposed project. The Board will discuss the request further in April. More information on the project is available at [www.energy-northwest.com](http://www.energy-northwest.com).

Board meetings are open to the public and we encourage customers to attend. Meetings are scheduled for:

Tuesday, April 11 (PUD Auditorium)  
 Tuesday, April 25 (PUD Auditorium)  
 Tuesday, May 9 (Commissioners meeting room)  
 PUD Board meetings begin at 2:00 p.m.

## What's Happening

Make your plans now to attend one of the premiere sporting events in the Northwest this spring, the Northwest Athletic Association of Community Colleges (NWAACC) Baseball Championships, May 25-29 at Lower Columbia College in Longview. Call the LCC Athletics Office at (360) 442-2470 for more details and ticket options.

*As space is available each month in Connected, Cowlitz PUD may offer a brief listing promoting activities (on a first-come, first-served basis) for public, non-profit groups or events with wide interest in Cowlitz County. Send your request to: [whats happening@cowlitzpud.org](mailto:whats happening@cowlitzpud.org).*

## From the General Manager's Point-of-View...

### Been There, Done That

President Bush's Fiscal Year 2007 Budget proposal includes a provision requiring BPA to use its annual "net secondary market revenues" in excess of \$500 million to pay off its debt to the U.S. Treasury. This would ultimately raise your electric rates.



A little background: The power produced by the Columbia River hydro system and sold by BPA varies depending upon the snowpack each year in the Pacific Northwest. Power planning is based on "critical water" or the lowest amount of water we are sure the region will get in a year.

In any given year no one really knows if the Northwest will get more power than what critical water can provide. However, on average we do get more, which provides BPA more power to sell and results in the net secondary market revenues I referred to earlier. The money BPA receives from these sales depends on how much power is sold and the market price for that power.

Today the total amount of secondary sales revenues is credited against BPA's expenditures, helping offset other BPA's costs you pay in your PUD rates. This practice helps keep rates down.

Under the Bush Administration proposal, BPA's secondary revenues above \$500 million would instead go to the U.S. Treasury to pre-pay BPA's debt. The Office of Management and Budget (OMB) and U.S. Department of Energy claim this is good for Northwest ratepayers by reducing interest costs paid over time.

It's not a new idea. When I was a relative youngster in the power business in the early 1980s (during the Reagan Administration), then OMB Director Dave Stockman got to be a little notorious for the fervor in which he pursued this same idea. Looking back, it seems that every time the Federal budget deficit is moving up significantly, somebody drags out this idea.

So what's wrong with it?

- **It will raise rates.** It is hard to say how much because the amount of revenue from these secondary sales varies. Most estimate it at about a 10 percent increase for BPA in an average

year, which would translate into five percent hit on Cowlitz PUD's budget. To put this into perspective it would nearly equal the PUD's annual labor costs, which is six percent of our 2006 budget.

- **It's a one-way deal.** BPA customers would be forced to give up the benefits of secondary sales in a good year, but wouldn't get a credit in a bad water year. We recently saw bad water years in 2000-2001 cause significant rate impacts. The door ought to swing both ways.
- **Several years ago Pacific Northwest public utilities agreed to increase interest rates paid on BPA debt in return for avoiding this kind of action.** We have kept our end of that deal and believe the federal government should abide by it, too.
- **The Administration is doing an "end-around" on Congress, trying to impose this proposal without a vote. Opinions differ as to its legality.** And if it happens, what's to keep the number from dropping below \$500 million, making rate impacts even worse?

This would be like your boss forcing you to use your overtime pay this month to make an extra principle payment on your mortgage. Under some circumstances that's what you might choose to do, and other times not. This is a determination for BPA customers to make, not the Administration.

So what are we doing about it? A lot. Our trade organizations – Washington PUD Association, Public Power Council and American Public Power Association – are fighting this in Congress. Commissioner Buz Ketchum recently met with Congressman Brian Baird and Senators Patty Murray and Maria Cantwell to discuss this matter.

I am pleased that our elected officials are solidly behind us. We are optimistic we can win, but its going to take a lot of work. And with the Federal debt ceiling recently increasing to \$9 trillion, I am afraid I'll see this again before my career is over.



Brian Skeahan,  
General Manager

### Contact Information

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