



CONNECTED

The Newsletter of Cowlitz PUD

Volume 9, No. 1

2006 Brings Monthly Billings to PUD Customers

Why am I getting a PUD bill this month?

Many other Cowlitz PUD customers are also asking that question in January. And the answer is because this month Cowlitz PUD began reading meters and sending out electric bills on a monthly basis, rather than bi-monthly, as it has done for years and years. Our water customers will also be billed on a monthly basis.

So instead of receiving six bills per year from the PUD, you will now receive a bill every month. For those customers on the Budget Payment plan, nothing has changed and you will continue to receive a set monthly budget pay bill.

When electric rates were much lower in the region, bi-monthly billing was the norm at most Northwest utilities. But as power rates have increased over the years, virtually all other utilities have switched to a practice of monthly billings. This helps customers avoid very large two-month billings which typically occur in the winter months.

Cowlitz PUD has been requested by many of its customers to switch to monthly billing. While your electric billing is not going down, it becomes much easier to budget when you are sent two smaller monthly bills versus one large bill every other month. We think monthly billing will especially help those on fixed incomes.

We think you will find monthly billing to be more convenient. Thank you for your patience and assistance in making this important change in the way we serve you.

Inside This Issue:

- Warm Neighbor Program
- Safe Water Heating Guidelines
- A Message from the General Manager
- Recent Cowlitz PUD Board Activity
- Information on Your Cowlitz PUD

Below: Cowlitz PUD's Swift No. 2 Hydroelectric Project now features a 5,900 foot concrete liner at the lower end of the power canal, constructed following the failure of the project in April 2002. This photo was taken in November 2005, while the canal was empty to accommodate work being done to seal the joints between concrete panels. Swift No. 2 is located three miles east of Cougar, WA.



120° F Hot Water: Lower Risk of Scald Lower Electric Bill



Washington State law (RCW 19.27A.060) requires new water heaters sold in the state (for residential use) be pre-set at 120° F and requires Cowlitz PUD to notify customers annually that:

- State law recommends their water heaters should be set no higher than 120° F (or the minimum setting on a water heater which cannot be set as low as that temperature) to prevent severe burns and reduce excessive energy consumption; and,
- That the thermostat of an individual water heater furnished in a residential unit leased or rented in this state to new tenants shall be set no higher than 120° F (or the minimum setting on a water heater which cannot be set as low as that temperature) pursuant to chapter 19.27 RCW.

TO CHECK AND ADJUST:

- Run hot water at the faucet nearest your water heater.
- Measure the water temp with a cooking thermometer. If it's above 120° F, consider turning it down.
- You will need a flat-tip screwdriver and possibly a Phillips screwdriver. We also suggest using gloves, as you will be working around insulation.
- **TURN OFF THE ELECTRICITY TO YOUR TANK PRIOR TO MAKING ANY ADJUSTMENTS.** This is done by switching off the appropriate breaker at your electric panel.
- Remove the thermostat access panel(s) and cover(s). Do not remove the plastic protectors covering the thermostats.
- Using a flat tip screwdriver, rotate the adjusting knobs to the desired setting.
- Replace the covers and access panels, and turn on the electrical supply.

Contact Information

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From a safety and cost-savings standpoint, lowering the temperature makes a lot of sense. Check out these facts:

Water Temp.	Time it takes to produce serious burns	Electric Cost*
150° F	LESS THAN 2 SECONDS	\$330
140° F	Less than 5 seconds	\$296
130° F	About 30 seconds	\$262
120° F	OVER 5 MINUTES	\$233

*Estimated electric cost data is based on the usage of an average family of four, at Cowlitz PUD's current residential electric rate of 4.96¢ per kilowatt hour.

Where Does Cowlitz PUD's Power Come From?

Cowlitz PUD buys over 90 percent of its wholesale power from Bonneville Power Administration. The majority of the BPA power comes from the Columbia River system hydroelectric projects. BPA also sells the output of the Columbia Generating System (nuclear plant) near Richland, WA, and makes other energy purchases on the open market, which may include resources other than hydro.

Currently the remainder of our power need is met by purchases from the mid-Columbia hydro projects owned by Grant PUD, wind generation at the Nine Canyon project near Kennewick and some other miscellaneous market purchases.

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:

<u>Fuel Type</u>	<u>PUD Mix</u>
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.

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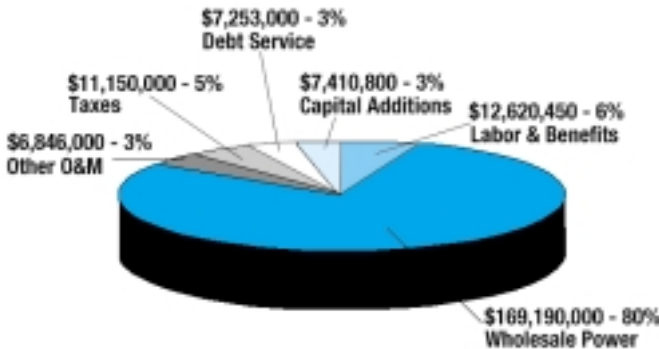
PUD Budget Driven by Wholesale Power Costs

Were you aware that 80¢ of every dollar spent by Cowlitz PUD is used to pay for the power we purchase to meet the electric load demands of our customers?

As shown in the chart below, Cowlitz PUD projects it will spend \$169.2 million on power purchases in 2006, or about 80 percent of its total \$214.5 million electric system budget. The other 20 percent is used for system improvements, labor & benefits and other operating and maintenance costs (O & M), debt service and taxes.

Power purchased from Bonneville Power Administration is projected at \$137.3 million in 2006. That amount represents 64 percent of the PUD's 2006 expenses.

Expenditures by Major Category
2006 Budget



Commission Activities



This column provides highlights of notable action items considered by the PUD Board of Commissioners.

In recent weeks the Board has:

- Adopted electric system, water system and Swift No. 2 production system budgets for 2006.
- Adopted a new **Customer Service and Credit/Collections Policy**, written to reduce the District's exposure to bad debt write-offs.
- Approved an **Electric Service Conditions Policy** written to more clearly define responsibilities for the safe and lawful use of electric service.

(Note: The policies noted above are posted online at www.cowlitzpud.org)

- Approved a **Financial Policy** that addresses operating revenues, rate stabilization reserves, debt service coverage, debt/equity financing of capital expenditures, investment policy and cost-of-service-based rates.
- Adopted an **Economic Development Policy** which:
 - 1) provides an avenue for the PUD to work with other public and non-governmental entities in their efforts to enhance county employment and property valuations;
 - 2) Focuses on locations that have been targeted or designated for development through zoning actions and/or investment by other economic development entities;
 - 3) Minimizes risks of increased costs to other ratepayers resulting from actions taken under the policy; and,
 - 4) Places the PUD Board in the role of the ultimate decision-making authority for policy implementation.

The Cowlitz PUD Board of Commissioners meets the second and fourth Tuesday of each month at the PUD main office at 961 12th Avenue in Longview. These are open, public meetings and we invite you to attend. PUD Board meetings begin at 2:00 p.m.

In-Store coupons for CFLs

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KELSO

- True Value

WOODLAND

- Hi-School Pharmacy
- True Value

KALAMA

- Hardware Inc.

CHANGE FOR THE BETTER WITH ENERGY STAR

COWLITZ COUNTY

Offer ends Jan. 31

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

I was surprised upon arriving at Cowlitz PUD in 2003 that we did not bill our customers every month.

Something else also surprised me. Our bad debt write offs were three times higher (on a percentage of revenue basis) than they were at my previous utility, Klickitat PUD, where they had higher rates, higher unemployment and lower household incomes. I quickly came to believe that these two surprises were somewhat related.

Even in the Pacific Northwest, home to the nation's lowest utility rates, every-other-month billing has become something of a rarity. Most of the rest of the country's electric companies adopted monthly billing many years ago.

The fact that Cowlitz PUD had such low rates for so long allowed us to bill every other month. While we still have one of the lowest rates in the Northwest, increasing wholesale power costs have brought us to the point where an every-other-month bill makes it hard for many people to budget, particularly in the winter months. We have heard this from our customers and from various people and organizations that assist our customers having difficulty paying their bills.

Based on that input we have decided to make two important changes:



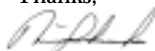
Brian Skeahan

- **Monthly billing.** We think this will make it easier for our customers to budget and to pay their bills. Monthly billing provides more immediate feedback to customers about their consumption, particularly in the winter, giving them more of an opportunity to try to conserve energy.
- **Revised credit and collection policies.** If you always pay your bill on time you won't even notice these updated policies. But if you routinely don't pay your bill until we have to threaten to disconnect your power, well, we are going to get tougher on you. It is not fair for a small group of customers to consistently not pay their PUD bill, thus pushing those costs to others. That's because every dollar we don't collect from someone not paying their bill, is ultimately a dollar that must be paid by those that do. BPA still charges us for power consumed by a customer even if they do not pay for it.

We believe that these changes are good business practices for Cowlitz PUD and will be more convenient and fairer for our customers. And our staff will continue to work with conscientious customers who are temporarily having difficulty paying their PUD bill.

Feel free to let us know what you think. You are welcome to call us at (360) 423-2210 or send us an email at customercomments@cowlitzpud.org.

Thanks,



Brian Skeahan
General Manager

Warm Neighbor Program Helps Those in Need

The Lower Columbia Community Action Council (CAP) and Cowlitz PUD have teamed up again to offer the Warm Neighbor Program, which assists qualified low-income families to pay their electric bills.

The program is funded by PUD customers who voluntarily make a payment over-and-above the amount due on their electric bill, and then designate that additional amount to Warm Neighbor. PUD customers generously donated over \$30,000 last year to the program.

Cowlitz PUD forwards all Warm Neighbor funds to CAP,

which in turn uses the funds to assist qualified, low-income residential electric users in Cowlitz County. "We thank those who have voluntarily given to the Warm Neighbor fund," CAP Executive Director Ilona Kerby said. "Every dollar raised is used to help someone in need to pay their electric bill."

Electric customers seeking assistance can contact CAP at 425-3430.

To make a voluntary donation to the Warm Neighbor Program: Complete the designated space on your PUD bill and send in an amount you would like to donate, along with your PUD payment.