



# CONNECTED

The Newsletter of Cowlitz PUD

Volume 9, No. 6

## From the Desk of the General Manager

Thanks for taking a few minutes and reading CONNECTED.

This month our newsletter is really more of an annual report. Inside you'll find customer stats, updates on our low-income senior discount and Warm Neighbor programs, and breakdowns of our budget and the tax dollars we collect. A two-year comparison of our net assets is on the back.



I have been at Cowlitz PUD for three years, including the last 17 months as the general manager. I really appreciate this opportunity.

PUDs are not-for-profit, community-owned utilities. The three-member Board of Commissioners that governs the PUD is elected by you. Their meetings are open to the public, their names are in the phone book and their email addresses are on our website.

While we are a not-for-profit utility, we are also obligated to run the utility in a businesslike manner and achieve positive financial results. We measure our results by both a recently adopted financial policy and the credit ratings we receive from rating agencies like Standard & Poor's and Moody's.

Last time we maintained a rating of A- from S&P and an A3 from Moody's, indicating strong investment grade ratings.

This means lower interest costs, ultimately benefiting ratepayers when we borrow to build power projects and make system improvements.

Improving our electrical infrastructure – substations, poles, transformers and power lines – is a major priority these days. We have carefully evaluated our entire system and are now taking some big steps to improve it.

One example is a new substation near Silver Lake. This is a key part of a major system improvement to upgrade reliability in that area. We also continue to replace the older underground lines around Cowlitz County which have begun to fail and cause power outages.

The reconstruction of our Swift No. 2 Hydroelectric Project is mostly completed. We have been producing electricity since February and the leakage issues in late 2005 are under control. We hope to have a decision in Western District Court by this fall on insurance coverage.

The PUD is one of four utilities developing a large wind power project in Klickitat County. Once developed, Cowlitz PUD would own about 44 percent of the White Creek Wind Project. Construction should begin in mid-2007, with power production later that year. This is an exciting project and will provide long-term benefits to our customers.

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## Cowlitz PUD Board of Commissioners



### **John Searing**

President  
District 2  
(Longview)



### **Buz Ketcham**

Vice President  
District 1  
(Kelso, Kalama,  
Woodland)



### **Ned Piper**

Secretary  
District 3  
(Longview, Toutle,  
Castle Rock,  
Ryderwood)

## Gardner's Corner Substation Rebuild – Spirit Lake Highway



*Cowlitz PUD is rebuilding its Gardner's Corner Substation (near Silver Lake) this summer. The cost of the project is \$1.7 million. The photo at the left shows the old substation last winter, while at the right is a photo this spring after it was dismantled. The new substation is a key piece to a major upgrade of the transmission and distribution system on Spirit Lake Highway. Construction will be completed later this fall.*

### PUD Customers Donate \$28,200 to Warm Neighbor Fund

On behalf of all of us at Cowlitz PUD and the Lower Columbia Community Action Council (CAP), we thank the PUD customers who donated to the Warm Neighbor fund the past year. Your kind gifts totaled \$28,200, which was used by CAP to assist qualified, low-income residents to pay their electric bills.

CAP and the PUD have worked together to offer the Warm Neighbor Program since 2001. PUD customers are given a voluntary option to contribute to Warm Neighbor by making a payment over-and-above the amount due on their electric bill, and designating that additional amount to the Warm Neighbor fund. Over \$130,000 has been raised since we started.

### Senior Discount Rate Program Grows

Participation in Cowlitz PUD's Senior Discount Rate program grew from 354 in the first year to 394 customers this year. The SDR program offers a residential electric billing discount of 10 or 20 percent to qualified low-income seniors, age 65 and older.

The period to apply for a reduced rate in 2007 (or to re-apply) will begin on September 1, 2006. More information will be included in our August edition of *Connected*.

### What's Happening

#### Go Fourth, July 1-4

Come join all the fun and festivities at Lake Sacajawea July 1-2-3-4. There's a marketplace, food vendors, kids' fest and entertainment all four days. The Timber Carnival is July 4, with several International events. And don't forget the annual 4th of July Parade on Tuesday at 10:00 a.m. Fireworks will culminate all the festivities at 10:00 p.m. on July 4.

Support the whole festival by buying a \$1 Go 4th button. For information call Robbie Oldemar at 425-4670 or Arleen R. M. Hubble evenings at 425-7707.

#### Hospice Extreme Machine Event

Saturday, July 8 – Noon to 7:00 p.m.  
Cowlitz Regional Expo Center



Come join Cowlitz PUD and many other local businesses and vendors, and help support Community Home and Health Hospice Foundation on July 8 at the Fairgrounds. Dozens of "extreme machines" will be on display and the day will end with a thrilling Crash and Bash Demolition Derby.

The PUD will be there offering bucket rides for kids and will also present a vivid demonstration on electric safety. Come join us for a fun day and help raise support for Hospice!

# Cowlitz PUD – General Information

Cowlitz PUD delivers electricity to 46,700 residential, commercial, industrial and street lighting customers in Cowlitz County and also provides water service to about 3,700 Longview-Kelso area customers. Here are some other key numbers:

## Average Electric Usage Statistics (2005)

Customer Type	# of Customers	Share of Total Electrical Use
Residential	41,350	16.3%
General Service*	5,220	8.6%
Industrial	87	75.0%
Street Lighting	12	0.1%

\*General Service customers include commercial, small industrial and other non-residential applications.

## Tax Recap (2005)

Cowlitz PUD's total tax bill for 2005 was over \$9.53 million, which was collected from customers via utility bills and paid to the appropriate state and local governments. This represents about 5.4 percent of Cowlitz PUD's total 2005 expenditures and includes:

Utility/B&O tax (state) .....	\$4,602,909
Privilege tax (state) .....	\$2,573,172
Combined city taxes .....	\$2,329,890
Other taxes .....	\$26,932

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**CONNECTED** is published by Cowlitz County PUD.  
**COMMISSIONERS:** John Searing, President;  
 Buz Ketcham, Vice President; Ned Piper, Secretary  
**GENERAL MANAGER:** Brian Skeahan  
**EDITOR:** Dave Andrew

## Gasoline for \$1.59 a gallon?

How would you like to pay \$1.59 per gallon for regular gasoline, while most the rest of the country is paying \$3.00 a gallon? That's a whopping 47 percent less than what most people around the United States are paying – and represents a very good deal if you could get it.

Are you aware that Cowlitz PUD's residential electric rates are 47 percent less than the national average?

A residential electric customer in Cowlitz County pays 5.12¢ per kilowatt hour of electricity, compared to the national average of 9.67¢ per kWh. That's like you being able to buy gasoline in your hometown for \$1.59 per gallon, when your friend in another part of the country has to pay \$3.00 a gallon.

Based on using the monthly average of 1,500 kWh, a Cowlitz PUD customer pays about \$77 compared to the national average of \$145 for one month.

While our rates are higher now than a few years ago, the chart below comparing some neighboring utilities illustrates that the local price of electricity is still a very good buy. The prices shown are based on the average monthly usage in Cowlitz County of 1,500 kWh:

Utility	Monthly cost*
Clatskanie PUD (Clatskanie)	\$54.75
Clatskanie PUD (Rainier)	\$69.75
Lewis PUD (Chehalis-Centralia)	\$76.35
<b>Cowlitz PUD</b>	<b>\$76.80</b>
Tacoma Power	\$98.59
Average—All Washington Utilities	\$100.35
Puget Sound Energy	\$102.70
Seattle City Light	\$107.99
Average—All Oregon Utilities	\$111.45
Grays Harbor PUD (Aberdeen)	\$111.85
Clark Public Utilities (Vancouver)	\$116.80
Portland General Electric	\$119.82
Average—All U.S. Utilities	\$145.05
*Rates from February 2006	

# Cowlitz PUD Financial Information – A Two-Year Comparison

## Cowlitz PUD Statement of Revenues, Expenses and Changes in Net Assets – For years ended December 31, 2004 and 2005

	2005	2004
OPERATING REVENUES	\$183,980,334	\$179,484,061
OPERATING EXPENSES		
Operations expense	155,176,348	147,744,920
Maintenance expense	3,144,585	2,867,813
Deprec. and amortization	5,581,375	5,587,215
Taxes	9,532,903	9,431,725
Total Operating Expenses	<u>173,435,211</u>	<u>165,631,673</u>
Total Operating Income	<u>10,545,123</u>	<u>13,852,388</u>
OTHER INCOME	2,566,801	1,234,576
INTEREST CHARGES	<u>1,717,043</u>	<u>1,897,783</u>
NET INCOME BEFORE EXTRAORDINARY ITEMS	11,394,881	13,189,181
EXTRAORDINARY ITEMS	<u>27,758,257</u>	<u>0</u>
CHANGE IN NET ASSETS	39,153,138	13,189,181
TOTAL NET ASSETS, Jan. 1	<u>103,580,919</u>	<u>90,391,738</u>
TOTAL NET ASSETS, Dec. 31	<u>\$142,734,057</u>	<u>\$103,580,919</u>

From the Manager

*continued from page 1*

The 150 women and men employed at the PUD enjoy the opportunity to help out in our community. PUD employees will be involved again this summer in American Cancer Society's Relay-for-Life, Hospice's Extreme Machine Show, Longview's Go Fourth Parade and the United Way's Day of Caring. It is important to me that the PUD takes a leadership role in serving our community.

Thanks for being a customer of Cowlitz PUD. If you have any questions please feel free to attend our Board meetings, held in our auditorium on the 2nd and 4th Tuesdays of each month at 2:00 p.m. We also welcome your phone calls or emails.

Sincerely,



Brian Skeahan  
General Manager

## Cowlitz PUD Statement of Net Assets – December 31, 2004 and 2005

	2005	2004
CURRENT ASSETS		
Cash and Cash Equivalents	\$63,559,326	92,012,004
Temporary Cash Investments	0	14,953,931
Accounts Receivable (Net)	27,914,106	23,254,753
Materials and Supplies	2,078,743	1,398,174
Other Current Assets	2,264,964	2,212,046
Total Current Assets	<u>95,817,139</u>	<u>133,830,908</u>
UTILITY PLANT		
Electric Plant in Service	181,760,498	176,876,054
Construction Work in Progress	71,818,061	1,948,501
Less Accum. Deprec. And Amort.	93,790,298	90,983,481
Net Utility Plant	<u>159,788,261</u>	<u>87,841,074</u>
OTHER ASSETS		
Other Property and Investments	2,644,803	2,730,268
Deferred Debits	9,536,233	64,916,824
Total Other Assets	<u>12,181,026</u>	<u>67,647,092</u>
TOTAL ASSETS	<u>\$267,786,426</u>	<u>\$289,319,074</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$31,046,717	\$29,349,597
Current Portion Long-Term Debt	5,850,000	4,845,000
Bond Interest Payable	1,241,121	1,180,911
Other Current Liabilities	756,902	674,512
Total Current Liabilities	<u>\$38,894,740</u>	<u>\$36,050,020</u>
NON-CURRENT LIABILITIES		
Long-Term Debt	80,849,680	78,988,836
Other Liabilities	5,307,949	70,699,299
Total Non-Current Liabilities	<u>\$86,157,629</u>	<u>\$149,688,135</u>
TOTAL LIABILITIES	<u>\$125,052,369</u>	<u>\$185,738,155</u>
NET ASSETS	<u>\$142,734,057</u>	<u>\$103,580,919</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$267,786,426</u>	<u>\$289,319,074</u>

### Expenditures by Major Category 2006 Budget

