



CONNECTED

The Newsletter of Cowlitz PUD

Volume 12, No. 4

From the General Manager's Point of View



If you are a regular reader of this newsletter, you know that I normally write a column on the back page. This month I have a little more to talk about, so I'm going to take up a couple of pages – this one and my usual spot on page 4.

Last December 12 there were two articles in The Daily News about the PUD. Since The Daily News is

subscribed to by roughly 40 percent of Cowlitz PUD customers, you may have read them.

One article ran on page 3 and addressed the PUD's \$256.1 million budget for 2009, noting a lot of positive news:

- Electric rates were going to remain steady for the sixth straight year, at least for the time being.
- Power sales and revenues were strong in 2008 and expected to continue on that path in 2009.
- Nearly \$5 million in net sales was realized from the White Creek Wind Project in 2008.
- The PUD would continue on the path of its 8-year plan to upgrade electrical infrastructure in the county to better serve customers, today and tomorrow.

The other article ran on page 1. It featured the top-10 salaries being paid to PUD employees. Unfortunately the headline and story included a couple of key inaccuracies and that helped fuel some scorn onto our employees and Board of Commissioners. With that said, my purpose here is not to refute the article or reply to the fallout that followed.

- Inside This Issue:**
- March Board Report
 - Automated Metering Update
 - Sign Up for Budget Pay

We are several months into a challenging time for our state and national economy. The stock markets are down, pillars of our private sector economy such as General Motors are facing questions about survival, the ability of businesses to borrow money has been severely constrained, and the number of people unemployed has sadly skyrocketed.

We are debating the merits of a federal bailout plan. President Obama has had to defend the plan at every turn, while also dealing with taxpayer anger over financial institutions kept afloat by tax dollars paying out seven-figure bonuses. The President has stated he will not govern out of anger, but will rather seek a way to get our banking system back on track in a manner that is legal and fair to all. (Closer to home, we have read about the furor over the seven-figure bonus paid to the retiring CEO of Portland General Electric.)

In Cowlitz County we have seen a big impact on schools and local government, as well as local business. Almost every day brings more news about budget cuts, possible lay-offs, and pressures for salary reductions, mandatory furloughs, and reductions in services provided by our schools, cities, county and state.

Where Cowlitz PUD Fits into this Economy

Some folks have asked if the PUD is in a similar situation and if we will be cutting the operation and reducing costs. The short answer to that is no, as our business and revenues remain strong and we are capitalizing on that to invest in renewable power projects and rebuild the electric system – in both cases to prepare for the long run to serve you better.

Our business activities are very much aligned with President Obama's approach for economic recovery. We are taking

continued on page 4

PUD Employees Donate Nearly Three Tons of Food to Help Warehouse

Cowlitz PUD's 170 employees donated nearly three tons of food to CAP's Help Warehouse in March. During February PUD employees donated food and sponsored different activities to raise funds to buy food and supplies for those in need in our community, as part of a friendly team competition.

The final tally was 5,967 pounds, which according to CAP is the largest food drive by any one company. Thank you to the PUD customers who helped out with a donation.

Pictured: PUD employees made the big delivery to the Help Warehouse on March 4. Back row, from left: Help Warehouse manager Lois Shelton, with Niki Hilton, Zach Cooper, Treana Storie, PUD Commissioner Ned Piper, Mike Lee, Marvin St. Peter, and Brian Rakoz. Front row: Shari Tomasli, Michelle Drew and Lora Provolt.



Budget Plan Enrollment Period Underway

Cowlitz PUD residential customers can sign up for the popular budget payment plan through August. Many customers utilize this convenient option, which allows you to make 12 equal monthly payments to avoid unpredictable seasonal electric billings. To qualify you must be a PUD residential customer and live in a residence with at least one year of billing history. Your account must be paid in full before starting.

Every 12 months the PUD reviews all budget pay accounts and adjusts the monthly payment accordingly, based on past electric usage and the balance on the account. Find out more about budget pay at www.cowlitzpud.org or call the PUD to sign up or to find out if you qualify.

YOU CAN PAY YOUR PUD BILL ONLINE

www.cowlitzpud.org
Debit or credit card (Visa/MasterCard)

Your Warm Neighbor Gift is Appreciated

Thank you again to all the PUD customers who have contributed to the Warm Neighbor Program in recent months. Since December, Cowlitz PUD has forwarded over \$25,000 to CAP, which uses the funds to help qualified low-income families pay their electric bills. As of late March about \$5,600 remained in the fund and that amount will be sent to CAP during April.

With more people facing unemployment in the community at this time, CAP and the PUD are asking electric customers to consider making another voluntary Warm Neighbor gift in April. All funds collected in April will be distributed by CAP to families in need during the month of May. Thank you in advance for your generosity.

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. Contact CAP at 425-3430 if you prefer to make a direct donation to Warm Neighbor.

Senior Connections Fair

Fabulous Forties and Further

Saturday, May 2
10:00 a.m. to 3:00 p.m.
Cowlitz County
Convention Center



Come and enjoy a full day of information, entertainment, food and prizes. From grandchildren to grandparents, people of every generation will have fun at this event.

FREE ADMISSION!

- Booths and Crafts
- Entertainment
- Educational Sessions
- Food and Beverages
- Prizes

Contact Janice Higby (360) 501-8363 or Jan Clifford (360) 425-3430 for more information or www.lccac.org and click on "2009 Senior Fair."

As space is available each month in Connected, Cowlitz PUD may offer a brief listing promoting programs and 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.

Commission Activities



March 2009 highlights:

- Awarded the 2009 vegetation management contract to Asplundh.
- Authorized staff to request FEMA to partially reimburse the PUD for expenses associated with January 2009 flood damage.
- Approved an Environmental Sustainability Policy.
- Received an update from the General Manager on BPA's proposed fall 2009 rate adjustment. Low snowpack and low market prices have caused BPA's financial situation to deteriorate. Commissioner Piper recently met with Congressional leaders in Washington D.C. to discuss our concern for BPA's rate picture.

Upcoming PUD Board meetings:

- Tuesday, April 28
- Tuesday, May 12
- Tuesday, May 26

These public meetings are held in the PUD Auditorium, 961 12th Avenue in Longview at 2:00 p.m. Please check our website for up-to-the-minute Board agendas, meeting dates and times.

Automated Metering - *Do I already have an automated meter?*

We continue to receive great questions from customers regarding our Automated Metering Infrastructure project. As part of that project, every customer will have a new automated meter installed by 2011.

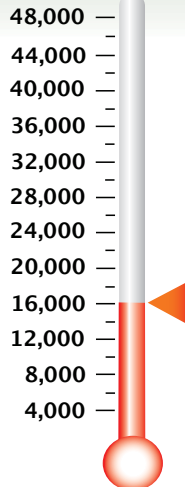
Recently a customer emailed and asked how he could tell if the digital meter at his residence was one of the new automated meters. To help him check, we sent him this picture – the automated meters will include the brand name "Centron" and will have the barcode labeling as shown above the meter reading screen.



Project update: As of March about 16,000 new automated meters are installed. During April our technicians will install new meters in Woodland, north of Kelso and up the West Side Highway above Castle Rock. You will receive a letter from the PUD several weeks ahead of installation.

If you have a question about automated metering, please email it to us at

customercomments@cowlitzpud.org and type "Automated Metering" in the subject line. You can also send your question to us at 961 12th Avenue, Longview, WA 98632. Please write "Automated Metering" next to the address.



advantage of a period of exceptionally low interest rates to make prudent investments in our electrical infrastructure and renewable energy resources. Both contribute to today's economy and better prepare us for tomorrow.

An economically healthy, operationally competent PUD is vital to the economy of Cowlitz County. In today's economy it is even more important to govern and operate the PUD wisely.

It's also important that we take the time to provide our customers with a greater depth of knowledge about the PUD. We want to make sure that anyone who's interested can learn more about our revenue and cost structures and how PUDs are significantly different from entities such as schools, cities and counties.

Some Topics We'll Discuss in Coming Months

Over the next few months we will use this newsletter to address our fundamental issues and practices, including:

- **How Washington law patterns PUDs to be much like private electric utilities, but as not-for-profit entities with governing boards elected by customers.**
- **The PUD is a big business with a quarter-of-a-billion dollar budget – and is one of the largest public utilities in the Pacific Northwest.** Most people are surprised to learn the size of our business. To put it in perspective, our annual budget is nearly 2 1/2 times the City of Longview's budget. The operating budgets for this school year for all six school districts in Cowlitz County and Lower Columbia College added together are about \$190 million – or three-fourths of Cowlitz PUD's annual budget.
- **Cowlitz PUD's labor costs make up 6.5 percent of its budget.** By comparison two-thirds of a school district budget is for labor costs and for most other governments the labor portion of the budget is 50 percent or more. Any significant reduction in tax revenues almost inevitably puts pressure on salaries on most other public agencies. A 10

percent reduction in wages or work force at the PUD would lower our total expenditures less than one percent.

- **Cowlitz PUD is a capital intensive business.** Its most significant expenditures are for electricity to meet customer demands and building and maintaining substations, power lines and other related facilities.
- **The electric industry has been hit hard by baby boomer retirements,** especially in two key positions – electrical engineers and journeyman lineworkers. It is increasingly difficult to find the skills and experience those jobs require. Competition is fierce among utilities for these workers.
- **PUD sales, revenues and margins are pretty stable even during an economic downturn.** We will see some loss of sales associated with the economy, but much less than organizations that are dependent upon sales tax revenues. Our financial situation is much more dependent upon weather (cold years, warm years, wet years, dry years) than on the economy.
- **A portion of our revenues come from customers outside of Cowlitz County** through the sale of surplus power produced by our Swift No. 2 Hydroelectric Project and the White Creek Wind Project. These diversified revenue sources help keep our rates steady.

We have a lot to talk about over the next few months. As I noted earlier, I will draw from this list and other issues to help provide you a better understanding of who we are, what we are doing and why – particularly in these difficult times. I appreciate you taking the time each month to stay in touch with your PUD.



Brian Skeahan
General Manager

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