



# CONNECTED

The Newsletter of Cowlitz PUD

Volume 10, No. 2

## White Creek Wind Project Moving Forward

### Operations expected to begin within a year

Construction is proceeding on the 205 megawatt (MW) White Creek Wind Project located in Klickitat County, WA. Cowlitz PUD will purchase about 63 percent of the electrical output when the project begins operating within a year.

Cowlitz PUD has been joined by Klickitat PUD, Lakeview Light & Power (Tacoma) and Tanner Electric Cooperative (North Bend, WA) to develop the White Creek Wind Project. Located on 9,500 acres of rangeland, 21 miles east of Goldendale (near Roosevelt), it will produce enough clean renewable electricity to meet the needs of 38,000 residences.

This development helps put Cowlitz PUD at the forefront of utilities addressing the renewable portfolio standards required by State Initiative 937. Passed by Washington voters in November, I-937 requires Cowlitz PUD to utilize non-hydro renewable energy sources for at least three percent of its power resources in 2012, nine percent in 2016 and 15 percent by 2020.

Cowlitz PUD's share of this wind resource will allow it to meet the 2012 state requirement and most of the 2016 mandate. The White Creek site has the capability to expand, a very important consideration as we look ahead to being in compliance with the new state law in 2020.

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  - Tree Trimming for Reliable Power
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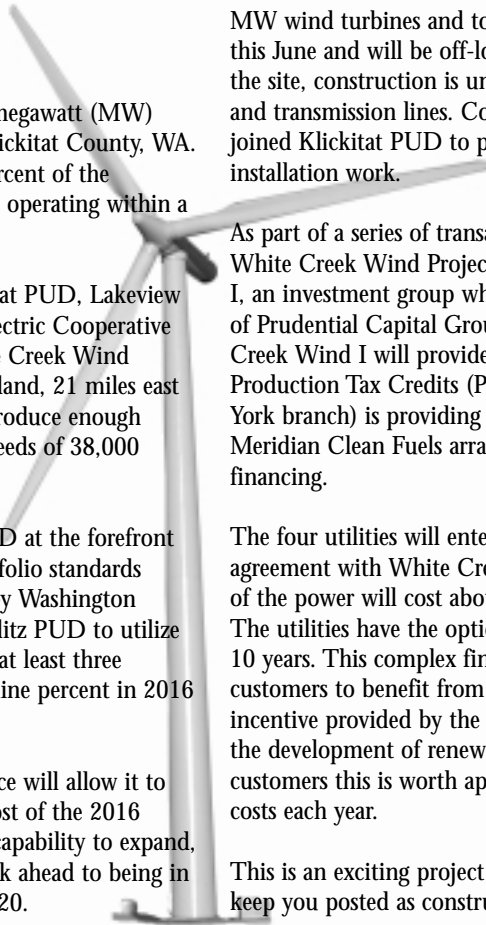
### Port of Longview, PUD line crews also involved

Siemens Power Generation will supply and install 89, 2.3-MW wind turbines and towers. Turbine delivery will begin this June and will be off-loaded at the Port of Longview. At the site, construction is underway on the roads, substations and transmission lines. Cowlitz PUD line personnel have joined Klickitat PUD to perform some of the line installation work.

As part of a series of transactions completed in late 2006, White Creek Wind Project was sold to White Creek Wind I, an investment group which will be comprised of affiliates of Prudential Capital Group and Lehman Brothers. White Creek Wind I will provide equity capital and utilize federal Production Tax Credits (PTCs). HSH Nordbank AG (New York branch) is providing construction financing and Meridian Clean Fuels arranged the equity portion of the financing.

The four utilities will enter into a 20-year power purchase agreement with White Creek Wind I. Cowlitz PUD's share of the power will cost about \$118 million over the 20 years. The utilities have the option to repurchase the project after 10 years. This complex financing structure allows our customers to benefit from these PTCs, which are an incentive provided by the federal government to encourage the development of renewable resources. For Cowlitz PUD customers this is worth approximately \$7 million in reduced costs each year.

This is an exciting project for Cowlitz PUD and we will keep you posted as construction progresses.



# Tree Trimming Crucial for a Safe and Reliable Electric System



*Working around trees and limbs is part of the job for Cowlitz PUD's Brad Keith and his fellow journeyman linemen. To help make the job more safe for our line workers, and to provide you a more reliable source of electricity, the PUD employs professional tree trimming crews year-round to protect overhead lines from falling limbs and trees on windy days. This aggressive tree trimming program paid off in mid-December when Cowlitz County experienced the 60 mph winds that hit the entire Pacific Northwest, yet had much less power line damage and shorter outage durations than most others in the region.*

*If you know of a tree that is dying or appears it could fall into a power line, please contact us at (360) 423-2210. We'll come check it out and determine if we can trim it. If it's on your property, the PUD will arrange to temporarily take down the secondary power lines to allow you to have the tree removed safely.*

## What's Happening

### AARP Tax Aide Program

The AARP Tax Aide Program offers free income tax preparation to seniors and low-income individuals **until April 14** at:

**Longview Senior Center:** Tuesday and Thursday,  
9:00 a.m. to noon

**Canterbury Inn:** Tuesday and Thursday,  
1:00 p.m. to 3:00 p.m.

**Longview Library:** Friday and Saturday,  
12:30 p.m. to 4:00 p.m.

Taxpayers seeking help should bring:

- Last year's return
- Current year's tax forms and booklet
- Social Security cards for all dependents
- W-2 and 1099 forms

- Unemployment statements
- SSA-1099 (Social Security)
- Cancelled checks showing quarterly estimated payments
- 1098 – home mortgage interest
- Receipts for medical expenses, contributions, property taxes, continuing education
- Info on dependent care provider (employer ID or Social Security number)



If you have any questions, please contact Autie Bergman at (360) 636-3988.

*As space is available each month in Connected, Cowlitz PUD offers a brief listing to promote programs and activities for public, non-profit groups with wide interest in Cowlitz County (on a first-come, first-served basis). Send your request to: [whatshappening@cowlitzpud.org](mailto:whatshappening@cowlitzpud.org).*

## YOU CAN PAY YOUR PUD BILL ONLINE

[www.cowlitzpud.org](http://www.cowlitzpud.org)

Debit or credit card (Visa/MasterCard)

## Invest in Green Power – As Little as \$2 a Month!

Cowlitz PUD's Renewable Resource Energy program lets PUD customers support the further development of environmentally friendly "Green Power" on a volunteer basis. The cost is \$2 per 100 kilowatt hour block of electricity, which helps support the development of new renewable energy sources in the northwest.

Green power is generated from earth-friendly resources like wind, solar, low-impact hydro, geothermal and biomass. Call our Customer Service Department at (360) 423-2210 or toll free in WA at (800) 631-1131 to find out more or to sign up.



### Cowlitz PUD's Fuel Mix

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>
<b>Coal</b>	<b>5.7%</b>
<b>Hydroelectric (Water)</b>	<b>81.8%</b>
<b>Nuclear</b>	<b>10.2%</b>
<b>Other*</b>	<b>2.3%</b>

\*Includes the following fuel types – biomass, landfill gases, natural gas, petroleum and wind.

### Customer Information Available

Information about Cowlitz PUD's electric rates and customer policies is available in our Annual Customer Report. The report is available on our website or can be sent to you at your request.

## Commission Activities



Here is a recap of significant action taken during January by the Cowlitz PUD Board of Commissioners:

- A bid award was approved that authorizes the PUD to enter into a contract with Cannon Technologies for installation of an automatic metering infrastructure system beginning in early 2007. When completed in 4-5 years, all PUD electric meters will be read in our office, via information sent through power lines from the meters to our billing computers. This exciting new technology will also allow for other future smart metering options.
- A contract with J.H. Kelly of Longview, for the rebuilding of the PUD's Gardner's Corner Substation, was accepted as complete.
- Following the PUD's Governance Policy, the Board selected Commissioner Ketcham as the 2007 Board President, Commissioner Piper as Vice-President/ Assistant Secretary and Commissioner McCrady as Secretary.
- The Commission and General Manager will attend the American Public Power Association's Legislative Rally in March in Washington D.C. That will result in the cancellation of the Board's regular meeting of March 13, 2007.

#### Upcoming meetings:

Tuesday, February 13  
Tuesday, February 27  
Tuesday, March 27

PUD Board meetings are open to the public. Meetings are held in the PUD Auditorium, 961 12th Avenue in Longview at 2:00 p.m. Please check our website at [www.cowlitzpud.org](http://www.cowlitzpud.org) for up-to-the-minute Board meeting dates and times.



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

In December our Board of Commissioners approved a \$226.8 million PUD electric system budget for 2007. I'm glad to report that our projected electric sales for the year will meet this budget, which means no general rate increase. I'll write more on that in a bit.



A PUD, like a school district, county, city or port district, is a public agency. But while we have many similarities – i.e. governed by elected officials, open public meetings, etc. – a PUD's budget is very different from the other government agencies.

A typical general purpose government's budget is driven by labor costs. It's not unusual for salaries and benefits to make up well over half of the annual costs for most agencies.

Not true for an electric utility. Take Cowlitz PUD for example. Only 6 percent of our budget is for labor costs, including all benefits. But we have our own big driver for the budget: The cost of power.

All told nearly three-fourths of our total electric budget comes from power costs, mostly from BPA. Other power sources are our Swift No. 2 project, hydro purchases we make from Grant PUD and wind power from Energy Northwest. But over 90 percent of our power comes from BPA.

That is why our Board, staff and I spend a lot of time and focus on BPA issues related to things like water spilled for salmon, residential exchange benefits paid to the investor-owned utilities, and benefits paid to the direct service industries (aluminum companies). When these costs go up, you generally end up paying more to turn on your lights.

Another notable item in this year's budget is \$22.3 million (or about 10 percent) designated for capital improvement costs. This includes construction of two new substations, major upgrades to three existing substations, introduction of the first

phase of an automated metering infrastructure system and replacement of 20 miles of aging underground power lines.

These improvements are needed to help meet electrical demand during good economic times in Cowlitz County, as well as improve service reliability. We project electrical use in the county will grow by 10.9 percent in 2007, mainly due to new and increased industrial power loads. That growth creates a demand for additional and improved electrical infrastructure in the county. Customers expect increased reliability as technology expands and our society is driven more and more by computers and electronics.

I mentioned earlier that I would talk a little more about rates. As I said, our electric budget calls for no rate increase. Probably a more accurate characterization is that no overall revenue increase is needed.

Currently the PUD is conducting a Cost of Service Analysis (COSA) that will be completed by March. This type of study is done to help determine what it truly costs to deliver electricity to each of our customer groups – residential, business, street lighting, small industrial and large industrial.

The goal of the COSA is to ensure that each group is paying its fair share for the electricity it uses. The COSA will determine that for us, which may, or may not, mean a rate decrease for some customers and an offsetting increase for others. We will have that information a little later in the year and will share it with you.

### See the budget on-line

If you would like to see a summary of our budget, feel free to check it out at [www.cowlitzpud.org](http://www.cowlitzpud.org). We have an easy link to it from the homepage.

A handwritten signature in black ink, appearing to read 'B. Skeahan', written over a light blue background.

Brian Skeahan  
General Manager

## Contact Information

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**CONNECTED** is published by Cowlitz County PUD.  
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