



CONNECTED

The Newsletter of Cowlitz PUD

Volume 9, No. 5

Electric Customers Pay for NW Salmon Recovery

What Percentage of Your Monthly Electric Bill Pays for Salmon Protection?

That question was one of several asked in a recent public opinion research study conducted for Northwest River Partners (NWRP) – which is an association of farmers, electric utilities and businesses in the Pacific Northwest working together to ensure that the Columbia and Snake rivers remain living, working rivers. Cowlitz PUD is a member of NWRP.

So how was the question answered in the survey? Over 70 percent of those polled either said they have no idea – or they believe salmon recovery costs make up less than five percent of their electric bill.

Those respondents were probably surprised to hear that the right answer is more like 20 percent of a typical NW electric bill goes for salmon recovery programs.

The wide gap between what NW residents perceive, and the correct answer, tells Cowlitz PUD and all members of the NWRP that we need to do a better job of informing our customers.

Some facts: A Cowlitz PUD customer who spends \$100 per month for electricity will pay around \$200 a year in salmon recovery costs. These charges are built into the Bonneville Power Administration costs we pay, as well as the costs to operate our other hydroelectric sources, including our own Swift No. 2 project.

In 2006, BPA charges paid by Cowlitz PUD will include about \$30 million as a result of direct fish recovery programs and lost revenue due for BPA due to water spilled over dams for fish, rather than used for power production. These costs are required

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by Congress and the courts, and neither you nor the PUD has any choice about paying them.

That represents about one-seventh of the PUD's annual budget. And it's over double what we will spend in 2006 on reliability upgrades to our transmission and distribution system – including power lines, transformers, substations and the manpower that goes into building and maintaining the system.

The NWRP survey also offered some other findings, including:

- Nearly 70 percent think it is wrong to blame dams for declining salmon runs.
- Power generation and agriculture are viewed as the top two uses of the Columbia/Snake River System.
- Over 65 percent believe we should not replace hydropower with fossil fuels to protect fish.
- Nearly 80 percent want electricity production from dams to increase or remain the same.

NWRP members are unanimous in the belief that protecting salmon is vital. While healthy salmon runs are critical to preserving the Northwest "way of life," bad decisions about salmon recovery result in unhealthy trade-offs such as increased pollution, negative impacts to agriculture and river transportation, and increased power rates.

With a reasoned and scientific approach, the Northwest can protect its salmon runs and maintain the many vital benefits that that these remarkable rivers bring to all of us.

For more information on NWRP, including more results from the public opinion poll, please visit www.nwriverpartners.org.

Please DO NOT Post Flyers on Power Poles – It's Against the Law

Cowlitz PUD asks all of its customers to please not hang signs on power poles. We appreciate your cooperation and ask for your help in spreading the word. RCW 70.54.090 prohibits attaching signs, posters or other objects to power poles. Please obey the law.

This time of year we see many signs advertising garage sales, flyers for missing pets, etc., stapled or nailed to PUD poles. While we understand these are very worthwhile events, hanging a sign on a power pole can create a dangerous situation for PUD line workers.

The nails and staples used to hang a garage sale flyer can damage the special protective clothing, boots and gloves worn by line workers, increasing the danger of electrocution.



Working on power lines is a dangerous job. In order for PUD line crews to ensure reliable service to all customers, electrical workers must be able to climb power poles safely in all kinds of weather...day or night.

Cowlitz PUD line workers count on your cooperation to assure their safety and to help provide you quality electric service. Thank you in advance for acknowledging this concern and for obeying the law.

Signs hung on power poles cause access problems and potentially can be dangerous for linemen when climbing, especially at night while working to restore power during an outage.

Budget Plan Sign-up Period Underway

Cowlitz PUD residential customers can sign-up for the popular Budget Payment Plan through July.

Even with the recent switch to monthly billing, many customers still prefer the option to make 12 equal monthly payments in the budget plan, thus avoiding 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.

Call us or stop by to sign-up or to find out if you qualify.

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What's Happening

Southwest Washington Blood Program, a division of Puget Sound Blood Center, is a volunteer-supported, nonprofit community resource serving patients in SW

Washington. The Blood Program provides nearly all the blood to the hospitals in Cowlitz and Clark Counties.



The Blood Program was created in 2004 to address the growing need for blood and medical services in our part of the state. Cowlitz PUD is proud to report that it has hosted two drives in the past few months, resulting in over 50 pints of blood being donated by PUD employees and retirees.

It's easy to donate – visit www.swblood.org or call (360) 254-3708 to find out when the SW Washington Blood Program's new 40-foot bloodmobile will be right here in Cowlitz County.

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: whatshappening@cowlitzpud.org.

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Burgerville has Gone Green

Cowlitz PUD thanks The Holland, Inc. (Burgerville), and about 80 other residential and business customers who have gone “green” by participating in our Renewable Resource Energy Program.



This voluntary program allows PUD customers to support the further development of environmentally friendly “Green Power” in the region by investing as little as \$2 per month.

The Holland, Inc., parent company of Burgerville, partners with Cowlitz PUD to purchase enough \$2 blocks of the PUD’s Renewable Energy product to provide 100 percent of its electricity needs for the Kelso and Woodland Burgerville restaurants. Holland, Inc. also has similar commitments with electric utilities throughout Southwest Washington and Northwest Oregon serving all 41 of its restaurants.

All together about 80 Cowlitz PUD residential and business customers participate in the program.

Green Power is generated from earth-friendly resources like wind, solar, low-impact hydro, geothermal and biomass. The growth of the green power industry in the Northwest benefits our environment by helping reduce air pollution and global climate changes.

Cowlitz PUD contracts for the services of Bonneville Environmental Foundation (BEF), a non-profit environmental organization that serves as a broker for green power. BEF invests in several Northwest renewable projects which generate wind and solar power.

White Creek Wind Project Being Developed

Cowlitz PUD is poised to enter directly into the wind power business as a partner in the White Creek Wind Project, now under development in Klickitat County, WA. The PUD owns 43.6 percent of the 200 megawatt project. Phases 1 and 2 of White Creek are scheduled for construction in 2007 and 2008. We also own 2 MW of capacity at Energy Northwest’s Nine Mile Canyon Wind Project near Kennewick.

To sign up for Cowlitz PUD’s Renewable Resource Energy Program call our Customer Service Department at (360) 423-2210 or toll free in WA at (800) 631-1131. You can take part for as little as \$2 per month.

Commission Activities



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

- **Approved a staff recommendation to file an Expression-of-Interest** for acquiring power generation from the proposed Pacific Mountain Energy Center in Kalama. The Board indicated it is potentially interested in the PUD purchasing 10-30 average megawatts of generation capacity. Commercial operation of the project is anticipated for 2011 or 2012. More information on the project is available at www.energy-northwest.com.
- **Accepted a Conservation Acquisition Agreement with BPA** which will allow the PUD to continue operating its commercial and industrial energy conservation programs through September 2006. All PUD conservation programs – residential, commercial and industrial – will be operated under a new Conservation Rate Credit agreement with BPA which will go into effect on October 1, 2006.
- **Authorized a study of electrical facilities necessary to serve the upper 31 miles of Spirit Lake Highway**, including the Coldwater and Johnston Ridge Facilities. Electric service to that area is now provided by the U.S. Forest Service.
- **Hosted a tour of the PUD’s Swift No. 2 Hydroelectric Project** for state legislators, legislative committee staff members and state agency personnel.

PUD Board meetings are open to the public and we encourage customers to attend. Meetings are scheduled for:
Tuesday, May 9 (Commissioners meeting room)
Tuesday, May 30
Tuesday, June 27

Meetings begin at 2:00 p.m. and are held in the PUD Auditorium, unless otherwise noted.

Please note: The Board meetings which would normally take place on May 23 and June 13 have been cancelled to allow the PUD Commissioners to attend the Northwest Public Power Association and American Public Power Association annual meetings.

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

Salmon Recovery and Use of the Columbia River: Tradeoffs in an Imperfect World



Everybody wants healthy salmon runs, and that includes people in the electric utility industry. And people are willing to pay for salmon recovery. But how much?

Take a look at the lead article in this newsletter. You might be surprised to read that about 20 percent of the average electric bill in the Northwest goes for salmon recovery. That rate impact concerns me.

Periodically I receive a list of PUD customers who have their power disconnected for non-payment. One recent report listed an even 100 customers. Would there be fewer names on that list if our rates were 15-20 percent lower? I think so.

We all read of longtime area businesses facing economic challenges. While 15-20 percent lower electric costs might not guarantee profitably, we have some large electric users who will tell you that cutting power costs would benefit them significantly.

But there is a lot more to this story. The impacts of salmon recovery efforts, the most significant of which are now being essentially dictated by a Federal judge in Portland, are not just limited to electric rates. The big picture also includes our environment and our future energy supply.

It starts with the way the Columbia River is managed today. In the early 80s, when I first started in this business, the reservoirs behind the dams were drafted to low levels over the winter. This provided for power generation in the high-use winter months, and ensured flood control when the spring run-off came. The spring snow melt would then refill those reservoirs, which was stored for peak energy consumption months.

Not anymore. Rather than storing water behind the dams, it is spilled over them each spring. The rationale is the increased flow helps the downstream migration of juvenile salmon.

The trade-off is that spilling water for salmon reduces the electricity produced at the dams. At the same time, consumer demand for electricity is rising.

To meet that demand in the face of reduced low-cost hydro generation, some utilities have turned to natural gas-fired combustion turbines. While these plants are built with state-of-

the-art equipment to minimize air emissions, they still have an impact.

When these plants were first built, natural gas was relatively inexpensive. But now with natural gas prices more expensive and unpredictable, the price of the electricity produced at those plants is much higher.

In response to those concerns people have proposed construction of large liquefied natural gas storage facilities, some just down river from Longview. These plans have not received whole-hearted support in nearby communities. And the source of this liquefied natural gas would increase our dependence upon other countries for our vital energy needs.

So what about other sources of renewable energy, such as wind? Cowlitz PUD is a partner in the development of the White Creek Wind Project (Klickitat County), which would be one of the largest in the Northwest.

Wind offers challenges as well, including it costs more than hydropower. But the biggest problem is that the wind does not blow every hour, every day. Since our customers expect electricity around the clock, we must identify a predictable power source to back up the wind generation.

The cheapest and easiest way would be to use the water stored behind the dams. When the wind is producing power, store the water. When it's not, use the water to make electricity. But that takes us back to the way the river is being managed today for salmon recovery. Our ability to use the river to back-up wind projects is significantly curtailed.

Everyone associated with Cowlitz PUD wants healthy salmon runs. But as I have asked what are electric users willing and able to pay? What is the impact to air quality? And what's the impact to our ability to develop renewable energy here at home, versus relying on energy from overseas?

I have shared this with you to provide a better perspective of the depth of the salmon recovery issue. As you can guess these are not simple questions to answer. There's a big picture we must all consider as we go forward and make critical decisions.

Thanks,

A handwritten signature in dark ink, appearing to read 'Brian Skeahan'.

Brian Skeahan
General Manager