

COWLITZ COUNTY PUD

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FOR IMMEDIATE RELEASE

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2009 BUDGET CALLS FOR NO RATE CHANGE

Cowlitz PUD's Board of Commissioners unanimously approved the 2009 electric system budget at its regular meeting on Tuesday. The new budget calls for no change to the PUD's rates at this time, meaning electric rates will again remain at the same levels as they were in October 2003.

Total expenditures in 2009 are budgeted at \$256.1 million, up eight percent over 2008. The 2009 budget includes \$169.3 million for wholesale power costs or about 66.1 percent of total expenditures. Labor costs represent 6.5 percent of the budget at \$16.5 million and taxes make up 4.3 percent at \$11.0 million.

The budget notes a proposed 10 percent increase in Bonneville Power Administration wholesale power costs, projected for October 2009. "Since our BPA bill represents about half of the total budget, a wholesale rate increase of that magnitude from BPA could mean a local rate increase late next year. A lot can happen while the BPA regional rate process evolves over several months, so time will tell if local rates will need to change next fall," PUD Spokesman Dave Andrew said.

Cowlitz PUD capital improvement costs are budgeted at \$35.2 million in 2009 — which include:

- Installing another 11,000 automated meters as the PUD moves into the third year of its five-year Advanced Metering Infrastructure project.
- Installing a test solar power project at the PUD's Longview operation center. "Our goal with this small test project is to help determine the role solar power could play in our future resource plans and also to develop information to guide customers wanting to install their own solar projects," Andrew said.
- Continuing a seven-year plan to upgrade all substations from 69- to 115-kilovolts for reliability and load growth.
- Updating the electric distribution system in the Lewis River Valley to improve reliability of service.

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- Replacing the out-of-date customer information services and accounting hardware and software systems with new technology.
- Installing a new System Control and Data Acquisition (SCADA) system. The SCADA system allows for control and operation of the electric distribution system from the PUD Operation Center.
- Constructing an 18,000 square foot building at the Operation Center to replace the 60-year old building now used by the PUD's meter department, substation crews, transformer shop and relay department.
- Replacing 20 miles of aging and deteriorating underground power lines.

The 2009 budget also projects net revenue of \$4.9 million from the sale of electricity from the White Creek Wind Project, now in its second year of service in Klickitat County, WA. Cowlitz PUD will sell its share of White Creek power until 2012, when the state's new renewable power standards go into effect. As announced earlier this year Cowlitz PUD is teaming up with three other Northwest public utilities in 2009 to develop another wind project, the Harvest Wind Project, adjacent to White Creek.

"This budget continues the PUD's effort to maintain the electrical infrastructure for our grandchildren, leverages new technologies, and prepares the electrical grid for economic growth. And it does so while maintaining the rates at 2003 levels," PUD Board President Buz Ketcham said. "All of our employees are dedicated to a goal of taking our utility from good to great, and this budget reflects their skill and perseverance."

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