



# CONNECTED

The Newsletter of Cowlitz PUD

Volume 13, No. 8

## Automated Metering Project Getting Closer to Completion

Three years down, less than two to go.

In mid-2007, Cowlitz PUD began work on its five-year plan to build an Advanced Metering Infrastructure (AMI) and by this time next year all the meters, communications equipment, and computer hardware and software will be installed and working.

So far we've installed over 47,000 new digital meters, leaving about a thousand to go. The meters left to install are mostly those for business and industrial customers.

Besides the meters, the project also includes installing communications hardware and software in 28 PUD substations across the county and stringing many miles of fiber-optic lines. Eventually the signal from your meter will be carried across power lines to the substation serving you, where it will be processed and carried by fiber-optics to our office.

### Data Security is a Priority

The same rigorous security that we apply to all of our current customer information systems is in place for AMI. The meter reading server and data are well protected, residing in a physical security perimeter and a "firewalled" electronic security perimeter. The AMI solution will also be integrated into our customer billing system. We have also chosen not to utilize any wireless AMI metering technology. The computerized meter readings will be more secure because of the industry standards required to keep the data secure.

Along with the AMI project, we are also installing a new customer information system which will work in-tandem

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with the new metering system. Here at the PUD we refer to that as Project FOCUS. It's a business enterprise system that will integrate our customer, financial and work order systems and will work hand-in-hand with AMI to provide our customers new products and choices.

Customers should see the new system at work by mid-2012. At that time you can expect the PUD to begin rolling out new services like automated meter reading, online billing and usage history, residential customer-selected billing dates, time-of-day rates and other exciting future services. They won't all come at once, but the hardware and software will be in place to introduce these new services over time.

Feel free to ask us a question about AMI or Project FOCUS. Send it to [mailbox@cowlitzpud.org](mailto:mailbox@cowlitzpud.org).

### Fitch Upgrades PUD Credit Rating

Cowlitz PUD got good news in early July when Fitch Ratings upgraded our system revenue bonds to 'A' from 'A-' as a part of its surveillance review. Fitch states that the PUD's "rating outlook is stable."

As noted in Fitch's rationale for the upgrade it "reflects the district's very competitive electric rates, relatively low debt burden and sound financial performance, illustrating solid management of a diverse, unique power resource mix and strategy."

The entire report is available at [www.cowlitzpud.org](http://www.cowlitzpud.org). You can also read more on page 4 of this newsletter in General Manager Brian Skeahan's commentary on his perspective of Fitch's report.

# PUD Customers Earn \$300,000 in Ductless Heat Pump Rebates

Last summer Cowlitz PUD joined other electric utilities in the Pacific Northwest to introduce a new residential energy conservation program that offered a \$1,500 rebate on ductless heating and cooling systems. Customer response has been very strong.

One year later we have seen 200 new ductless units installed in Cowlitz County, \$300,000 in rebates distributed and, based on what our customers are telling us, the program is a great success. The biggest reason customers say they like the new system is the energy savings and the addition of air conditioning for those hot days.

## Some impressive statistics:

- The average annual savings in Cowlitz County is 4,307 kilowatt hours, meaning those 200 customers enjoyed an average annual cut of \$220 on their electric bills or over \$18 a month saved.
- Overall as a group they will save 861,400 kWh in a year – enough electricity to light and heat the homes of 46 PUD customers.

A ductless heating and cooling system is a highly efficient system that is easily installed as a new primary heat source for homes that now have electric baseboard, wall or ceiling heat. It's safe, quiet and heats rooms evenly (no more hot or cool spots). And you get the benefits of a heat pump, without the cost of installing ductwork.

As we begin the second year of the program, we are joining forces with utilities and manufacturers to promote the merits of ductless heating and cooling systems across the region. The ad below is being sent to utility customers all over the Pacific Northwest.

If you haven't taken a look yet, now's the time to consider a ductless system. Don't miss out on this excellent \$1,500 rebate offer.

**Be sure to check out our four minute  
"video brochure" on YouTube, linked from  
[www.cowlitzpud.org](http://www.cowlitzpud.org).**

## Be more cool and comfortable.

### Install a ductless heating and cooling system!

- Save Energy & Money
- Have a More Comfortable Home
- Low-Cost Easy Installation
- Comes Standard with Air Conditioning
- Limited Time \$1,500 Cowlitz PUD rebate

For a limited time the PUD is offering a \$1,500 rebate. Some systems may also qualify for an additional tax credit up to \$1,500 – ask your contractor and/or tax professional for details.

**Find out if you qualify by calling our Energy Conservation Department at (360) 577-7514 or (800) 631-1131.**



If you have baseboard, ceiling cable or wall heaters, you may qualify for a limited time \$1,500 PUD rebate on a ductless heating and cooling system!

To learn more visit: [www.CowlitzPUD.org](http://www.CowlitzPUD.org) or [www.GoingDuctless.com](http://www.GoingDuctless.com)

More than 5,000 ductless heating and cooling systems have been installed in the Pacific Northwest from some of the following manufacturers:



# What's Happening

## West Nile Virus – Fight the Bite 2010

Last year was Washington's most active year for West Nile Virus (WNV) and the 2010 mosquito season is well underway in Cowlitz County.

WNV is spread by the bite of an infected mosquito. While most people will experience no symptoms or just a mild flu-like illness, West Nile Virus can cause serious, life-threatening and even fatal disease. Individuals over age 50 have the highest risk of serious illness. It's important that you:

- Use an effective repellent—especially at dawn and dusk when mosquitoes are most active
- Stay indoors, if possible, when mosquitoes are most active
- Wear long sleeves, long pants and a hat when outdoors
- Make sure windows and doors are “bug tight” with screens
- Get rid of standing water and keep water fresh in pet dishes and bird baths

To report a dead bird, or for more information, log on to [www.co.cowlitz.wa.us/health](http://www.co.cowlitz.wa.us/health) or call Cowlitz County Health Dept. at 360-414-5583 or 866-78-VIRUS. Report mosquito problems to the Mosquito Control District: 360-425-5658

*Each month Cowlitz PUD offers this space to a non-profit group in Cowlitz County as an avenue to promote its activities (on a first-come, first-served basis). Send your request to: [whatshappening@cowlitzpud.org](mailto:whatshappening@cowlitzpud.org).*

## Commission Activities



### July 2010 highlights:

- **Reviewed the low-income rate discount programs** for qualified seniors (65+) and disabled citizens and approved staff recommendations for renewing the programs for 2010-2011.
- **Approved a policy that establishes apprentice training requirements** for electric system construction contracts of 5,000 man-hours or more. The Board is committed to helping develop a skilled work force through apprenticeship and training programs.
- **Approved the purchase of four 121 kV substation breakers** at a cost of \$190,400 as part of the upgrade of the PUD's 7th Avenue Substation in Longview from 69 kV to 115 kV, as specified in the long-range Capital Requirement Plan.

### Next month's PUD Board meetings:

- Tuesday, September 14
- Tuesday, September 28

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.

## Rate Discounts Available for Low-Income Senior and Disabled Customers

Low-income senior and disabled customers of Cowlitz PUD can apply until November 5 for a discounted electric rate in 2010-2011. Lower Columbia Community Action (CAP) manages the low-income discount programs for the PUD.

A discounted electric rate up to 25 percent is available for qualified low-income customers who occupy the residence, have lived there for the past year and are legally responsible for payment of the PUD bill.

The applicant must be age 65, or disabled and earn a disability income – and are required to provide proof of age or proof of a disability and proof of income. Customers can only qualify for one discount program.

**Call CAP at (360) 425-3430 by November 5 to schedule an appointment to determine eligibility for a low-income rate discount.**

### The low income standards are based on the most recent HHS poverty guidelines:

Persons in Household	Gross Household Income		
	25% Discount	15% Discount	5% Discount
1 - 2	Up to \$14,570	\$14,570 - \$21,855	\$21,855 - \$25,500
3	Up to \$18,310	\$18,310 - \$27,465	\$27,465 - \$32,045
4	Up to \$22,050	\$22,050 - \$33,075	\$33,075 - \$38,590
5+	Up to \$25,790	\$25,790 - \$38,685	\$38,685 - \$45,130

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

We got some great news from Wall Street in early July, in the form of a higher credit rating.



Credit rating agencies like Fitch and Moody's provide the equivalent of a "report card" on private and public entities, assessing broad areas of an organization's financial performance. These report cards are used by financial markets whenever an entity issues bonded indebtedness – i.e. borrows money to build infrastructure like wind projects and substations.

Both Fitch and Moody's gave the PUD higher marks, with Fitch's rating going from A- to an A and Moody's from an A3 to A1.

Both represent strong investment grade credits, which is beneficial to PUD customers from the standpoint that it means our borrowing costs are reduced.

In its report Fitch cited Cowlitz PUD's "very competitive electric rates, relatively low debt burden and sound financial performance, illustrating a solid management of a diverse, unique power resource mix and strategy." It went on to say "following a period of above average investment in, and acquisition of renewable resources, Cowlitz's plans for additional renewable resources and future debt are limited."

Regarding the renewable resources (Harvest Wind and White Creek Wind projects) Fitch said: "Over the past three years the district has added 41 average megawatts of wind-based resources to its portfolio. While the wind resources will help it meet the State's escalating renewable portfolio standards (RPS) presently peaking at 15% in 2020, the resources in excess of the RPS target are sold off system. The margins from these sales are used to help moderate retail rate increases."

Fitch continued "...the wind resources have been added without a significant increase in the district's debt level."

"...in the past two years the strong returns associated with the off-system sale of these resources (wind) has offset the district's weaker retail sales margins."

Fitch understands some important successes with our recent business plan:

- We got in early and relatively inexpensively in renewable resource development.
- Those resources provide short term benefits to our customers by generating positive margins through sales to other utilities and in the longer term will allow us to meet our renewable obligations under Washington law, at a very competitive price.
- The amount of debt incurred to develop these resources and provide other much needed improvements to our electrical system is fairly modest for a utility our size.
- We got ahead of this issue early, taking advantage of historically low interest rates. This allows us to borrow less in years to come at a time when interest rates are likely to be higher.

In shaky economic times it is more important than ever for a utility to make wise business choices, have prudent financial policies, competitive rates, and solid financial reserves in order to maintain a good investment grade rating and its associated access to capital. The better the credit rating the lower the interest rates are when a utility borrows money.

As I mentioned earlier, these ratings are much like a report card on how we are doing. In this case we are being judged by knowledgeable people with an understanding of the electric utility industry. They perform ratings on utilities across the country every day. It's reassuring to know that the PUD's business decisions, low rates and debt levels are looked at positively by national business and financial experts.

A handwritten signature in black ink, appearing to read "Brian Skeahan". The signature is fluid and cursive, written on a white background.

Brian Skeahan  
General Manager

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