



CONNECTED

The Newsletter of Cowlitz PUD

Volume 13, No. 11

Warm Neighbor Program Offers a Vital Helping Hand

December marks the beginning of the 10th winter that Cowlitz PUD customers can give voluntarily to the Warm Neighbor program. To those of you who have given so freely over that time, thank you. You combined to give \$36,120 over the past year and over \$350,000 since 2001.

Cowlitz PUD forwards all Warm Neighbor funds to CAP, which in turn uses them to assist qualified, low-income Cowlitz County residents who are struggling to pay their winter electric bills.

There is a growing need for programs like this in our community as we head into winter. The Federal Low Income Home Energy Assistance Program (LIHEAP) is CAP's largest source of utility bill assistance, and there is a concern that those funds could be cut significantly in 2011. So your gifts to Warm Neighbor become even that much more important.

Cowlitz PUD Employees are Supporting Warm Neighbor

PUD employees have teamed up in past years to help support Warm Neighbor, and will step up that effort this winter. We'll have raffles on donated items, a weekly "jeans day" donation, and volunteer fund raising efforts like our bingo tent at the fair.

We'll keep you posted on how our fund raising effort is progressing. We also invite you to join us and your neighbors to contribute to Warm Neighbor. It's pretty simple and it's voluntary.

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- October Board Report
 - Where Your Taxes Go
 - Safety First in Power Outage

Just make a payment over-and-above the amount due on your regular electric bill and then designate that additional amount to Warm Neighbor. There's a space on the bill to list your donation. Only amounts paid in excess of the amount due can be credited to the fund.

Thank you in advance to everyone who gives voluntarily to Warm Neighbor, whether it's one time or monthly. Every dollar raised is used to help someone in Cowlitz County who needs help to pay their electric bill.

PUD customers seeking assistance can contact CAP at (360) 425-3430.

Customer Information Available on Request

Looking for more information about Cowlitz PUD? We publish an annual customer report, a fuel mix report and brochures with information about electric rates and customer policies that are available to anyone who asks.

Just call us at (360) 423-2210 or (800) 631-1131 or email mailbox@cowlitzpud.org and make your request. The same information can also be accessed on our website.



What Happens With the Taxes I Pay on My PUD Bill?

We are sometimes asked about the taxes added to the electric bill we send you each month.

Every customer is charged the state's Public Utility Tax and the state's Privilege Tax. Customers living within the city limits of Castle Rock, Kalama, Kelso, Longview and Woodland also pay a six percent City Utility Tax.

All three taxes are the result of state law, so are charged and disbursed by the PUD in accordance with the Revised Code of Washington (RCW). Overall in 2009 Cowlitz PUD customers paid about \$9.5 million in the taxes described below. The PUD does not keep any of the tax dollars.

State Public Utility Tax – 3.873%

This tax is listed on your bill as “Electric Utility.” It is included in your PUD electric rate and paid by all customers. As required in state law the tax is calculated on the gross amount of each electric bill, which includes the electric cost and any other taxes. (See WAC 458-20-179 for full detail).

In 2009 Cowlitz PUD collected \$4,495,109 in Public Utility Taxes, which was paid to the state and goes into the General Fund.

State Privilege Tax – 2.14%

This tax is listed on your bill as “Electric Privilege” and is included in your PUD electric rate. It is best described as a

tax “in lieu of a property tax.” When legislation was introduced 80 years ago to authorize the formation of PUDs, the existing investor-owned utilities campaigned against it saying it would diminish funding of schools and local government since PUDs would not pay the property tax.

To resolve the issue, the legislature passed law which instituted the Privilege Tax in lieu of a property tax. Unlike the Public Utility Tax, state law specifically excludes applying the Privilege Tax to city utility taxes.

In 2009 Cowlitz PUD collected \$2,435,644 in Privilege Taxes. That money was paid to the state and then distributed by the state back to schools and local governments.

City Utility Tax – 6.0%

As set in state law, Washington cities have the authority to have the PUD collect a City Utility Tax of up to six percent. Since this tax only applies to PUD customers inside the respective city limits, it is not embedded into the rate and is instead listed as an added charge.

In 2009 Cowlitz PUD collected a total of \$2,549,041 in City Utility Taxes. The cities of Castle Rock, Kalama, Kelso, Longview and Woodland were each paid their share of the taxes, based on electric usage inside their respective city limits.

IF THE LIGHTS GO OUT...

- Never touch a downed line. Assume it is carrying electricity and report it to the PUD.
- Turn down thermostats and turn off the circuit breaker to the water heater. This helps reduce initial demand for electricity when power is restored, protecting the system from an overload and from causing additional outages.
- Unplug computers, TVs, microwaves, etc. to protect them from voltage fluctuations that could occur when power is restored. Do not turn these items back on until lights return to normal brightness.



- Do not open the refrigerator or freezer when power is off. A refrigerator keeps food cold for a few hours during an outage, while food in the freezer can stay frozen for 2-3 days, but the door must remain closed.
- Never use a barbecue or generator inside a home or garage. Make sure it's outside in a well-ventilated area.
- Call the PUD at (360) 423-2210 or (800) 631-1131.

More info: http://www.cowlitzpud.org/power_outage.php

What's Happening

YEAR 2 YEAR FUN & RUN/WALK

December 31, 2010



Join in New Years Eve, starting at 7:00 p.m. The fun begins with a 3-on-3 basketball tournament. Contact Mike Vorse: (360) 577-3257 or LVprinter@MinutemanPress.com to register your team. A celebrity basketball game between Longview Police and Cowlitz 2 Fire will follow, officiated by local judges.

The 3-mile fun run & walk will begin at 11:50 p.m. at the Youth & Family Link Wollenberg Gymnasium, 907 Douglas Street in Longview. Pre-register at many area athletic clubs or at www.CowlitzValleyRunners.org. You can also register the night of the race (9-11:30 p.m.).

There's fun for the whole family – special awards at 12:45 a.m., drawings for the prizes throughout the night, air hockey & ping pong and plenty of food, including chili, cookies, coffee and water.

A portion of the proceeds will benefit Youth & Family Link and SAFE House Ministries, a rehabilitation facility for women and their children.

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: whathappening@cowlitzpud.org.

Go Green!

You can support the development of environmentally friendly "Green Power" sources like wind, solar, low-impact hydro, geothermal and biomass. The cost is as low as \$40 a year and may be tax deductible.

1. Log on to www.cowlitzpud.org
2. Go to the **Conservation and Renewables** menu
3. Click on **Purchase Green Tags**

Commission Activities

October 2010 highlights:

- **Held a public hearing, as required by state law, to review the proposed 2011 budget and to determine if it is necessary to request a property tax levy.** Staff shared that a property tax levy is not needed and the Board approved that recommendation unanimously.
- **Approved the transfer of 303 final, unpaid accounts from second quarter 2009 to Reserve for Bad Debts.** The net amount totaled \$47,529. Efforts to collect on those accounts will continue.

Upcoming PUD Board meetings:

- Tuesday, November 30
(Time TBA, to be posted on website)
- Tuesday, December 14
- Tuesday, December 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.

News Updates Online – www.cowlitzpud.org

If you are looking for a power outage update or other PUD news, you can go to our home page. On the left, lower portion of the home page you'll find our most recent "tweet" from the Twitter page.



With so many customers now using smart phones and similar devices, this online news is especially popular for anyone seeking power outage information. The PUD now has 160 followers on Twitter and encourages anyone using this service to join in and "follow" us.

Use the easy link on our home page to sign up for Twitter or access <http://twitter.com/CowlitzPUD>.

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

Just over two years ago we shared in this newsletter that Cowlitz PUD's relationship with the Bonneville Power Administration would soon be changing. BPA is the federal agency which markets electricity from 31 Columbia and Snake River hydroelectric projects and one nuclear plant.



Cowlitz PUD has relied on BPA as its primary power supplier since the 1940s. While BPA will still remain as our main source of wholesale electricity after October of 2011, the relationship will change significantly.

CHANGE 1: We have always had the luxury of placing any increase in our electrical demand upon BPA. When new residents moved in, new businesses opened or new industries decided to locate here, we simply turned to BPA to supply the electricity.

The amount of firm power that BPA can guarantee us, or any of its utility customers, has now topped out. Beginning in late 2011, BPA will only supply us a fixed amount of electricity. Additional electric demand above the BPA cap will be the PUD's responsibility to find. This is one big reason why Cowlitz PUD moved early to develop White Creek and Harvest Wind.

CHANGE 2: Customer demand for power constantly fluctuates. Consumption spikes in the morning and again when people return home from work. More power is used on weekdays than on weekends, and more during the cold winter and hot summer than in spring or fall.

At the same time, power production doesn't always match these customer demands. Some months there's extra power and some months there's a shortage – based on a myriad of factors like federal salmon recovery policies, flood control, irrigation needs and of course the amount of snowpack, rainfall and the weather in general.

BPA has always balanced all these variables to ensure the

lights work when you flip the switch. It has managed the resources, selling power into the market at times of excess, and making market purchases to meet customer power demand when resources are short.

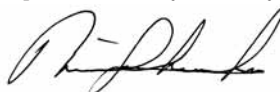
Next October this complex resource balancing process becomes the job of each utility. Cowlitz PUD will have a "Slice of the System" contract that gives it a portion of the BPA system output. The good news is that managing these resources is a task the PUD is trained to handle. Customers won't notice a change – the lights, TV and heat will still come on when you want them to.

CHANGE 3: Having the responsibility to manage our "slice" of the resources places the cost implications that come with the financial swings of selling and buying power directly on us. We lose the cushion BPA has always provided, when it would simply do a "true up" at rate setting time. This will lead to more frequent retail rate changes, up or down.

BPA will make its initial 2011 rate proposal this month, which will begin the rate setting process that will conclude next summer. Since 2009-2010 was mostly a poor water year, BPA's out-of-market sales were down, meaning less revenue. Thus we expect BPA to propose higher rates, which will be factored into our 2011 budget.

There are other rate impacts on the 2012 horizon, when our option to purchase low-cost hydro from Grant PUD ends and renewable power standards mandated by I-937 begin. More to come later on all that. But heads up, both will add to our rate pressures.

I've been meeting recently with service clubs and other groups to discuss our changing power future and I'm glad to have this newsletter forum to share this information with every customer. As you can imagine there is a lot more coming on this topic, so I invite you to stay tuned.

A handwritten signature in black ink, appearing to read "Brian Skeahan". The signature is fluid and cursive.

Brian Skeahan
General Manager

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