



# CONNECTED

The Newsletter of Cowlitz PUD

Volume 13, No. 7

## New Standard for Apprentice Labor Met at Harvest Wind

The Washington State Apprentice and Training Council (WSATC) has confirmed that the Harvest Wind Project met special standards for apprentice labor utilization, approved by voters in 2006.

Cowlitz PUD is one of four not-for-profit utility partners at Harvest Wind, along with Lakeview Light and Power, Peninsula Light and Eugene Water and Electric Board. Construction was completed at the 100 MW Harvest Wind Project in December 2009, located in Klickitat County.

Washington voters passed I-937 in 2006, which calls for larger utilities in the state to use increasing levels of new renewable power resources beginning in 2012. Cowlitz PUD falls under the new rule, which requires a renewable portfolio standard of three percent in 2012, nine percent in 2016 and 15 percent in 2020.

A provision of I-937 gives new renewable power projects an extra 20 percent Renewable Energy Credit bonus for utilizing at least 15 percent of its construction labor from state-approved apprenticeship programs. At Harvest Wind over 19 percent of the applicable labor hours were completed by apprentices.

During the planning phase of Harvest Wind, the utility partners identified the REC bonus as an early goal. We communicated early with WSATC to determine compliance requirements and filed a notice of intent in advance of the commercial operation date. We also conferred with Washington and Oregon apprenticeship program sponsors to develop relationships and contacts.

### Inside This Issue:

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Harvest Wind bid specs included a requirement for a 15 percent apprentice standard and once construction began we worked closely with the contractors to see it accomplished.

We got the good news a few weeks ago when WSATC approved our documentation of the certified payroll records and confirmed that Harvest Wind had achieved "greater than 15 percent of the total labor hours performed by registered apprentices in programs approved by the WSATC."

Harvest Wind is the second renewable energy project in Washington to meet the new apprenticeship standard. Puget Sound Energy's Wild Horse Wind Farm expansion project near Ellensburg earned a similar certification in January 2010.

Cowlitz PUD and its partners at Harvest Wind consider this a win-win. Utilities and their customers get an economic benefit from the additional renewable credits, while at the same time we help prepare the next generation of workers with needed skills and experience.

Read more at [www.cowlitzpud.org/power\\_resources.php](http://www.cowlitzpud.org/power_resources.php)

**YOU CAN PAY YOUR PUD BILL  
ONLINE**

[www.cowlitzpud.org](http://www.cowlitzpud.org)  
Debit or credit card (Visa/MasterCard)

## PUD Credit Services Staff is Here to Serve

Since the down turn in the economy in 2008, we've seen an increase in the number of PUD customers falling behind on paying their PUD electric bill. For many it's the first time they have been in that situation with the PUD.

Customers behind on their bill for the first time are often hesitant about seeking our assistance. Our Credit Services staff is here to assist them whenever they would like to discuss payment concerns or to make payment arrangements. We also can help out by recommending other agencies that may assist financially in certain situations.

We think it's mostly a reflection of our economy and we are willing to work together with any customer who asks.

### It's Important to Act Now

The most important advice we can offer is to not delay calling or coming to see us if you get behind on your electric bill. It is important to act quickly, because once you get behind you are at a greater risk of having a security deposit assessed on your account.

For an existing customer, a security deposit is charged once we issue three Notices of Pending Disconnect within the most recent consecutive 12-month period and/or if someone tampers with the electric meter. The deposit is based on the highest two bills at a residence or business during the past year, and is due immediately. We want customers to avoid getting to that point.

Our Credit Services staff may be able to help establish a structured payment arrangement that is reasonable for both the customer and the PUD. Once we've worked together to create a payment plan, we will uphold our commitment and expect the same from the customer.

If you have any questions about the status of your electric bill, we encourage you to contact us at (360) 423-2210 or (800) 631-1131.

Don't forget the PUD offers an array of energy conservation services, including home weatherization, Energy Star® appliance rebates and heat pump rebates. Everyone likes a lower power bill and we can help. Call us at (360) 577-7514.

## Cowlitz PUD's Fuel Mix

Here's a breakdown of the fuel sources Cowlitz PUD uses to serve you.

Fuel type	PUD mix
Coal	3.4%
Hydroelectric (Water)	84.1%
Nuclear	10.9%
Other*	1.6%

\* Includes biomass, landfill gas, natural gas, petroleum and waste incineration.

About 91 percent of the electricity provided to you by Cowlitz PUD is purchased from the Bonneville Power Administration. Other wholesale sources of electricity include our own Swift No. 2 hydro project and mid-Columbia River dams owned by Grant PUD.

Cowlitz PUD owns 124 megawatts of wind power produced at the White Creek Wind and Harvest Wind projects, which we are now selling to other utilities. We will begin using these wind resources in 2012, to meet future load growth and new renewable resource requirements.

## Dropping Billing Reminders Saves \$60,000

Effective in June, Cowlitz PUD is no longer sending out a reminder to those not making full payment on their electric bill by the due date. By not sending out reminders our postage costs will be reduced by about \$60,000 per year, plus the additional handling costs.

As before, any past due amount will be listed on the next month's bill. Even though a reminder will not be sent, the bill is still due and payable 10 days after it is mailed.

Once a bill is past due it is subject to collection action which can include service charges, service disconnect and a security deposit. If you are behind, please read the article above to learn the proactive steps you can take to avoid this scenario.



## What's Happening

### Classic Cars Come to Kalama

Sunday, August 15



The Untouchables Car Club hosts the 14th annual car show in Downtown Kalama, from 9:00 a.m. to 4:00 p.m. on August 15.

This open event attracts hundreds of hot rods and special interest vehicles each year – cars, trucks and motorcycles. It's always a day of fun for all ages. The entry fee is \$15 and the proceeds help fund college scholarships, holiday food baskets and other charitable services.

The public is welcome, free of charge. Enjoy music, local vendors, antiques, raffles and more. For show information call (360) 423-0125 and vendor information at (360) 673-4071.

*As space is available in Connected, Cowlitz PUD offers the What's Happening column to provide public, non-profit groups with wide interest in Cowlitz County an avenue to promote their activities (on a first-come, first-served basis). Please send your request via email to: [whathappening@cowlitzpud.org](mailto:whathappening@cowlitzpud.org).*

## Commission Activities



### May-June 2010 highlights:

- **Met with representatives of Citizens Against the Towers**, a group of SW Washington residents concerned with one of BPA's proposed paths for a new high-voltage transmission line.
- **Received an update from Credit Services staff** on what effects they have seen of the economy on past due accounts and steps they have taken to work closely with customers needing more time and assistance to pay.
- **Approved amendments to three customer policies** that address fees, electric service conditions and customer services & credit/collections.

### Upcoming PUD Board meetings:

Tuesday, July 27  
Tuesday, August 10  
Tuesday, August 24

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.

## PUD Charity Bingo Tent

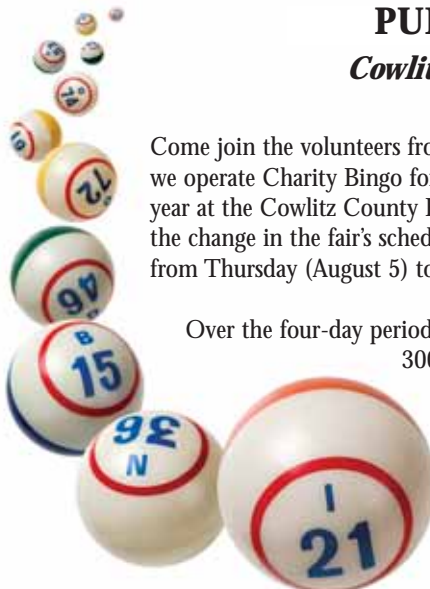
*Cowlitz County Fair – August 5-8*

Come join the volunteers from Cowlitz PUD as we operate Charity Bingo for the 5th consecutive year at the Cowlitz County Fair. Make sure to note the change in the fair's schedule, this year running from Thursday (August 5) to Sunday (August 8).

Over the four-day period we'll play close to 300 games of bingo. It only costs 50¢ for one bingo card. Half the proceeds from each game go to the person who

calls the first bingo and the other half goes to our two charities – the PUD Warm Neighbor Fund and the American Cancer Society Relay for Life. We have raised over \$17,000 the past four years and with your help we'll add a lot more to that in 2010.

The PUD bingo tent will open all four days at noon. We have a lot of fun coming to the fair and meeting our customers and working together to raise funds for two good causes. We look forward to meeting you.



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

In the face of a poor economy in 2008-09 you may have wondered why the PUD was not announcing budget cuts or job lay-offs like many other businesses and government agencies faced.



The answer was in our annual overview of accomplishments and activities published in last month's newsletter. The back page included an abbreviated version of our income and balance sheet showing 2009 net income of \$4.4 million. Those funds are added to reserves to help offset future rate increases and pay for major capital projects. So 2009 was actually a pretty good year for us.

Why so different from many other businesses and agencies? Stated simply our business drivers are much different than those of most private companies and state and local government.

First off, less than seven percent of our budget is labor and benefits. If we cut our labor expenses by 25 percent, it would only reduce our revenue requirement (and ultimately your rates) by less than two percent.

Our revenue stream is different as well. State and local governments, particularly in Washington, rely significantly on retail sales and sales tax income. Private companies rely on the demand for their products which can drop significantly in a bad economy.

With electricity, the amount used is not as dependent upon the economy. Economists refer to this as a product or service having low price elasticity. Our larger industries used less in 2009, but that did not influence our net income much because it also means we bought much less wholesale power from BPA. So expenses dropped proportionately.

The amount of electricity used by residential customers doesn't change much with economic conditions, but it does

change with the weather. And partially because of that, 2010 is shaping up as a different story.

Our business drivers – snow, temperature, wind, and gas prices – were weak in the first quarter. While the economy appears to be slowly improving, it is not a better year financially for the PUD. Warm temperatures in January and February reduced electric sales, particularly in the customer classes most responsible for recovery of our fixed costs.

Even after a wet spring, the snow pack in the upper Columbia and Snake River basins is pretty bad. That reduces the amount of surplus hydroelectricity available for sale. At the same time low natural gas prices lead to lower market prices for the reduced amount of surplus power that can be sold.

*“The PUD Board just approved a plan to delay several electrical infrastructure improvement projects we have planned, reducing the capital improvement budget by \$37 million the next three years.”*

Finally the wind didn't blow as forecasted in the first quarter, reducing power sales at White Creek and Harvest Wind. April and May were better, but it's hard to catch up from a bad first quarter. A reduction in hydro and wind revenues puts upward pressure on future rates.

So what are we doing about it? Our 2010 operating expense budget was cut over a million dollars from 2009, and we are working to reduce it even more. The PUD Board just approved a plan to delay several electrical infrastructure improvement projects we have planned, reducing the capital improvement budget by \$37 million the next three years. Projects we believe are most necessary for future service delivery will continue as planned.

Just as state and local government and businesses made adjustments in response to their business drivers in 2009, now it's our turn in 2010.



Brian Skeahan  
General Manager

## Contact Information

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