



# CONNECTED

The Newsletter of Cowlitz PUD

Volume 14, No. 2

## PUD Board Adopts Reduced 2011 Budget

In the face of a sluggish economy and rising electric rates, Cowlitz PUD reduced expenditures by 7.42 percent in its 2011 budget.

Overall electric system expenditures are budgeted at \$239.6 million. The cost of wholesale power is projected to be \$166.6 million or about 69.5 percent of total expenditures. Over 80 percent of the PUD's wholesale power is purchased from the Bonneville Power Administration.

Labor and benefit costs dropped for 2011, mostly as a result of not filling several positions where we saw retirements in 2010.

Revenue expectations for 2011 were developed using a conservative load forecast, based on lower-than-expected results in 2009-10. The PUD's 2011 commercial and industrial sales projections were reduced two percent and six percent respectively.

The budget includes conservative assumptions for wholesale power sales revenue from the White Creek and Harvest Wind projects. Wind sales are projected at \$20.36 million, with \$18.64 million of operating expenditures (including debt service) for a positive net margin of \$1.72 million.

### Inside This Issue:

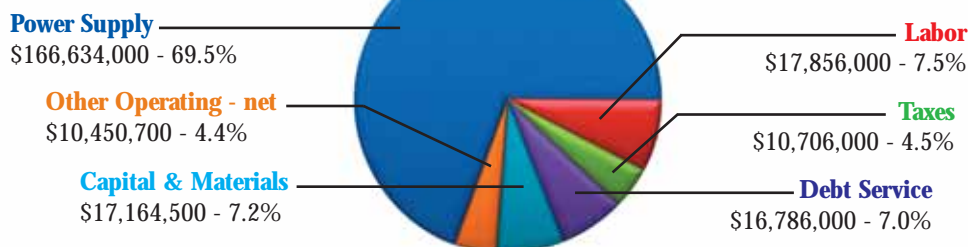
- January Board Report
- Join Us in the Warm Neighbor Program

### System improvement work will continue

The most notable budget cut was a \$20 million reduction for capital improvements. The PUD's long term plan to upgrade infrastructure will continue, but will be stretched out a few more years. In 2011 that work will include:

- **Completion of work on the Advanced Metering Infrastructure (AMI).** Performance testing of the automated metering system will continue through 2011 and it will be ready to roll-out in mid-2012.
- **Replacing out-of-date customer information and financial hardware and software systems.** This project will be completed in spring 2012 and will work in tandem with AMI to provide customers many new services in the future.
- **Rebuilding the Seventh Avenue substation** in Longview.
- **Upgrading substations from 69 kV to 115kV** for reliability, energy efficiency and load growth purposes.
- **Replacing 13 miles of aging underground cable.**
- **Meeting Federal laws that require utilities** to increase facility and electrical grid security, and protect from cyber attacks.

### 2011 Expected Expenditures by Type





*PUD operations personnel honored Rainier, OR Chief of Police Ralph Painter who was killed in the line of duty on January 5. On January 14 the funeral procession for Chief Painter started in Longview, on its way into Rainier and on to Portland to his memorial service. Many vehicles joining the procession passed the PUD's Operation Center on Industrial Way in Longview. PUD employees join our community in remembering Chief Painter, and also Cowlitz County Deputy Sheriff Dave Anderson who died on January 13.*

## **Will You Join Us to Support the Warm Neighbor Program?**

The Warm Neighbor fund helps many Cowlitz County residents struggling to pay their winter electric bills. It's funded through voluntary donations by PUD customers.

You can contribute when you pay your PUD bill. There's a space on the bill to list your donation, over-and-above the amount due. Only amounts paid in excess of the amount due can be credited to the fund.

Your contributions are forwarded by the PUD to Lower Columbia CAP, and then distributed to qualified, low-income customers.

There is a growing need for programs like this in our community. The Federal Low Income Home Energy Assistance Program (LIHEAP) is CAP's largest source of utility bill assistance, and those funds have been cut significantly in 2011.

### **Cowlitz PUD employees taking part**

PUD employees raised money at a raffle in December and have been chipping in \$2 for the right to wear jeans each Wednesday, all to help support Warm Neighbor. We've raised

\$1,700 since November, and we'll keep at it all year. Our big fundraiser is in August at our bingo tent at the fair.

Thank you to everyone who gives voluntarily to Warm Neighbor, whether it's one time or monthly. Contributions can also be made directly to CAP, which qualifies as a tax deduction.

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

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## **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.

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

## What's Happening

### *Riding the Waves of Change*

## Regional Senior Connections Fair

***Wednesday, May 2, 9:00 a.m. to 2:00 p.m.***  
***Three Rivers Mall, Kelso***

The 4th annual Regional Senior Connections Fair has moved to the Three Rivers Mall. Come meet over 50 exhibitors who will provide information about social connection, employment readiness, financial literacy, legal information, health screening, education, volunteer opportunities, and personal care or home care assistance.

Come and join in for live entertainment, give-a-ways, door prizes, test drive innovative medical equipment and participate in exercise.

For participation/registration information contact: Anita Hopkins at Lower Columbia CAP 360-425-3430 (ext. 288) or 1-800-383-2101.

*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](mailto:whathappening@cowlitzpud.org).*

## Plenty of Options When It Comes to Paying Your Electric Bill

Cowlitz PUD makes bill paying easy by offering a variety of convenient options. We send out bills once a month, a few days after your meter is read. Along with the bill you'll find an addressed return envelope to use if you choose to pay by mail. There are several other options to make your monthly PUD payment.

### **Electronically:**

Make your payment electronically, without having to write a check and walk to the mailbox:

- Pay Online at [www.cowlitzpud.org](http://www.cowlitzpud.org) with a credit or debit card (Visa or MasterCard).
- Sign up for Autopay – an electronic funds transfer from your checking or savings account.
- Sign up to make a recurring credit/debit card payment.

## Commission Activities



### January 2010 highlights:

- **Joined with other PUD Commissioners in Olympia** during the first week of the 2011 Washington legislative session, to meet with legislators and discuss 2011 issues related to PUDs and public power.
- **Approved a transfer to bad debts of 224 past-due, final accounts from 3rd quarter 2010.** The net amount transferred was \$20,811. Total bad debt write-offs totaled \$125,197 for 2010, about 15 percent under the average for the past five years.
- **Answered questions from several customers** with respect to the PUD's budget, recent rate increase, energy conservation and salary policy.

### Upcoming PUD Board meetings:

- Tuesday, February 22
- Tuesday, March 8
- Tuesday, March 22

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.

### **Pay-in-person:**

Many customers prefer to drop-off their payment or pay their bill in person. Options include:

- Pay-in-person at our main office at 961 12th in Longview.
- Pay your bill at one of five PUD pay stations located around the county.
- Drop your payment in the drop box at our front door or in the parking lot at our main office.
- Our main office drive-through window, open 8:30 to 4:45 on business days.

Just go to our website and click the "payment options" tab to find the location of the PUD pay stations and to print the forms to set up your account to be paid electronically.

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

A significant drop in wholesale and retail revenues, versus what was projected in our 2009 and 2010 budgets, was a major factor behind the PUD's recent rate increase.



Our revenues took a hit from several directions: 1) Warmer weather last winter led to less than average electric usage by residential customers, 2) A sluggish economy reduced the electric usage of the business and industry sector, and 3) Low market prices reduced revenue from sales of excess hydroelectric and wind power to other utilities.

There's a fourth factor – energy conservation. More of you were conserving, as we have encouraged. That begs the question I'm often asked: "Why should I conserve? If I do, you're just going to raise my rates." I've been asked that question since 1982 when I began my first utility job as an energy conservation adviser in Springfield, OR.

The short answer has two parts: Anything that lowers our revenue will contribute to rate pressure. But at the same time, if you conserve energy you will come out ahead.

Your electric rate has two components: The cost of the electric supply and the cost to distribute that electricity. The proportion of these two costs within the rate varies. For residential and smaller commercial customers it's about 50/50. For larger commercial and industrial customers the electric supply cost is the larger of the two.

Let's address the cost of electricity first. We've been blessed for years with low-cost hydroelectric power. But we've reached a point where we can no longer count on a surplus. In late 2011 utilities will become responsible for meeting their own load growth with alternate sources.

No matter how we meet that obligation – natural gas, wind, solar, new hydro, or purchasing on the market – wholesale power costs will rise. Thus it becomes wise for everyone to conserve to stretch those existing hydro resources.

Heating, cooling and lighting as efficiently as possible will reduce and delay the need to obtain higher cost power resources. In the short run you will save money by using less energy, and in the long run our cost per kilowatt hour (kWh) for our electric supply will be lower.

It's different for the cost of distributing electricity, which includes improvements and expansions to the grid, debt service, taxes and labor. Those costs are not helped by conservation and will grow some over time.

Spreading the distribution costs over a smaller amount of electricity used by customers – due to weather, the economy and conservation – increases the distribution cost a little on a per kWh basis. It's because the same costs are spread over a smaller base. A math wizard would describe it as having a fraction with the same numerator divided by a smaller denominator.

Overall, energy efficiency will lower the part of your electric rate that covers the electric supply. At the same time it contributes to an increase of the part of your rate that covers distribution. Added together the overall rate may increase a little in the short term, but because you are using less the net impact is a lower bill. That's because less consumption can more than offset a slightly higher rate.

It comes down to this: Would you rather pay \$95 for 1,750 kilowatt hours (kWh) at the old rate – or pay \$90 for 1,500 kWh at the new rate? We know the answer to that and that's why the PUD will continue to encourage and incent energy conservation.

Energy conservation in the long term will keep rates and power bills lower. Over time that means more money in your pocket and in the community.

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

## Contact Information

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