



CONNECTED

The Newsletter of Cowlitz PUD

Volume 14, No. 11

Electric Rate Update and Information

Your electric bill this month reflects the new rates that went into effect on November 1. Overall, electric rates increased by 17.5 percent. Hopefully you were already aware of the change, as it's been reported over the past weeks in the local media, the PUD website and past newsletters.

Based on the average electric usage of 1,500 kilowatt hours per month, residential bills would increase \$16 a month.

Several factors are driving the increase, most notably our expectation of \$11 million in reduced sales of surplus wind power in 2012. Surplus sales help offset other expenses, so when those sales drop it drives rates higher.

This is due to poor market power prices and a new law in California which restricts that state's utilities from buying out-of-state renewable power. The PUD has "intervened" in the CA legislative rulemaking process, fighting for the right to freely sell surplus resources, here or there.

Other factors behind higher rates locally include a 7.8 percent wholesale rate increase from the Bonneville Power Administration, and the PUD no longer being able to purchase low-cost hydroelectric power from Grant PUD. (See GM Brian Skeahan's column on the back page).

"This is a much higher rate increase than we expected when we planned our 2011 budget a year ago," PUD Board President Mark McCrady said. "For now lower market prices and changes in the California renewable power law are reducing the revenue we can earn selling our surplus wind power. That lost revenue affects the PUD's bottom-line and drives up power rates."

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A public rate hearing was held October 11 and attended by 80 customers. "We appreciated customers taking the time to come that night to learn about PUD issues and rates and share their opinions.

"We despise having to raise rates, whatever the amount is. But ultimately this Board is responsible to oversee a public utility that is financially strong and able to serve customers safely and reliably for many years to come," McCrady said.

RATE RECAP

Residential (schedule 1)	+17.8 percent
• Basic charge was \$6, is now \$7	
• Energy charge was 5.6¢, now 6.6¢ per kWh	
• Based on 1,500 kWh, a monthly bill will rise \$16.	
• Budget pay customers: Monthly payments adjusted by 17-18 percent, rounded to the nearest dollar.	
• Rate change will take effect on April 1, 2012 for customers enrolled in the low-income Senior Citizen and Disabled Citizen rate discount programs.	
Business and other rate classes	
General Service (schedule 4)	+17.42 percent
General Service (schedule 5)	+17.35 percent
Industrial Service (schedule 8)	+17.03 percent
Industrial Service (schedule 9)	+17.31 percent
Area lights (schedule 10)	+17.50 percent

At www.cowlitzpud.org you'll find links to all new rate schedules, Frequently Asked Questions (FAQ), a video presentation of the rate hearing and the general manager's PowerPoint presentation from the rate hearing.

It Was Our Honor...



General Manager Brian Skeahan and Commissioner Mark McCrady (foreground) joined other PUD employees and local agencies to welcome 150-200 PUD customers at the 2011 Senior Fair held in the John Searing Auditorium on October 13.

Thanks from all of us at Cowlitz PUD to everyone who stopped by our Senior Fair on October 13 at the PUD and to those who visited our booth at the Veterans Stand Down event held at the Armory in Longview on October 24.

It was a privilege to meet hundreds of customers between the two events. PUD employees handed out Compact Fluorescent Lights, electrical safety and energy conservation tips, and flyers with contact information for bill-paying assistance and discount rate information.

We look forward to the next time!

Cowlitz PUD's Fuel Mix

Fuel type	PUD mix
Coal	6.3%
Hydroelectric (Water)	82.9%
Natural Gas	2.5%
Nuclear	7.8%
Other*	0.5%

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

Over 90 percent of our power resources are purchased from BPA, which markets mostly hydroelectricity. BPA also uses nuclear power produced at the Columbia Generating Station near Richland. At times when these hydro and nuclear resources are in low supply BPA makes market power purchases, which include coal and natural gas resources in the region.

IF THE LIGHTS GO OUT



- **Never touch** a downed line. Assume it is carrying electricity and report it to the PUD or call 911.
- **Turn down** thermostats and turn off the circuit breaker to the water heater. This helps reduce initial demand for electricity when power is restored.
- **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 have returned to their 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.

YOU CAN PAY YOUR PUD BILL ONLINE

www.cowlitzpud.org

Debit or credit card (Visa/Mastercard)

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

What's Happening

COWLITZ FREE MEDICAL CLINIC MOVES NEW LOCATION, NEW TELEPHONE NUMBER



The Cowlitz Free Medical Clinic (CFMC) has moved to 1230 7th Avenue in

Longview, located on the east side (back of building) of Kaiser Permanente.

CFMC's urgent care clinic is open to adults over 18 years of age who do not have medical insurance. Call (360) 442-4165 for more information or log on to www.cowlitzfreeclinic.org. "Like" us on Facebook! www.facebook.com/cowlitz_free_medical_clinic.

CFMC is sponsored by Community Health Partners, which includes representatives from PeaceHealth/St. John Medical Center, Kaiser Permanente, Regence, Cowlitz County Health and Human Services Department and community members.

CFMC relies entirely on its volunteers' service, in-kind support, grants and private donations. Contact Susan Wendel at (360) 442-4165 or Anne O'Connor at (360) 560-1510.

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.

Commission Activities



October 2011 highlights:

- **Approved the transfer** of 268 past-due, final accounts from 2nd quarter 2010 to bad debts. The net amount transferred was \$30,857. These final bills are now turned over to an agency that will continue to pursue collecting on them.
- **Held a public rate hearing** on October 11 for the purpose of presenting a rate proposal to customers and receiving comments from those in attendance. About 80 customers attended the hearing. View the video presentation at www.cowlitzpud.org.
- **Approved amendments** to the PUD's Customer Service Policy, addressing deposits, winter bill paying options for qualified low-income customers and meter tampering. The policy is posted online at www.cowlitzpud.org/policies.php.

Future meeting dates:

Tuesday, December 13

Tuesday, December 27 (tentative – check website)

Where and when:

John Searing Auditorium at 2:00 p.m.

Cowlitz PUD - 961 12th in Longview

Check our website:

Agendas and meeting times are posted in advance.

Our Residential Conservation Program Now Offers Additional Incentives

Winter is coming and electric costs are rising, making it a good time to consider energy efficiency measures for your home. To help, Cowlitz PUD has enhanced several residential conservation programs and incentives:

INSULATION

Incentives now available to insulate attics up to R-49, from any existing amount (was R-38):

- R-0 to R-49: 70¢ per square foot
- R-19 to R-49: 40¢ per square foot

WINDOWS

To be eligible you must have attic insulation of at least R-19.

HEAT PUMP CONVERSIONS (NEW)

There are new incentives for converting an electric forced air furnace to a heat pump.

PERFORMANCE TESTED COMFORT SYSTEMS (PTCS) - DUCT TESTING AND SEALING (NEW)

All single-family residences (including manufactured and mobile homes) with a forced air electric furnace or heat pump (and 50 percent of the ducts in unheated areas) are eligible for:

- Duct testing only: \$50
- Duct testing and sealing: \$400

PTCS COMMISSIONING AND CONTROLS (NEW)

All single-family residences that install a new heat pump below an HSFP 9 are eligible for a \$300 incentive, which may be combined with duct sealing.

Our Conservation Department can answer your questions about eligibility and the new incentives. Call 360-577-7514 or email conservation@cowlitzpud.org.

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

I'm writing this just after the PUD Board adopted a rate increase of 17.5 percent. No one – you, me, our Board or our employees wants to see electric rates rise by any amount.



A few customers came to the meeting today (October 25) and about 80 attended the rate hearing on October 11. About 30 addressed the Board, some simply wanting to give us an earful. We understand.

One customer talked about the hardship for his extended family with many kids and one income. A woman who had a good pension from the telecom industry shared how the pension fund went bust. She couldn't have envisioned that 10 years ago.

Others talked about retiring and expecting social security and some money in the bank would leave them in good shape. Unfortunately times have changed, it's been hard to earn interest on savings and they've fallen behind.

The stories stick with me. And they have one thing in common – they want us to fix it by not increasing rates. We wish we could help. But as a practical matter, we can't.

Public utility rates are based on our expenses. The cost to purchase the power we resell to you makes up 72 percent of our expenses. That leaves few options for reasonable cuts.

Most of that power is low-cost hydro from the Bonneville Power Administration. We have no cheaper power options. Not even close.

The headlines around this rate increase have focused on our declining wind power sales. In good years those sales have helped offset power costs, keeping rates lower. However that's not the case in 2012. The projected lost wind revenue will create a \$11 million hole.

On top of that, there's another less discussed factor causing higher rates – the loss of our cheapest hydroelectric resources.

We've benefited since the '50s from two decisions made by our PUD Commissioners in that era: Building the Swift No. 2 hydroelectric project on the Lewis River and signing a 50-year contract to purchase power from two dams Grant PUD was building at the time on the mid-Columbia River.

Back then those resources cost more than BPA. Fortunately PUD decision makers anticipated a future bargain and they were right. Forty years later in 2001 Swift and Grant power was \$10-15 per megawatt hour (MWH), far lower than BPA.

But things changed with time. Our Swift power is now a \$38 per MWH resource, more than BPA. Why? Major expenses to repair it after a canal failure in 2002 (above insurance payments) and nearly \$40 million in capital and operating costs – mostly fish and wildlife enhancements in the Lewis River Basin, required to obtain a new 50-year Federal license.

The mid-Columbia hydro is essentially no longer available. Economic development around Moses Lake makes it necessary for Grant PUD to keep its hydropower home to meet its growing power demand. Cowlitz PUD will fill the void with BPA power, inexpensive in its own right, but more costly than the Grant power.

The Swift and Grant resources were the two main reasons our rates were lower than most others around here. After 55 years those two good things have simply ended and unfortunately there are no similar low-cost options to replace them.

Even so, Cowlitz County's residential electric rate will remain below the state average and much lower than the U.S. average.

Our job is to keep them there by seeking favorable markets for our surplus wind and hydro resources and taking every reasonable step to recover the \$9 million owed to us from our 2010-2011 wind contract with a California utility. We will keep these stories in front of you.

A handwritten signature in black ink, appearing to read 'Brian Skeahan', written in a cursive style.

Brian Skeahan
General Manager

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