

# COWLITZ COUNTY PUD

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## FOR IMMEDIATE RELEASE

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## Electric Rates to Increase 3.2% on March 2

The Cowlitz PUD Board of Commissioners passed a resolution today to increase electric rates by 3.2% effective March 2, 2006. The general rate increase had been recommended by PUD staff in the 2006 Electric System Budget, which was adopted in December.

The last rate action taken by Cowlitz PUD was in October 2004, when rates were decreased by about three percent. The 3.2% increase in March will return rates back to the 2004 levels.

During Tuesday's Board meeting it was also announced that an additional rate increase may be needed late in 2006 to meet several growing costs, including:

- BPA wholesale power costs projected to increase approximately 11.2% later in 2006. This would increase the PUD's 2006 budget by \$7 million. BPA power costs represent over half of the PUD's budget for non-industrial customers.
- Swift No. 2 replacement power costs that totaled nearly \$2 million in January 2006.
- The expected higher cost of wholesale power from Swift No. 2 due to reconstruction, plus fish-related costs associated with obtaining a new 50-year federal license to operate the project.
- Liability and health insurance premiums which are up about \$2 million in 2006.

"We have heard from many PUD customers that they prefer smaller, more frequent rate increases versus larger, occasional rate increases," PUD Spokesman Dave Andrew said. "A 3.2% increase now helps meet the PUD's immediate budget concerns and will partially offset a potentially larger increase later in the year.

"Once the BPA rates are finalized this summer and we have more information on how construction and insurance litigation will affect the cost of Swift No. 2 power, we will be able to determine the future effect on rates."

The average PUD residential electric customer, using 1,500 kilowatt-hours a month, will pay \$2.40 per month more under the new rate going into effect in March.

END