



CONNECTED

The Newsletter of Cowlitz PUD

Volume 11, No. 7

Cowlitz PUD Receives New 50-year Swift No. 2 License

July brought big news to Cowlitz PUD and its customers when the Federal Energy Regulatory commission (FERC) granted a new 50-year operating license for the Swift No. 2 Hydroelectric Project.

Swift No. 2 is located on the North Fork Lewis River, three miles east of Cougar at the northern end of Yale Lake. Also in July FERC granted PacifiCorp new 50-year licenses for its Merwin, Yale and Swift No. 1 projects. The four Lewis River projects combine to produce 580-megawatts of electricity.

FERC granted the original Swift No. 2 license in 1956 and construction started at that time. The project began producing electricity in 1959. In 1997 Cowlitz PUD joined PacifiCorp to begin a collaborative relicensing process. The PUD has been operating Swift No. 2 under annual licenses since 2006, when the original license expired.

A catastrophic canal embankment failure in April 2002 shut down Swift No. 2 until repairs were completed in January 2006.

For Cowlitz PUD customers the new Swift No. 2 license means another 50 years of a clean, renewable, low-cost energy resource. Under the new license Swift No. 2's output is rated at 67 MW. Its average annual output will light the equivalent of 12,000 Cowlitz County residences.

Under terms of its new license the PUD will invest \$39 million over 50 years. The PUD's investment, combined with investments by PacifiCorp, will fund protection, mitigation and enhancement measures covering fish, wildlife and recreation, including:

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- Automated Metering Update
- Weatherization Incentives – Wall Insulation
- A Message From the General Manager

- ◆ Phased approach to reintroduce spring Chinook, winter steelhead and coho to 174 miles of habitat above Merwin Dam for the first time since the early 1930s
- ◆ Downstream passage at Swift No. 1 (year 4) and upstream passage at Swift No. 2 (year 17)
- ◆ Upgrade and operate the Lewis River hatcheries (Lewis River, Merwin, Speelyai)
- ◆ Minimum flows and construction of a fish habitat channel in the bypass reach (old riverbed) between Swift No. 1 and Swift No. 2 to improve aquatic habitat
- ◆ Manage 525 acres specifically for wildlife habitat, including Cowlitz PUD's purchase of 283 acres of the "Devil's Backbone" in 2001
- ◆ Barrier-free bank fishing facility at the Swift No. 2 canal

"The new 50-year license, and the fish and wildlife enhancements it provides, represents a 'win-win' for Cowlitz PUD customers and every citizen who enjoys the opportunities offered on the North Fork Lewis River," Cowlitz PUD General Manager Brian Skeahan said. "We are thrilled to have another 50 years to count on this low-cost source of clean, renewable electricity to serve our customers."

YOU CAN PAY YOUR PUD BILL ONLINE

www.cowlitzpud.org

Debit or credit card (Visa/MasterCard)

Swift No. 2 Hydroelectric Project



As noted on page one, Cowlitz PUD recently received a new 50-year license from the Federal Energy Regulatory Commission to operate the Swift No. 2 project. Following a catastrophic failure of the project's canal embankment in April 2002, it has been rebuilt and now features a concrete spillway. Highway 503-Spur runs between the new canal and the Powerhouse (building with flat roof), about three miles east of Cougar, WA. Swift No. 2 produces low-cost hydropower to serve the equivalent of over 12,000 Cowlitz County residences.

Are Your Walls Insulated?

Cowlitz PUD offers weatherization incentives that could pay up to 60 to 70 percent of the cost to have insulation blown into your walls.

Washington State Building Code did not require exterior walls of residential homes to be insulated until 1978. If your home was built before then, chances are your walls are not insulated. If that's the case that means you're wasting energy and paying higher electric bills than you should be to heat and cool your home.

Cowlitz County PUD, in conjunction with local insulation contractors, can help pay a large portion of the cost to have your electrically-heated home's exterior walls insulated. Proper insulation means lowers electric bills for you, and keeps more of your dollars in your pocket.

For more information, visit www.cowlitzpud.org and click on Conservation & Renewables, then Residential Conservation. Or, call Cowlitz PUD's Conservation Department at 577-7514 for a Residential Weatherization Plus information packet which contains program specifications and a list of approved contactors. This program is not available for manufactured or mobile homes.

Cowlitz PUD's Fuel Mix

Cowlitz PUD and all other electric utilities in the state report their sources of wholesale electricity to the Washington State Department of Community, Trade and Economic Development (CTED) each spring. From that information CTED develops a utility-by-utility fuel mix breakdown. We provide this information to customers in this newsletter and on our website.

Fuel type	PUD mix
Coal	4.1%
Hydroelectric (Water)	84.8%
Nuclear	9.3%
Other*	1.8%

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

About 91 percent of the electricity provided 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 has rights to 46 percent of the electricity produced at the White Creek Wind project. We are currently selling this electricity to other utilities. We expect to begin using the White Creek power in 2012, to meet future load growth and new renewable resource requirements.

What's Happening

Harvest Classic - October 4

The 29th annual Harvest Classic, a walk/run sponsored by Early Edition Rotary, is set for Saturday, October 4. Participants will start in front of the Armory on Vandercook Way in Longview.

All proceeds raised from the event benefit the HELP Warehouse, our local food bank.

The event includes a 10k walk/run, 2.7 mile walk/run and a Pee Wee Fun Run. Registration will be held at the Three Rivers Athletic Club, 1946 8th Avenue, Longview. Start time is 8:30 a.m. with prizes to be awarded at the conclusion.

Contact Chair Mark Plotkin, 577-3137; Judy Bain, 673-3008, or Dave Coons, 425-9643, for more information.

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.



Commission Activities

July highlights:

- **Received an update from Energy Northwest** on a potential wind project in Western Washington and the outlook for developing the Pacific Mountain Energy Center at the Port of Kalama.
- **Attended a presentation by CAP on its programs**, including those that assist low-income customers with paying their electric bills.
- **Approved the transfer of 297 accounts totaling \$46,766 (net) to Reserve for Bad Debts** (for accounts closed in first quarter 2007). Auditor Pat Lloyd reported that the PUD's bad debt totals continue to steadily decrease, which is attributed to the 2006 conversion to monthly billing and a stepped-up collection effort. This was the lowest bad debt total for the second quarter since before 2000.

Upcoming PUD Board meetings:

Tuesday, August 26 Tuesday, September 9
Tuesday, September 23

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.

Automated Metering - *2008 meter installation work is underway*

Cowlitz PUD meter technicians are busy installing 60-80 new automated meters per day as we continue with the second year of a 5-year Advanced Metering Infrastructure (AMI) plan. During August our technicians will be working in residential areas in Longview, between 7th Avenue and Washington Way. We expect to install nearly 10,000 automated electric meters in 2008.

The PUD launched AMI in 2007. When completed in 2011 every customer will have a new meter that communicates on a real-time basis with computers in the PUD office, via a signal over power lines. Meters will be read automatically from the PUD office. One day you'll be able to monitor your electric usage online and set your monthly billing date.

Meter Readers will continue their work for now

After your new automated meter is installed, Cowlitz PUD will continue to send a meter reader to read it until further

notice. Besides the new meter, the AMI project includes new equipment in all of our substations and new software. It will take a lot of system configuration and tuning work to make sure the entire system is accurate and reliable in performing its job.

A big part of the installation includes system testing. For awhile we will send a meter reader and also read the meter automatically. Once you get a new meter it could be 1-2 years before we are reading it regularly from the office. We will use this newsletter to let you know when your meter reading is automated.

If you have a question about automated metering, please email it to us at customercomments@cowlitzpud.org and type "Automated Metering" in the subject line. You can also send your question to us at 961 12th Avenue, Longview, WA 98632. Please write "Automated Metering" next to the address.

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

The Board and I are elated that the Federal Energy Regulatory Commission has granted Cowlitz PUD a new 50-year operating license for our Swift No. 2 Hydroelectric Project on the Lewis River.



For years we have benefited from electric rates well below the average in the low-cost Pacific Northwest. And Swift No. 2 has perhaps been the single most significant factor contributing to those low rates.

With a new license in hand, it's a good time to look back to 1956 when the first license was issued and construction began. (For what it's worth, that was also the year I was born.) Glenn Hittle was the PUD General Manager at the time and Earl Cole, Frank Jaeger, and E.T. Cooney were the Commissioners who made the decision to construct the project. During the construction of Swift No. 2, Bill Sailors replaced Mr. Cole on the Board.

History has proven that these men made a bold and wise decision to invest in this hydroelectric project. In 1956, only a few other consumer-owned utilities had, or were considering, constructing their own power projects. The reason most utilities chose not to build was pretty simple: At that moment in time they could buy power from BPA at a lower cost. Most were satisfied to be "renters" of the BPA system, not willing to take on the risks and challenges of building their own projects without knowing for sure if-or-when their investment would pay off. The vision and foresight of the Cowlitz PUD Board and staff way back in the 1950s really paid off.

Initially the Swift No. 2 electric output was sold to Pacific Power and Light – the investor-owned utility which owns three other projects on the Lewis River (Merwin, Yale and Swift No. 1). Power for the PUD's customers continued to come from BPA, while the Swift No. 2 sales revenues helped

help keep our rates low. It wasn't until about 1983 that the cost of Swift No. 2 power became less expensive than BPA. Since then PUD customers have used the power directly and have continued to benefit from the low-cost power produced at Swift No. 2.

In 1997, with nine years left on the license, the PUD began the process to seek a new license from FERC. In April 2002, with the relicensing process in high gear, a disaster struck at Swift No. 2 in the form of a catastrophic canal embankment failure. The project was heavily damaged and could not operate.

At that time my predecessor Denny Robinson, along with Commissioners Ned Piper, Gale VanCuren, John Searing and later Buz Ketcham, faced a tough decision whether to rebuild Swift No. 2 or sell it. Like the PUD leaders who made the bold decision to build in the 1950's, Denny and the Board also chose to build, or in this case rebuild.

Reconstruction costs (above what was covered by insurance), along with all the costs required to relicense a hydro project (primarily for fish and wildlife enhancements) today make Swift No. 2 power more expensive to produce than before the failure. Even so, it is only a bit higher than today's BPA costs and there is little doubt that the same historical scenario will play out in a few years and Swift No. 2 power will once again cost less than BPA power.

Now Swift No. 2 is essentially a new project, with a new 50-year license. Just like in the 1950's there is no doubt it was a wise choice to rebuild, a decision that will benefit PUD customers for generations to come.

A handwritten signature in black ink, appearing to read "B. Skeahan". The signature is fluid and cursive, written over a white background.

Brian Skeahan
General Manager

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