



The Newsletter of Cowlitz PUD

Volume 12, No. 1

2009 Budget Continues PUD Rate Stability

Cowlitz PUD's 2009 electric system budget calls for no change to rates at this time, meaning electric rates will again remain the same as they were in October 2003.

Expenditures are budgeted at \$256.1 million, up eight percent over 2008 and includes \$169.3 million for wholesale power costs or about 66.1 percent of the total expenses. Labor costs represent 6.5 percent of the budget at \$16.5 million and taxes make up 4.3 percent at \$11.0 million.

White Creek Power Sales Strong

The decision to invest in the development of the White Creek Wind Project has proven to be wise. The 2009 budget projects net revenue of \$4.9 million from the sale of the White Creek electricity. Cowlitz PUD will continue to sell its share of White Creek power until 2012, when the state's new renewable power standards go into effect.

As announced earlier this year Cowlitz PUD is teaming up with three other Northwest public utilities in 2009 to develop another wind project, the Harvest Wind Project, adjacent to White Creek in Klickitat County.

The PUD will continue in 2009 to work at a strong pace to upgrade electrical infrastructure to meet the needs of our next generation of customers. Capital improvement costs are budgeted at \$35.2 million in 2009 – highlighted by:

- Installing another 11,000 automated meters as the PUD moves into the third year of its five-year Advanced Metering Infrastructure project.

Electric rates will again remain at the same levels as they were in October 2003.

Inside This Issue:

- December Board Report
- Annual PUD Food Drive
- Water Heater Safety

- Installing a test solar power project at the PUD's Longview Operation Center.
- Continuing a seven-year plan to upgrade all substations from 69- to 115-kilovolts for reliability and load growth.
- Updating the electric distribution system in the Lewis River Valley to improve reliability of service.
- Replacing out-of-date customer information services and accounting hardware and software with new technology.
- Installing a new System Control and Data Acquisition (SCADA) system. SCADA allows us to control and operate the electric system from our Operation Center.

“This budget continues the PUD's effort to maintain the electrical infrastructure for our grandchildren, leverages new technologies, and prepares the electrical grid for economic growth. And it does so while maintaining the rates at 2003 levels,” PUD Board President Buz Ketcham said. “Our employees are dedicated to a goal of taking our utility from good to great, and this budget reflects their skill and perseverance.”

The budget also notes a proposed 10 percent increase in Bonneville Power Administration wholesale power costs, projected for October 2009. Our BPA bill represents over half of the total budget, so a wholesale rate increase of that magnitude from BPA could eventually mean a local rate increase. We will keep you posted on the BPA regional rate process and how it could affect local rates later this year.

Notes From a Cold and Snowy December

Cold Weather = More Usage = Higher Bills

Cowlitz PUD customers set a record for peak electric demand during the cold stretch in December. The peak demand for residential, business and small industrial customers was up 31 percent over the peak for December 2007.

When temperatures drop, electric heaters run longer. Electric heat represents about half your electric bill, so more heat adds up to a higher bill. The electric demand statistics above are a good indicator that your electric usage was up considerably in December.

Meter Reading Difficult in Icy Conditions

Some PUD customers in rural areas around the county received estimated bills in December, as our meter readers could not reach some areas in the extreme weather conditions. Rather than wait for roads to clear and send out a very late bill, it was practical to estimate the bill using a conservative comparison to December 2007 usage. We posted a notice on each estimated bill.

Since electric meters are on a continuous cycle (they are not reset to “0” each month), the January meter reading will allow us to “true up” any estimated billings.

PUD Crews Work Hard to Restore Power on Christmas

The heavy snow around Christmas Eve and Christmas Day brought down many large tree limbs and trees, blocking roads and knocking down multiple power lines. About 35 PUD employees teamed up on Christmas Day to get the power back on to the 3,000 customers who had lost power. It took a little longer to get the power back on in Ariel and Cougar, but once the heavy snows relented we got it done.

Thank you to our customers for their understanding and patience while their lights were out. Many stepped outside to give kind words and holiday wishes to our line crews, and many others called to check on the status of their power outage and were glad to know the PUD was out in force to make repairs on the holiday. Your kindness and concern was much appreciated.

A Lower Water Temperature Reduces Your Electric Bill and Scalding Risk

If your electric water heater is set at 150° F and you turn it down to 120° F, you'll save \$100 a year on your electric bill. And also by lowering the setting, you greatly reduce the risk of a scalding accident.

Washington State law (RCW 19.27A.060) requires new water heaters sold in the state (for residential use) be pre-set at 120° F and requires Cowlitz PUD to notify customers annually that:

- State law recommends their water heater should be set no higher than 120° F (or the minimum setting on a water heater which cannot be set as low as 120 °) to prevent severe burns and reduce excessive energy consumption; and,
- That the thermostat of an individual water heater provided to new tenants in a leased or rented residence shall be set no higher than 120° F (or the minimum setting on a water heater which cannot be set as low as 120 °) pursuant to chapter 19.27 RCW.

TO CHECK AND ADJUST YOUR HOT WATER:

- Run hot water at the faucet nearest your water heater.
- Measure the water temperature with a cooking thermometer. If it's above 120° F, consider turning it down.
- You will need a flat-tip screwdriver and possibly a Phillips screwdriver. We also suggest using gloves, as you will be working around insulation.
- **TURN OFF THE ELECTRICITY TO YOUR TANK PRIOR TO MAKING ANY ADJUSTMENTS.** This is done by switching off the appropriate breaker at your electric panel.
- Remove the thermostat access panel(s) and cover(s). Do not remove the plastic protectors covering the thermostats.
- Using a flat tip screwdriver, rotate the adjusting knobs to the desired setting.
- Replace the covers and access panels, and turn on the electrical supply.

Water Temp.	Serious Burns Occur	Electric Cost*
150° F	LESS THAN 2 SECONDS	\$341
140° F	Less than 5 seconds	\$306
130° F	About 30 seconds	\$270
120° F	OVER 5 MINUTES	\$241

**The estimated electric cost is based on usage for an average family of four.*

Customers Invited to Join PUD Employee's Food Drive



Last winter Cowlitz PUD employees collected 5,002 pounds of food and household supplies for CAP's Help Warehouse. We are about to kick-off the 2009 food drive and we want our customers to feel free to join in.

Until March 15 you can bring a can of food to the PUD office at 961 12th Avenue in Longview and drop it into the collection box in the main lobby. With your help this year's drive will be another great success, as we work together to help those in need in our community.

Thanks in advance for your donation.

Commission Activities



December highlights:

- **Hosted a workshop with District 18 and 19 legislators** to discuss energy issues and the 2009 state legislative session. Most of the discussion centered on potential legislation addressing climate change and possible amendments to I-937. Other legislative issues discussed included a suggested new vegetation management law and a change to the State Privilege Tax, which is being recommended by the Department of Revenue.
- **Approved the 2009 budget**, which included \$35.2 million for capital improvements.
- **The swearing in of Commissioner Buz Ketcham** to a second six-year term beginning in 2009, following his recent re-election.

Upcoming PUD Board meetings:

Tuesday, January 27

Tuesday, February 10

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.

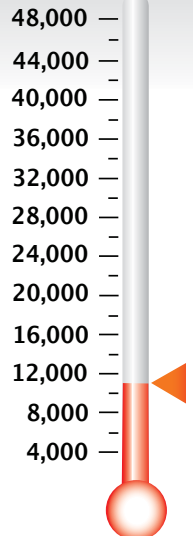
Automated Metering - *2008 Installation Goal Met*

By mid-December Cowlitz PUD meter technicians had reached the goal of installing 11,000 new automated meters by the end of 2008. The PUD's Automated Metering Infrastructure (AMI) project began in 2007 with a goal of all 48,000 PUD customers having a new meter by 2011. The thermometer at the right shows our progress.

In 2008 we installed new meters in many Longview neighborhoods, as well as large areas of Castle Rock and Kalama. The 2009 schedule includes more work in Longview, plus meter installations in Kelso and Woodland. As the year progresses we'll provide more installation details in this column, plus customers scheduled to receive a new meter will be notified several weeks in advance.

When we are finished in 2011 every PUD customer will have a new automated meter with a digital readout that will communicate 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. We will continue to send meter readers as the project continues.

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...

I'm always glad when our Board can pass a budget that calls for no change to rates. And that's the case as we begin 2009 – the rate you pay today is the same as in October 2003.



Nearly 60 percent of our 2009 budget is dedicated to BPA power and transmission costs. After a tumultuous 2000-2002, BPA has worked hard to stabilize its rates, (which will continue steady at least through next fall.) In fact, on an inflation-adjusted basis, BPA rates are comparable to their lowest point over the past 25 years.

So we've benefited from BPA's rate stability. But that's not the only reason why PUD rates remain stable. Our long-term approach for strengthening the power generation and distribution capabilities of our system has also had a positive influence on the electric rate you pay.

The recent budget problems faced by many state and local governments have caused me to reflect on the approach your PUD Commissioners are taking on the fundamental direction of this utility. Rather than allow short-term events to unduly alter our course, the PUD remains firmly committed to executing a set of strategic long-range goals for the benefit of our customers – today and tomorrow.

These goals are the product of two strategic planning sessions the PUD Board of Commissioners, department directors and I undertook in 2007 and 2008. The results of these efforts provide an overall direction and guidance for the utility.

The top priorities coming out of the strategic process include:

- Retaining, developing, and attracting great people to work for the PUD even while we face many "baby boomer" retirements and a shortage of people with the right skills.
- Establishing an energy portfolio and energy conservation plan to prepare us to meet power supply needs in a future world that will be very different than our past.
- Selecting and using technologies that strengthen our

abilities to provide service and enhance our productivity and management capabilities.

With a long-term plan in place, our budget becomes a logical extension of the key policies and decisions the Board has made outside the budget process. These policies and decisions reflect our strategic plan and ensure the proper operation of the utility:

- A Financial Policy that promotes affordable and stable rates, governs the use of debt and assures the PUD is in strong financial shape.
- A seven-year Capital Improvement Plan, prepared by our engineers, to improve and expand our transmission and distribution system to serve future generations of customers.
- An Employee Compensation Policy that sets wages and benefits based on a comparison with 13 other regional utilities. Again, one of our strategies is to retain, develop and attract great people to the PUD. That means paying competitive wages within our industry, to ensure that we attract skilled employees and keep employees we have recruited and trained.
- An Integrated Resource Plan that provides direction on how we meet future power supply needs. Historically we have relied on BPA to meet load growth, but that ends in 2011. In 2012, we begin new renewable power resource requirements approved by voters in I-937.

We have developed and implemented these plans and policies to keep the PUD on a steady pace while our world grows and changes. However, one Cowlitz PUD tradition will carry on: Excellent customer service and rates that are among the lowest in the region and the country.

Quality employees executing a well-thought forward-looking plan will allow Cowlitz PUD to continue that tradition.

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

Brian Skeahan
General Manager

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