



CONNECTED

The Newsletter of Cowlitz PUD

Volume 11, No. 3

Good News – **BPA Settlement Means Money Back to PUD Customers**

Cowlitz PUD will receive an interim payment of \$14.66 million from Bonneville Power Administration in April, which is our share of \$336 million BPA is returning to its Pacific NW utility customers. The PUD will return those funds to its customers, via a refund or billing credit, later this spring.

The \$336 million represents a portion of the amount BPA collected through wholesale power rates since October 2006 to fund the Residential Exchange Program (REP), which a Federal court has ruled was improperly funded. The REP is used to distribute financial benefits of the Federal Columbia River Power System to the residential and small farm customers of the region's investor-owned utilities (IOUs).

Last May the U.S. Ninth Circuit Court of Appeals ruled that BPA's method of allocating the costs of the settlements to publicly-owned utilities was not in accordance with the law. As a result, BPA suspended payments of \$28 million a month to the IOUs. But because it cannot change rates outside a formal rate process, it's still collecting that amount through the rates charged to Cowlitz PUD and other public utilities. This has left BPA with larger financial reserves than it needs, so consequently it's offering the interim payments. The possibility exists for a second smaller BPA payment in late 2008.

Customer Information Available

Cowlitz PUD's Annual Customer Report and information about electric rates, customer policies and a fuel mix report is available on request or can be accessed on our website.

Inside This Issue:

- Automated Metering Update
- Take Advantage of H² Advantage
- A Message From the General Manager

How Much Will the PUD Return to Me?

Through a billing credit or refund, the PUD will return these funds to customers later this spring. The higher your electric consumption, the more you have overpaid – meaning your credit/refund will be higher.

Since our large industrial customers use about two-thirds of the power the PUD sells, that group will receive about two-thirds of the BPA returned funds. The 43,000 PUD residential customers, who combined make up about 16 percent of the PUD total power sales, would receive an average credit or refund of about \$55.

Important: \$55 is an average amount for all residential customers. If you use a small amount of electricity, expect a return less than the average. If you live in a large, all-electric home with a large family, and use a lot of electricity, you could expect a return higher than the average. Whether you are a residential, business, or industrial user, the return will be based on power usage.

Final details will be determined in March, after which customers will be notified of the method and timing of the refund/credit via this newsletter, our website and the local media.

YOU CAN PAY YOUR PUD BILL ONLINE

www.cowlitzpud.org

Debit or credit card (Visa/MasterCard)

Reduce Your Electric Bill with an Energy Efficient Heat Pump



At left: Cowlitz PUD Energy Conservation Adviser Rob Salberg inspects a heat pump installed under the PUD's H² Advantage Plus Residential Heat Pump Program.

A heat pump can help you save up to 50 percent on the heating portion of your electric bill. Along with that you can also save on the installation cost by utilizing the PUD H² Advantage rebate.

The program provides rebates up to \$900 on a heat pump installation, along with a list of contractors pre-qualified by the PUD to perform work under this program. You must use one of these contractors to qualify for funding from the PUD. After the installation is completed, one of our conservation advisers will come to your home and verify the installation.

For more information go to:

http://www.cowlitzpud.org/h2_advantage.html or contact our Energy Conservation Department at (360) 577-7514 or (800) 631-1131.

Consumer Alert – Don't Overpay for New Windows

Now is a good time to be on the lookout for the “hard sell” to purchase replacement windows for your residence. You might hear the following statement in a sales pitch from a window salesperson: “I can't guarantee this price will be available next week or even tomorrow but I can offer it to you today. Just sign here.”

This sales approach or something similar often comes via telemarketers, door-to-door sales or an out-of-area vendor at a county fair, local home show or similar event. Another tip-off is someone trying to sell you replacement windows costing as much as \$60 to \$100 per square foot.

The truth is good quality windows can

be purchased and professionally installed by local businesses at reasonable prices. What's reasonable? It's our experience that quality thermal pane windows, fully installed, should cost \$18 to \$23 per square foot in most cases.

If you are considering new windows we strongly suggest getting at least two or three estimates. Once you get the bids, compare them and check references. A reputable contractor will encourage you to compare other contractors' prices and services.

The PUD's energy conservation staff has many years of experience. If you have concerns about someone wanting to sell you weatherization services, please feel free to check it out by calling the PUD.

Invest in Green Power – Just \$2 a Month!

Cowlitz PUD's Renewable Resource Energy program lets customers voluntarily support development of environmentally friendly “Green Power” sources like wind, solar, low-impact hydro, geothermal and biomass. The cost is two dollars per 100 kilowatt hour block of electricity – added to your regular monthly PUD bill. Access www.cowlitzpud.org,

go to the Conservation and Renewables pull-down menu and look for Purchase Green Tags to find out more.



What's Happening

Earth Day

Saturday, April 19
Cowlitz County Expo Center
10:30 a.m. to 3:30 p.m.



Cowlitz PUD always looks forward to participating in the local Earth Day celebration. It's a fun family event, with many local businesses and organizations on hand. We encourage you to come join us on April 19.

The Port of Longview and Cowlitz PUD will team up to feature information about wind power and the White Creek Wind Project. The PUD will also offer helpful energy conservation tips and information on heat pumps, appliance rebates and net metering. Plus, we will have electrical safety booklets for kids of all ages.

Mark down April 19 on your calendar and join us for Earth Day.

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.

Automated Metering - *First 1,500 Meters Tested and Approved*

Cowlitz PUD has completed system acceptance testing on the first 1,500 new automated meters it installed in the summer and fall of 2007.

By 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. It will allow us to read your meter automatically from the PUD office. One day you'll be able to monitor your electric usage online and set your monthly billing date.

The testing process is necessary to confirm that we can communicate via computer with all the new meters. Nearly all the new meters passed with flying colors during the first series of testing. However a handful of three-phase service meters, used for large commercial and industrial customers, initially failed to pass the rigorous testing process. Representatives of Cannon, the metering software

Commission Activities



February Board highlights:

- Presented PUD Linemen Brad Keith and Chris Willie with letters of commendation, recognizing their emergency response efforts in reacting to and taking control of a vehicle accident last November until emergency crews arrived.
- Accepted an agreement from BPA providing for the return of \$14.66 million, which partially covers overpayments under the Residential Exchange Program. (See article on page 1.)
- Received a PowerPoint presentation on the new residential wind turbine installed by PUD customer Don Sims under the PUD's Net Metering policy.
- Met with representatives of Weyerhaeuser and Longview Fibre Company to discuss the BPA supplemental rate case and Residential Exchange Program.

Upcoming PUD Board meetings:

Tuesday, March 25 • Tuesday, April 8

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.

manufacturer, responded and have diagnosed and corrected a few lingering problems. We now have 100 percent success with our first installation.

PUD meter technicians will install another 11,000 meters in 2008, starting in April or May. PUD customers served by our 7th Avenue and Washington Way substations – including Downtown Longview, Broadway addition, Lake Sacajawea area and Olympic addition – will receive a letter this spring, notifying them of a pending installation.

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. If you don't have email access, send your question to Cowlitz PUD, 961 12th Avenue, Longview, WA 98632. Please write "Automated Metering" next to the address.

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

I'll start out my column this month with a warning: What you are about to read is a very complicated and quite technical issue! Please forgive me for all the detail, but it is an extremely important matter for Cowlitz PUD and each of our customers. You will hear a lot about this in coming months and I want to share my perspective.



You read on page one about the \$14.6 million payment the PUD expects to receive in April in response to a public power victory in the Ninth Circuit Court of Appeals. The dispute is over how much money BPA (and thus customers like you) pays to customers of investor-owned utilities (IOUs). Last May the court ruled that BPA was not making those payments in accordance with the provisions of the Northwest Power Planning and Conservation Act (Regional Act).

This court ruling is the latest in a battle dating back to 1980 when the Regional Act was passed by Congress and signed into law. Prior to 1980 the customers of publicly-owned utilities, such as Cowlitz PUD, had "preference rights" to the low-cost power produced by federally owned hydro-electric facilities.

In the late 1970s customers of IOUs argued these preference rights were not fair, and that IOU customers, primarily those in Oregon, should also receive the benefits of low-cost federal power. They were joined by the other states in the Pacific Northwest, who unlike Washington, are primarily served by IOUs. The Regional Act attempted to reach a compromise by providing IOU customers some benefits, but limited what those benefits would cost public customers by making the aluminum companies pay more.

The law really didn't solve the problem, and the public utilities and IOUs have been fighting about it since 1980. The decline of the aluminum industry in the Pacific Northwest has only made a durable resolution more difficult.

How much we ultimately get as a result of the May 2007 ruling will be determined in a process that BPA just began. Approximately \$2.1 billion in total benefits to IOUs was paid since 2001 and is in dispute. Different people have different opinions as to how much of this amount was illegal. We believe Cowlitz is entitled to an additional recovery above the \$14.6 million. Our commissioners have directed the utility to stay very involved in the BPA process to make sure your interests are well represented.

That said, the Board is also anxious to fairly resolve this long contentious issue and move forward with new 20-year power sales contracts. Our current BPA contract expires on October 1, 2011. We have been working hard for over a year on replacement contracts, and expect an offer by this fall.

Despite the disputes over issues such as IOU payments and ever-growing fish recovery costs embedded in BPA rates, federal hydropower is still a really good deal. Generating that same power from a combination of natural gas burning plants and renewable resources would cost in the neighborhood of 2-3 times the cost of the federal hydropower. Our Board is concerned about periodic efforts from other parts of the country to take away some of the benefits of our BPA power for other governmental purposes. This concern grows in the face of significant federal budget deficits, baby boomer retirement and spiraling Medicare and Medicaid costs.

By signing 20-year contracts today we can take a big step in reducing this threat. We are working hard to accomplish that and fairly settle these historic fights, while keeping the benefits you enjoy from our Pacific Northwest Federal hydropower.

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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