

Grays Harbor PUD Looks to Rate Increases in 2010

Local News

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ABERDEEN, Wash. - The Grays Harbor Public Utility District (PUD) Board of Commissioners has approved a 2010 spending plan that anticipates an 8 percent rate increase due to increased wholesale power rates from the Bonneville Power Administration (BPA), costs incurred to comply with the conservation and renewable energy mandates of voter-approved I-937 and a continued decline in secondary power markets where Grays Harbor PUD sells surplus power. "This budget reflects the real impacts of increased power costs and the new expenditures associated with conservation and renewable energy requirements on the PUD and its customers," said Tom Casey, PUD Commission president. "The increased financial burden of BPA's rate increase, as well as the costly obligations of complying with I-937, make it very difficult for the PUD to develop a 2010 budget without any revenue increases."

"In addition, the economy is having an impact on revenues from secondary power sales. Grays Harbor PUD has a good track record in selling surplus power in Western electricity markets and using that revenue to reduce or prevent rate increases. But power prices are down, and that means revenues from surplus power sales are declining. We are projecting decreased revenues in 2010 from the sale of surplus power which plays a significant role in our financial situation," said Casey.

Voter-approved I-937, now known as the Energy Independence Act, requires utilities with 25,000 or more customers (Grays Harbor PUD has over 43,000) to provide a specific percentage of their energy from renewable energy resources and implement "all cost-effective" energy conservation. The PUD has been obligated to make significant investments in developing wind farms and other renewable projects because hydropower, which makes up most of the PUD's power resources, is not an "eligible renewable resource" that can be applied to meet the state mandates.

Grays Harbor PUD, which has not increased customer rates since 2001, receives 78 percent of its total power resources from the Bonneville Power Administration (BPA) and has been significantly impacted by the costly rate increase enacted by BPA last October. Based on Grays Harbor PUD's BPA contracts, the impact to the District is a 4.6% increase in cost.

The proposed rate increase would also provide funds to pay for future capital improvements which will reduce the utility's long term debt.

The Board of Commissioners will consider PUD staff recommendations regarding the possible rate increase at the January 11, 2010 Commission meeting.

In addition to covering the significant costs of increased power rates and conservation and renewable energy investments, the Operations and Maintenance Budget approved by the Commission, totaling \$84.8 million, also provides additional funding for tree trimming to minimize power outages caused by vegetation, substation maintenance work, and investments in the communication system that monitors and controls the electrical system, ensuring continued first-class and reliable PUD service.