

## **PUD Rate Increases Approved by PUD Commissioners**

### **Local News**

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**Aberdeen, WA &ndash;** The Grays Harbor Public Utility District (PUD) Board of Commissioners today approved an 8 percent rate increase to compensate for increased wholesale power rates from the Bonneville Power Administration (BPA), increased costs associated with compliance with the renewable energy mandates of voter-approved I-937, and the continuing decline of secondary power markets where the PUD sells surplus power. In addition, the increase will provide funding to allow a portion of future capital projects to be funded from revenues, reducing the utility's debt.

"We have no choice but to implement a rate increase," said Truman Seely, Grays Harbor PUD Commission President. "This rate increase is a necessary action to combat the costs of increased power and the new expenditures associated with renewable energy requirements on the PUD and its customers," said Seely. "These two factors, combined with a dramatic reduction in revenues we generate from the sale of surplus power into Western power markets have forced the PUD to take this action. We also have made a commitment to fund a portion of future capital projects from revenue to reduce debt. Part of the increase will generate funds to pay for a minimum capital budget that will ensure system reliability and safety," said Seely.

Grays Harbor PUD, which has not enacted a rate increase since 2002 and receives 78 percent of its power from the BPA, has been significantly impacted by the costly 4.6 percent rate increase levied by BPA last October.

Voter-approved I-937, now known as the Energy Independence Act, requires utilities with 25,000 (Grays Harbor PUD has about 43,000) or more customers to generate a specific percentage of their energy from renewable energy resources, as well do all cost effective energy conservation measures. 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 resource that can be applied to the meet the state mandates. In addition, spending for conservation is increasing to meet requirements under the Act.

In addition secondary power markets, historically a revenue source for the PUD through surplus power sales, have been depressed, adding to the current budgetary restraints currently faced by the PUD.

"In past years the PUD has been fortunate enough to generate revenue from strong surplus power markets. Unfortunately, with the continued weak economy, surplus power sales are down and we are forecasting further decreased revenues in 2010," said General Manager Rick Lovely.

Prior to recommending a rate increase, the PUD utilized several cost saving measures including reductions in staffing levels through attrition.

The rate increase will go into effect February 1, 2010. The increase will mean an increase in the

average customer's bill of \$7 per month.