Grays Harbor PUD Considers "Hold The Line" 2012 Budget

Local News

Posted by: David Haviland

Posted on : October 5, 2011 at 4:20 am

Aberdeen- The Grays Harbor PUD Board of Commissioners are considering a 2012 budget that continues to meet the needs of customers with no change in rates. The Board will need to finalize a spending plan by the end of the year. The Board is considering a proposed Operations and Maintenance plan totaling $107.5 million and a Capital budget of approximately $9 million for 2012. On the expense side of the budget, the PUD is continuing to be challenged by rising power costs and costs associated with compliance with state mandates. “The impact of the Bonneville Power Administration rate increase that went into effect this month is expected to be more than $800,000 in 2012,” said Rick Lovely, General Manager of Grays Harbor PUD. “This is less than originally projected but still impacts power supply costs which is the largest cost center in the O&M budget, making up 60 to 70% of the budget.” In addition, the PUD continues to see increased costs in conservation and renewable resources to meet state mandates under the Energy Independence Act.

These mandates require utilities with 25,000 or more customers to do all “cost effective” conservation as well as meet requirements for renewable resources. In 2012, the increased cost for conservation compliance measures is about $800,000. However, these costs are expected to be offset by funds the PUD receives back from the Bonneville Power Administration for energy conservation projects. The preliminary budget includes cost-savings to keep internal expenses down as the PUD works to minimize the impact of increasing power supply costs and other required expenses.“The PUD has been in cost cutting mode since 2009 when BPA rates increased, revenue from the sale of surplus power in secondary power markets declined due to the economy, and renewable resource costs increased,” said Rick Lovely. “Reduced staffing levels through attrition during the past couple years has resulted in cost savings that will continue in 2012. Overall the District continues to hold the line on internal expenses that we can control. That has helped put us in a position where we are able to hold the line on rates despite increasing power costs,” said Lovely. Revenues for the coming year are projected to show improvement over 2011 with one of the main impacts being the welcome return of the Cosmo Specialty Fiber pulp mill as a large industrial customer. In addition, other loads have been added and the PUD anticipates these loads will continue in 2012. Secondary power markets remain stagnant but the PUD is not projecting a further decline in revenues from surplus power sales in 2012.