# *Grays Harbor PUD Adopts 2012 Budget*

**Local News**

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Aberdeen, WA - The Grays Harbor PUD Board of Commissioners approved a budget for 2012 at the December 19, 2011 Commission meeting that maintains service levels with no increase in rates. The 0% rate increase budget was developed despite rising power costs due to a rate increase effective October 1, 2011 by the Bonneville Power Administration for the power purchased by Grays Harbor PUD to serve customers.
“Rising power costs continue to be a challenge for utilities throughout the region including Grays Harbor PUD,” said Rick Lovely, General Manager of Grays Harbor PUD. “The District has diligently worked to lessen the impact of BPA’s rate increase and we have reduced the expected increase in these power supply costs to about $800,000 in 2012. In addition, we continue to be cost conscious and keep internal expenses down as the PUD works to minimize the impact of increasing power supply costs and other required expenses.” Lovely added. “During the past few years, we have reduced staffing levels through attrition and implemented other cost savings measures which have helped put us in a position where we are able to hold the line on rates in 2012 despite increasing power costs,” said Lovely. “We will continue to evaluate staffing levels in the coming year as retirements occur.” The PUD has reduced staffing levels from 176 positions in January of 2009 to 160 by the end of December 2011.

The Operations and Maintenance Budget for 2012 totals $107.5 million with more than 65% going to fund power supply. The PUD’s Capital budget totals about $8.48 million and focuses on investments in electric system reliability, with much of the funding going to update and replace deteriorating equipment. In addition, the 2012 Capital budget includes funding for three substation projects: Completion of a new substation on Powell Road in the northern part of the county which will improve reliability for customers in the northern part of the PUD’s service area ($200,000) Upgrades to the substation located on State Street in Aberdeen which will improve reliability and power quality in the downtown Aberdeen area ($350.000)Engineering design work for a new substation to replace the existing substation in Central Park to increase accessibility and update aging equipment ($250,000)The budget is based on retail revenue projections for the coming year that 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. The budget also anticipates continued stagnation of secondary power markets where the PUD sells surplus power.