# *Grays Harbor PUD says Possible Rate Increase Put on Hold*

**Local News**

Posted by: David Haviland

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**Aberdeen**- The Grays Harbor PUD Board of Commissioners will hold off on a possible 4% increase in the energy charge on PUD bills. The decision came after a report from PUD management on cost saving measures and the PUD's financial condition, as well as indications from the Bonneville Power Administration that a proposed rate increase for the power Grays Harbor PUD purchases to serve customers may be lower than originally proposed. "We are pleased to hear from BPA that the rate increase may be significantly lower than the originally proposed 9.4 percent," said Rick Lovely, General Manager of Grays Harbor PUD. "Knowing that many of our customers and our Board of Commissioners actively opposed the BPA rate increase, we are gratified to see indications of progress being made in right direction," he said.  "While we won't know the final figure from BPA until July, we believe the utility is in a position to hold off on an increase.  We won't know if an increase is necessary until we know BPA's final rate," said Lovely.

In addition, Lovely reported to the Board that the financial condition of the District for 2009 is looking good, with revenues exceeding budget due to improved conditions in power markets where the PUD sells surplus power.  At the May 18 Commission meeting, the Board unanimously accepted a list of recommendations from management based on improved economic conditions. The recommendations are:Hold off on a rate increase for now and re-evaluate our position during the 2010 budget processUse attrition as a means to strategically reduce staffing levels over the next 18-48 months, resulting in a potential reduction of as many as 10 full-time positions (over four years) Continued vigilance on holding the line on costs, including continuing reductions in travel and training and continuation of a salary freeze for employees not covered under collective bargaining agreementsMonitor the economic situation and recommend additional savings where appropriate.Be prepared to do small strategic rate increases as a last resortReduce the number of summer students hired to 9, down from 15 included in the budget.In February, Grays Harbor PUD staff recommended for the Board's consideration a 4% increase in the energy charge in the face of the proposed 9.4% BPA rate increase. The BPA proposed increase was estimated to cost Grays Harbor PUD an additional $4 million per year, though recent analysis by the PUD puts the estimate closer to $3 million. The indications from BPA of a lower rate increase combined with improved power market conditions and cost savings measures eliminates the need for a near term increase in the energy charge. "Our Board and staff have been engaged in examining options and looking for the best possible solution to address the difficult challenges we face. Our cost saving measures will minimize the impact on customers' energy bills while maintaining quality service and a highly reliable system," said Lovely. Cost saving measures for 2009 total $500,000 and assume a reduction of staffing levels by not filling three full time, budgeted positions that will become vacant during the year. Additional staff reductions through attrition will result in a total savings of $3.6 million in 2010-2012.