

## **Grays Harbor PUD Eyes Rate Hike in 2013 Budget**

### **Local News**

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ABERDEEN, Wash. - The Grays Harbor PUD Board of Commissioners is considering a preliminary operations and maintenance budget for 2013 totaling \$110.5 million. The preliminary budget, slightly less than the 2012 spending plan, was presented by staff at this week's Commission Work session. As presented, the preliminary operations and maintenance budget assumes a 5% rate increase and reflects increased costs for voter-approved mandates for renewable resources as well as an anticipated increase in rates by the Bonneville Power Administration for the power purchased by the PUD to serve customers. The budget is based on a revenue forecast that projects continued declines in revenues from the sale of surplus power into power markets and little change in retail revenues. "The PUD is continuing to be challenged by rising power supply costs," said Rick Lovely, General Manager of Grays Harbor PUD. "The preliminary operations and maintenance budget projects an increase in power supply costs of about \$2.2 million." The increased costs include a proposed increase in power rates of as much as 10% by the Bonneville Power Administration for the power purchased by the PUD to serve customers. In addition, the budget anticipates about \$280,000 in increased costs for renewable resources to meet state mandates under voter-approved I-937 (now known as the Energy Independence Act).

The budget includes additional funds to support the PUD's Operations Department, Engineering, Meter Shop, Substation and tree trimming program with cost savings of close to \$1 million in all other departments. The PUD will continue to also look for cost reductions in other areas. The revenue forecast for the budget year continues to show the impact of declining power markets with a projected decrease of \$2 million in revenue for the coming year from the sale of surplus power. This continues the trend of declining revenue due to stagnant power markets which has occurred over the past four years. Grays Harbor PUD has a good track record in selling surplus power in electricity markets, and using the revenue to reduce or prevent rate increases but with power prices down, the PUD is seeing less revenue from surplus power sales. The Board of Commissioners must approve a final budget by the end of the calendar year. In addition to the operations and maintenance budget, the Board will be considering a capital budget for the coming year as well.