Grays Harbor PUD Considers Two Options For 2013 Budget

Local News

Posted by: David Haviland

Posted on : November 6, 2012 at 7:02 am

Aberdeen, WA - Grays Harbor PUD Commissioners are considering two preliminary capital budget options for 2013 presented by staff. The options include a $10 million spending plan and a slimmed down $7.5 million version. The capital budget pays for long term assets such as substations, trucks, poles, wires, and facilities. Funding for the budget may come from revenues, reserve funds, funds generated by the sale of low-interest bonds, or a combination of funding sources.“The goal this year is to find the sweet-spot that will ensure the continued reliability of the system while minimizing the impact on rates,” said Rick Lovely, General Manager of Grays Harbor PUD. The two preliminary capital budgets prioritize projects, addressing immediate needs for equipment and infrastructure repair and replacements (high priority projects), investments in preventative measures and upgrades to update aging and outdated equipment (medium priority), and low priority projects for long range needs. The $10 million plan includes projects identified as high and medium priority with a few low priority projects while the $7.5 million plan funds mainly high priority projects with a few select medium priority projects.

The $7.5 million spending plan differs from the $10 million dollar plan in the projects funded and the scope of projects for 2013. The $7.5 million plan reflects the following modifications from the $10 million plan: Defers funding for replacement of aging power poles in the Beacon Hill area of Hoquiam Defers funding from 2013 for a project to construct a road for access to transmission lines out of the PUD’s Electric Park substationDefers funding from 2013 for security system improvements at several substationsDefers funding to relocate the PUD’s communications room within the facilityDefers funding from 2013 for replacement of aging circuit breakers at two substationsDefers funding from 2013 for replacement of a couple of miles of power lines along Wishkah RoadDefers funding from 2013 for installation of fiber optic cable through Elma to the East Grays Harbor County Industrial ParkDefers funding from 2013 for additional capacity to serve the Port of Grays Harbor for future load growthDefers funding from replacement of a truck for the substation departmentDefers funding of a replacement bucket truckReduces funding for relocation of poles along Highway 101 at North RiverDefers funding the purchase of a communications site on Cosi HillDefers funding the purchase of new software for records managementDefers funding for a phone system upgrade “The system requires constant investments to remain reliable and safe, and the proposed budgets reflect the commitment of the PUD to provide a high level of service to our customers,” said Rick Lovely. “We are looking at each project carefully to make sure we are making wise investments to maintain the integrity of the system and its operation while preventing costly problems in the future.”In addition to the capital budget plan, the Board will be considering funding options for the projects. This may include funding the capital program through the sale of low-interest bonds, funding it with revenue with the possibility of using some of the PUD’s reserve funds, or a combination of the options. Utilization of debt financing, revenue financing, or a combination would likely result in a rate increase. The level of the increase would depend on the capital program and the funding source. The rate impact may range from about a 2% to a 7% increase. The Board of Commissioners must approve a capital budget as well as an operations and maintenance budget by the end of the year. 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.