

Grays Harbor PUD Warns of Proposed BPA Rate Increase

Local News

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ABERDEEN, Wash. - A proposed Bonneville Power Administration rate increase announced yesterday could increase Grays Harbor PUD power supply costs for power and services purchased from BPA by about \$1 million in 2013 and just under \$3 million in 2014. BPA filed the proposal to increase power and transmission rates in the Federal Register. The proposal launches the public process called a "rate case" which will set the rates for a two-year period beginning October 1, 2013. BPA power makes up most of Grays Harbor PUD's power resources and consists mainly of relatively low-cost hydropower along with some nuclear power. Grays Harbor PUD's preliminary 2013 operations and maintenance budget currently being considered by the PUD Board of Commissioners anticipates a BPA rate increase beginning in 2013. "This proposed increase overall is slightly less than the figure we used when we developed our preliminary spending plan for next year," said Rick Lovely, General Manager of Grays Harbor PUD. "While the financial impact is slightly less than anticipated, it still represents a significant increase in our power supply costs in 2013 and 2014," he said.

The preliminary 2013 operations and maintenance budget totaling \$110.5 million assumes a 5% rate increase driven mainly by increased BPA costs as well as increased costs for compliance with state mandates for investments in renewable resources. In addition, 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. "With power supply costs making up 60-70% of the operations and maintenance budget, rising costs including BPA rate increases continue to be a significant challenge. This initial proposal by BPA is not a done deal and we will be an active participant in the rate case to ensure any impact on our ratepayers is minimized," said Rick Lovely.