

Grays Harbor PUD Approves 2013 Rates With 8% Increase

Local News

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ABERDEEN, Wash. - The Grays Harbor PUD Board of Commissioners approved an 8% rate increase effective January 1, 2013 to meet the PUD's revenue requirement for the coming year. Community and Government Relations Director Liz Anderson tells us for the average residential customer using 1,100 kilowatt-hours of energy per month, the rate increase will result in an increase of \$7.51 on their monthly bill, not including taxes. The utility cited higher costs for compliance with state mandates for renewable resources, an expected rate increase by the Bonneville Power Administration for power purchased to serve customers, a decrease in revenue from surplus power sales due to stagnant power markets, and needed capital investments. The new rates will take effect January 1, 2013.

Required investments in renewable energy resources continue to put rate pressure on Grays Harbor PUD. Under I-937, now known as the Energy Independence Act, Grays Harbor PUD is required to provide a certain percentage of the power needed to serve customers from "eligible" renewable resources. While the relatively inexpensive hydro power the PUD purchases from the Bonneville Power Administration to serve the community is a renewable resource, it is not considered "eligible" for compliance under the Act. "In 2013 we anticipate spending \$4.04 million for renewable resources," said Rick Lovely, General Manager of Grays Harbor PUD. "That is an increase of \$280,000 over last year and these costs are continuing to rise as the mandates for renewable resources stair step up to the requirement of 15% in 2020. The challenge we face is we are required to invest in these resources, which are more expensive than BPA power, despite the fact that we don't need it to serve customers," he said. The rate increase also reflects an anticipated increase in rates by the Bonneville Power Administration in the coming year. "BPA rates continue to rise and we are anticipating increased costs for the power we purchase from BPA," said Lovely. The PUD projects an increase in BPA power costs of \$1 million in 2013. In addition, the PUD will be funding its \$7.5 million capital budget from revenues rather than assuming additional debt. The PUD Board of Commissioners approved a "bare-bones" capital plan that addresses needs for equipment and infrastructure repair and replacements as well as investments in preventative measures and upgrades to aging and outdated equipment. 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 for 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. While power supply costs are on the rise, the PUD continues to work to minimize the impact by cutting internal costs. Departments trimmed almost one-million dollars in the 2013 Operations and Maintenance Budget approved earlier this month.