



Commissioners:

Will Purser

District No. 1

Hugh Haffner

District No. 2

Ted Simpson

District No. 3

General Manager:

Doug Nass

NEWS RELEASE

For Immediate Release – October 9, 2009

For Additional Information Contact:

Jeff Beaman, Executive Communication Coordinator

360.565.3244

jbeaman@clallampud.net

**PUD Defers Need to Pass BPA Rate Increase to Customers,
Cites Conservative Financial Management**

(Port Angeles, Wash.) -- By spreading the impacts of the Oct. 1 Bonneville Power Administration rate increase over two years, Clallam PUD #1 will forgo the need to increase its electrical customers' rates this year.

BPA's customer utilities had two options this year when signing power purchase agreements for the next two-years: a contract with a one-time 6.95 percent increase effective the start of this month, or a contract with a 4.95 percent increase effective Oct. 1 and another increase effective the same date in 2010. The PUD chose the two-step option. Under either option, the net increase in the PUD's power supply costs is the same over the two-year period. The PUD buys more than 98 percent of its electricity from BPA.

“By spreading the increase over two years, we can manage our budget so that it is not necessary to recommend to our commissioners an increase in customer rates this year,” said Josh Bunch, the PUD's treasurer and controller. “By operating efficiently and managing our finances conservatively, we saved enough money to absorb the higher power costs and still maintain a strong financial position in this challenging economic climate.”

General Manager Doug Nass explained the recommendation required striking the right balance between the pressures facing customers during the economic downturn and ensuring the PUD's financial stability.

“We felt it both financially responsible and in the best interests of our customers to defer any rate increase for customers in light of the current economic conditions,” said PUD Board President Will Purser. “Because the higher wholesale power costs create an ongoing increase in our costs, we may have to revisit the need to increase rates around the middle of next year. The timing of such a decision would mitigate the impact on our customers because any increase would come only after winter, the time of year with the highest electricity usage and bills.”

#####