

## Fish and Your Electric Rates

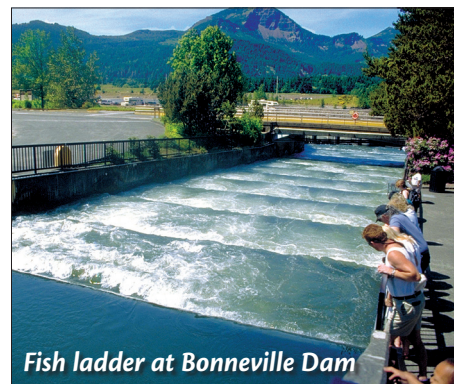
While the PUD is committed to keep rates as affordable as possible there are a number of outside upward pressures that are often not controllable at the local level. Generally, these come in the form of legislative and legal mandates.

One such upward pressure is the cost of fish and wildlife mitigation the Bonneville Power Administration (BPA), the PUD's wholesale electricity supplier, is required to expend. Most PUD ratepayers are familiar with, and appreciate, the need to preserve salmon and other fisheries along with other wildlife. But how many truly understand the financial obligations associated with those efforts? These are costs that each one of us PUD ratepayers bears.

The PUD is fortunate in that BPA offers among the lowest wholesale electric rates in the country as a result of clean and renewable hydro power. However, as the cost of fish and wildlife mitigation increases for BPA, so do the wholesale rates it charges the PUD.

A November 18, 2010 BPA press release announced that BPA is anticipating increasing wholesale rates by 8.5% in October of 2011. One of the primary reasons given for this proposed increase is "Improvements at dams and habitat restoration to protect Northwest salmon and steelhead as outlined in the federal Biological Opinion (BiOp) on federal hydropower system operation and the Columbia Basin Fish Accords agreements with three Northwest states and seven Native American Tribes."

According to the 2008 BiOp, if implemented as is, an additional \$10 billion investment in salmon recovery efforts over the next 10 years would occur. This means BPA ratepayers, like the PUD, would shoulder an annual burden of close to \$1 billion per year.



Fish ladder at Bonneville Dam

Even prior to the BiOp, BPA has spent significant monies on fish and wildlife mitigation. According to BPA figures, Northwest ratepayers like the PUD since 1978 have invested \$11.9 billion in salmon recovery. Between 1999 and 2009, BPA expended a total of \$7.98 billion. This amount includes the lost opportunity cost in water that is spilled over the dams for fish that represents "lost" electricity and money that could have been generated.

Today, fish and wildlife mitigation programs account for about 36 percent of BPA's annual operating costs. This means about one-third of what PUD pays BPA for electricity is for fish and wildlife programs and is reflected in every PUD's customer's electric bill.

The information presented here is in no way intended to be anything but informational – an attempt to communicate in a most transparent manner, and to educate and inform the valued customers of the PUD about the mandated costs and challenges facing all ratepayers in the future.

The PUD is committed to its mission of providing reliable, efficient, safe, and low cost utility services in a financially and environmentally responsible manner.

### Clallam PUD-TV

Watch the latest  
PUD-TV videos  
on the PUD  
Web Site.



**PUD Mission: Providing reliable, efficient, safe and low-cost utility services in a financially and environmentally responsible manner.**

### PUD Commissioners

Our Board holds public meetings most Mondays at 1:30 p.m. at our Port Angeles office, 2431 East Highway 101.

Call (360) 565-3231 or (800) 542-7859 for more information.

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# PUD Conservation

## A Utility / Community Partnership

In the February 2011 edition of Hot Line we discussed how Washington's Energy Independence Act mandated new conservation requirements; but, the PUD promotes conservation for more reasons than just because it is mandated.

Not only is it the right thing to do, but conservation is also considered the lowest cost resource we as a utility provide to our customers.

As a public utility in the Pacific Northwest the PUD has access to the federal hydro system, which is among the most affordable and cheapest electricity resources in the country. We want to be able to rely on those dams for our electrical supply as long as possible because it is actually cheaper to pay our customers to use less electricity than it is to go out on the open market and purchase electricity from a different resource.

The graph below illustrates the rough cost averages of various sources of electricity.

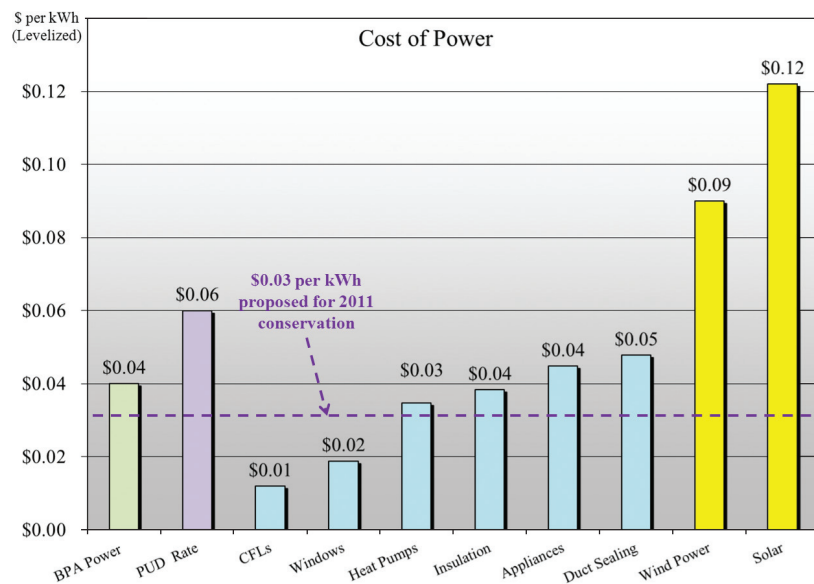
Wholesale BPA hydro power is about 4 cents per kWh. Now, if you look at some eligible resources the PUD is required to purchase as a result of the

Energy Independence Act, wind power costs about 9 cents per kWh, and the cost of solar can be around 12 cents per kWh. The power we could purchase from these renewable resources is much more expensive than the rates the PUD currently charges (about 6.5 cents per kWh).

For comparison sake, if we take an average of all of the costs associated with the PUD's conservation programs and all of the savings of these programs that we have budgeted for 2011, we look at saving energy at a cost of 3 cents per kWh. So, energy conservation is the lowest cost resource available to the PUD and its customers.

However, energy conservation is a special and unique resource. The **PUD needs to partner with its customers on conservation** efforts to not only lower their utility bills but to also lower its energy costs.

**For more information on the PUD's conservation efforts, visit the PUD web site and view a special video series called "Conversations in Conservation."**



## Safety First: Look Up and Live!

Safety is a priority at the PUD, and that's why as we begin to enter Spring we want to share a few reminders about utility safety.

**Look Up and Live!** Watch for overhead power lines when working or playing with long objects (such as ladders, antennas, fishing rods, tree trimmers, kites, etc....).

**Always obey the 10-foot-rule!** Don't allow equipment, tools, or objects closer than 10 feet to an overhead power line.

**Call Before You Dig!** Many utilities are located underground – call 800-424-5555 or 811 for a free locate.



## Clallam County PUD, 70 Years

This year we continue our celebration of 70 years of serving the Olympic Peninsula. For much of the year this segment of the newsletter will take you through a decade by decade look at the history of your locally controlled public power utility – the Clallam County PUD #1. Last month we looked back at the 1950s; this month we look at the 1960s.

### 1960-1970

- 1960's – the PUD completed two major water projects. Wells were drilled in the Sekiu-Clallam Bay area using the Hoko River as a source; and, existing wooden water mains in Gales Addition were replaced.
- 1960's – electric service was extended to Allen's Mill south of Forks. This load, plus West End growth resulted in BPA building a 115KV line to a new BPA substation at Sappho.
- 1963-1969 – PUD facility construction was completed in Port Angeles, Forks, and Sequim.
- 1969 - the PUD entered negotiations to purchase 500 acres of land on the Miller Peninsula for possible development of a nuclear power plant. Many residents of the Sequim-Blyn area did not appreciate this news. Upon further analysis, the seismic risks of the site made it inappropriate for its intended use.

Next month, we'll take a quick look at the 1970's. For more information on the history of the PUD, please visit the PUD's web site.

## Fuel Mix

Your PUD's electricity comes from the following fuel mix:

Biomass:	0.29%
Coal:	4.88%
Hydroelectric:	83.89%
Landfill Gas:	0.01%
Natural Gas::	1.93%
Nuclear:	8.86%
Other:	0.14%
<b>TOTAL:</b>	<b>100.00%</b>