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Photos clockwise from top left:
 PUD Utility Services Advisor, Arne Traceski, inspects duct sealing
 PUD Crews assisting Klickitat PUD during the recent winter storms.
 Chanda Nicpon, Customer Service Representative, helping a customer.
 Darnel Edwards, Meter Reader, in the field.
 Commissioner Ted Simpson is honored with the Lifetime Achievement Award from the Washington Public Utility District Association.
 Doug Nass and Josh Bunch on the PUD's monthly KONP Radio Appearance – Tune in to KONP Radio at 1:30 on the 2nd Thursday of each month.



Clallam County PUD
 PO Box 1090
 Port Angeles, WA 98362

Postal Customer

PRSRT STD
 U.S. Postage
 PAID
 Olympic Mailing
 Services
 ECRWSS

Dear PUD Customers,

It is with great excitement that I introduce the new “Hot Line” newsletter. With this new approach we are hoping to reach even more of our customers so we can more effectively share important information.



NASS

Not only will you find a wide variety of information about customer service options like online bill pay, doxo, conservation programs, and safety, but you will also be kept abreast of the latest news – including those items that may ultimately impact your rates. In fact, visit pages 4 and 5 of this edition for the latest on that very important topic.

With each new quarterly newsletter I will be addressing you directly through this column. But for now, I simply encourage you to take a look at the information in this edition and, if you have questions or comments, please contact us – after all, we are your locally controlled public utility. Our mission to you, our neighbor and customer is simple: Providing reliable, efficient, safe and low cost utility services in a financially and environmentally responsible manner.

Wishing you all the best,

PUD General Manager

Contact PUD

PO Box 1090
Port Angeles, WA 98362
360-565-3244
Toll-free: (800) 542-7859
info@clallampud.net
www.clallampud.net



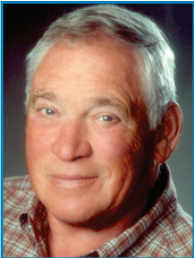
Fuel Mix

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

Biomass.....	0.29%
Coal.....	4.88%
Hyroelectric	83.89%
Landfill Gas.....	0.01%
Natural Gas.....	1.93%
Nuclear.....	8.86%
Other.....	0.14%
TOTAL	100%

Commissioners

Clallam County Public Utility District #1 is directed by a three-member board of commissioners elected by the citizens of the county. 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, or visit www.clallampud.net, for more information.



Ted Simpson
President, District #3

Ted Simpson was elected in 1985. He represents the 3rd District, which is the West part of the County. Commissioner Simpson is a proponent for safe, reliable, and affordable utility service for all PUD customers. “Our current challenge will be to integrate new renewable (Green) resources into our system at an affordable cost, while complying with State and Federal Laws”.

teds@clallampud.net • (360) 565-3525



Will Purser
Vice President, District #1

Will Purser has served as District 1 PUD Commissioner since appointment in April 2001. He represents the 1st District, which is the Eastern part of the County. Commissioner Purser recognizes that the issues of energy, water, and waste disposal are critical to the quality of life of Clallam County residents now and in the future. He is a strong advocate of utilities owned and controlled by the community and believes that public education and participation are essential to assure that the PUD continues to meet the needs of all its owners and customers.

wepurser@clallampud.net • 360-565-3512



Hugh Haffner
Secretary, District 2

Hugh Haffner has been Commissioner since 1994, when he was appointed to a two year term. He represents the 2nd District, which encompasses areas surrounding the City of Port Angeles. Commissioner Haffner has been working with municipal, state and federal officials to bring fiber optic backbone to the county and researching and developing strategies for a county-wide fiber optic network. With real-time, two-way connections to our power stations and our customers we can regulate power flow and provide better, more economical service.

hughh@clallampud.net • 360-565-3521

Demonstrating the importance of safety

Safety is always a priority at the PUD, but this is really the time of year when the PUD starts to visit local elementary schools to demonstrate the dangers of high voltage power. Larry Morris, PUD Safety Manager, says, "Delivering this safety message to kids is perhaps one of the most important things I do. It's also one of the most enjoyable!"



trees touch the line, and more," says Morris. "When certain items get close to the lines the visual of the arcing electricity and smoke rising is what delivers the impactful punch."

The safety demonstration board is a high voltage display too. It is plugged into the wall at 120 volts and a transformer located in the "house" steps the voltage up to 3000 volts. "I wear the

same safety gloves and use the same fiberglass stick that the linemen use when I do the demonstration," says Morris.

same safety gloves and use the same fiberglass stick that the linemen use when I do the demonstration," says Morris.

Though the demonstration is generally given to 4th and 5th graders, the PUD has provided a similar presentation to fire departments, loggers, and other community groups. "We are always happy to come talk about safety," says Larry.

"We have pieces that show what happens when you fly a kite into the line, when a sail boat touches a line, when



The PUD kindly reminds everyone that not only does posting on utility poles create unsafe working conditions, but it is also illegal. RCW 70.54.090 and 70.54.100



**Know what's below.
Call before you dig.**

UTILITY VANDALISM AND THEFT = DANGER



Utility facilities contain high voltage systems and are **VERY DANGEROUS**. Keep out of electric substations; pump houses and other utility facilities and buildings, as the equipment carries high voltage. Stay away from any PUD property marked "Danger," "High Voltage," or "Warning".

Tampering with any utility equipment can cause serious injury and may even cause death. Vandalism and theft is costly and could set off extensive power and utility outages.

Trespassing on PUD property and any kind of tampering or vandalism is also a criminal offense. Offenders will be prosecuted to the full extent of the law.

If you see any suspicious activity around PUD facilities, immediately notify authorities or call 800-542-7859. The public is urged to report any non-utility personnel or vehicles around utility facilities.



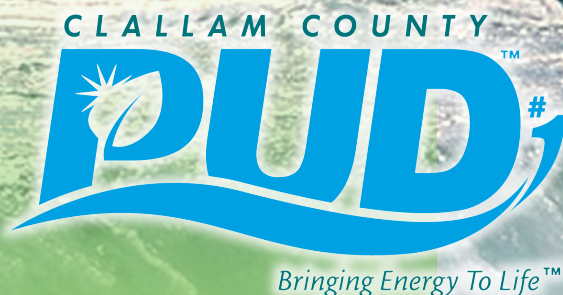
www.clallampud.net

Other safety tips found at www.clallampud.net

- Look up and around before trimming those branches.
- Watch overhead power lines when working or playing with long objects (such as ladders, antennas, snow rakes, fishing rods, boat mast, or tree trimmers.
- Obey the 10-foot-rule--don't allow equipment, tools, or objects closer than 10 feet to an overhead power line.
- Don't let anyone climb in trees near overhead power lines.
- Do not plant trees near overhead power lines.
- Downed power lines can kill. Don't guess; call your local electric utility.
- Before digging, excavating, setting a mailbox, fence post or planting trees and shrubs, remember to call 8-1-1 for a locate of underground utilities.



Visit www.clallampud.net and click on the PUD Radio icon for more safety information by listening to the podcasts from Feb 9, 2012 and March 10, 2011.



Rate pressures continue

By PUD Staff

BPA proposes to compensate wind energy producers to reduce or stop their output during high river flow periods.

In this proposal, BPA is attempting to address the risk of a possible oversupply of energy when hydroelectric power produced by a high runoff of water combines with wind generation in low-demand periods - such as late at night. The integration of numerous wind projects has posed a challenge for maintaining the reliability of the region's transmission system during these periods.

Doug Nass, PUD General Manager, says, "Because electricity supply must always match demand, BPA has determined the best approach to addressing the problem is to partially pay wind developers not to produce electricity during these high river flow periods."

While it is possible to reduce hydroelectric generation by allowing more water through the spillways this is harmful to the fish. Wind energy producers, however, rely on production for revenue from their production tax credits.

"About 1/3 of the PUD's cost to BPA is associated with fish and wildlife mitigation. This simply adds to that figure," says Nass. "It's unfortunate that the solution is to pay for non-production because of ill-designed tax credits and an unwillingness by policy makers to recognize clean and low cost hydro power as a renewable resource." The PUD does not support this position and will be working with other utilities for a better solution.

Early BPA estimates suggest this proposal could result in paying wind energy producers \$12 million per year, though it will vary by year, and could reach as high as \$50 million. "Ultimately its customers that will pay for this," says Nass.

BPA Hints at 12% rate increase in 2013 – and perhaps a smaller one in 2012.

At a January 3, 2012, meeting, BPA announced that wholesale electric rates may increase by as much as 12% during the next rate period, which begins October 2013. "BPA has a history of releasing early high rate increase projections and then backing off and ending up with something lower," says Nass. "This is likely a similar situation as the cost estimates are very early in the process. We certainly expect an increase though, and we will continue to keep a watchful eye on the process."

Additionally, BPA announced that there is a small chance it will impose a power-rate surcharge this year, October 2012.

Over the past several months the PUD has been sharing information about rate pressures that will continue to have an impact on the utility for the foreseeable future.

Whether these increasing pressures are the result of increasing wholesale power costs from the Bonneville Power Administration, the Washington Energy Independence Act (formerly known as I-937), or other areas, the PUD strives to keep you informed.

As such, it's important to cover some of those rate pressures again here.

The Cost Recovery Adjustment Clause (CRAC) warning is the result of lower than projected revenues due to declining natural gas prices (which impacts BPA's surplus power sales), increased costs at Energy Northwest's nuclear plant, below average precipitation, and other factors.

The PUD is a member of the Public Power Council, which is a regional organization committed to tracking these issues and standing up for public power rights. "We are monitoring and trying to influence all of these situations as each could have an impact on PUD rates," says Nass.

Washington Energy Independence Act (WEIA): Why The PUD Supports Efforts to Amend the Act Without Changing the Intent

During the recent legislative session PUD Commissioners adopted a resolution supporting legislation that would have amended the Washington Energy Independence Act (formerly known as I-937) which would have allowed utilities the opportunity to delay purchasing expensive renewable energy prior to needing more supply.

Currently under the WEIA, qualifying utilities like the PUD are mandated to purchase an escalating amount of renewable energy, with a target of 15% of the utilities total resource pool coming from renewable energy by the year 2020.

"After spending much of December talking to our customers about rate pressures, the common question from customers was 'what are we doing to change the mandates,'" says Doug Nass, PUD General Manager. "Well, the number one thing we want to change in the current law is the requirement that we buy before need – that is, we should not be mandated to replace low cost, clean hydro power with more expensive renewable energy, which would then result in unnecessary higher rates for our customers."

KILL-A-WATT ENERGY DETECTOR TOOLKIT



Clallam County PUD and the North Olympic Library System (NOLS) have partnered to offer residents a way to measure energy use in their homes. Residents are now able to check out a Kill-a-Watt™ Energy Detector Toolkit at any NOLS library for up to a week at a time.

The Kill-A-Watt™ device measures the amount of electricity various household appliances use. It calculates how much money or energy is being spent on an hourly, daily, monthly or yearly basis, allowing you more control over your energy usage!

Impact of Renewables and Conservation

Under the current law in Washington, hydropower, which is considered by many to be very clean and renewable, is excluded from those resources defined as renewable by the law. The PUD receives its power from the Bonneville Power Administration (BPA), a federal hydropower system.

“Clallam PUD is also experiencing minimal load growth, and our projections suggest no real change in this. So, under the current law if we experience minimal load growth, as we are in this economy, we are then required to replace that very affordable clean power with power that is 3-4 times more costly – even if we don’t need the power,” says Nass.

The current law, approved by voters in 2006 as I-937, requires utilities with over 25,000 customers, like the PUD, to acquire 15 percent of their power from considerably more expensive renewable sources by the year 2020, following the step-up requirements of 3 percent in 2012 and 9 percent in 2016. That same law requires increased expenditures related to energy conservation efforts too.

In adopting the resolution, PUD Commissioners also emphasized the need for local control. The Resolution read that the “Energy Independence Act interferes with the ability of local, elected utility commissioners to govern the utility in the best interests of its customers.”

“The efforts supported by this resolution would not have changed the intent of the original Initiative, it simply allowed for greater local control and adapted to the current economic climate where load growth is very slow and our customers struggle to make ends meet,” says Nass. “It really doesn’t make much sense to purchase power that is 3-4 times more expensive than the clean renewable hydropower we have now, if we don’t need it.”

Conservation is Good – But Poses Another Challenge

Under the WEIA, mandated energy conservation targets continue to rise as well. In 2011, for example, the PUD expected about 3.6 million Kilowatt hours (kWh) of energy savings at a cost of about \$1.4 million. The interesting thing about that cost in 2011 is it was fully funded by BPA.

However, in 2012 BPA will no longer be fully funding conservation efforts – even though the PUD is still required to meet specific conservation targets mandated by the WEIA. In 2012, the PUD expects to target 5.6 million kWh of energy savings, though the PUD will now have to fund about \$700,000 of that independent of BPA.

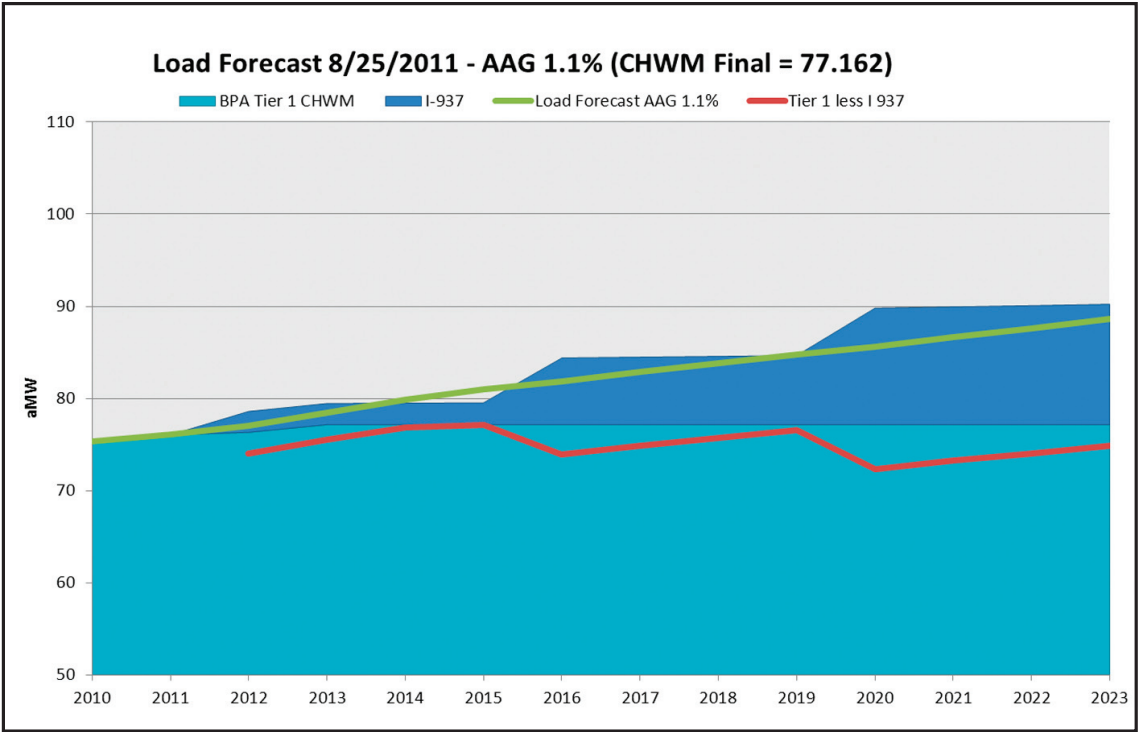
PROUD SPONSOR OF THESE 2012 COMMUNITY EVENTS



30th Annual
KONP Home Show
February 25-26 (Sat-Sun)
www.thekonphomeshow.com

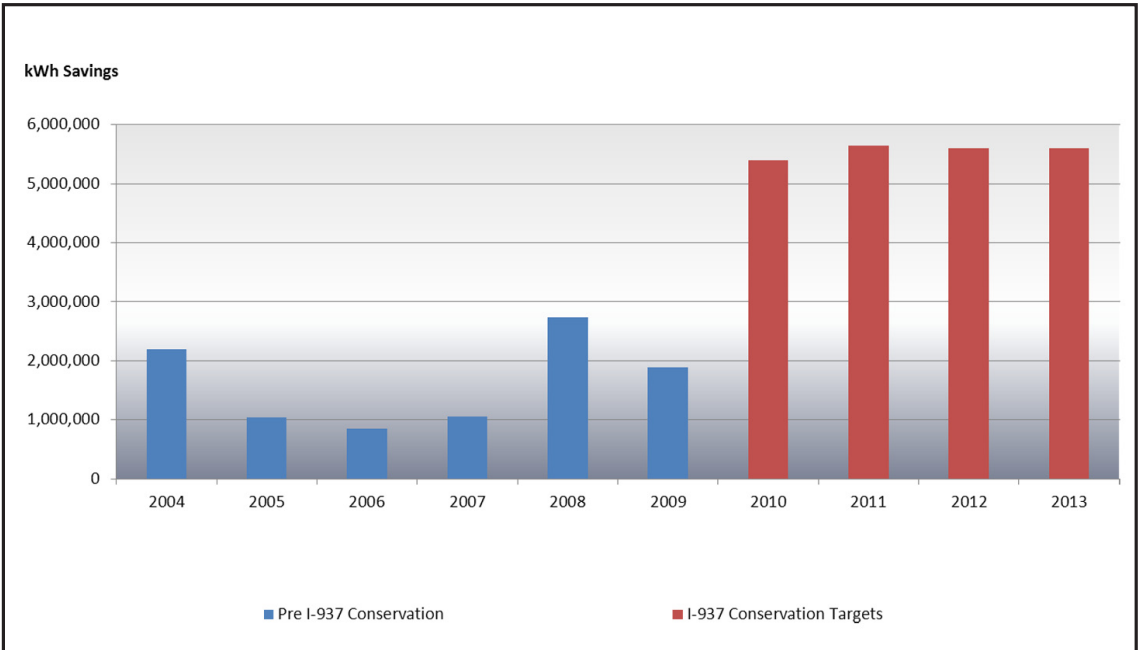


March 31 - April 1
BUILDING
REMODELING
& ENERGY
EXPO
Presented by the NPBA
www.sequimexpo.com



This chart illustrates the impact of renewable energy requirements and conservation requirements on the PUD a result of the Washington Energy Independence Act. The light blue area is the BPA tier one rate (this is the low cost hydro power). The dark blue area represents the higher cost renewable energy the PUD must purchase as a result of the WEIA. The green line represents the PUD’s anticipated load growth – note how it falls below the renewable energy mandates. The red line represents the reduced hydro load as a result of WEIA mandated conservation and renewable efforts. Essentially, the PUD will be required to purchase more expensive power to replace low cost clean hydropower as a result of the WEIA.

Increasing Conservation Targets



This chart illustrates the increasing conservation targets the PUD must meet as a result of the Washington Energy Independence Act. The blue bars are pre-WEIA and the red bars are the new mandated targets.

Add insulation and other energy saving measures for a lower bill



*By Mattias Jarvegren
Utility Services Advisor II*

As upward electric rate pressures become more and more common, it is now even more important to take advantage of every cost-effective opportunity to use electricity as efficiently as possible.

That can include easy habit changes like turning off lights and appliances that don't need to be on, or turning down the heat a couple of degrees.

Many conservation measures come at a cost and that's where Clallam County PUD can help. We have a 30-year tradition of offering homeowners and businesses energy conservation cash incentives.

One of the best ways to save money on heating is to add insulation in your attic. If you live in an electrically heated home and you have any insulation in your attic below an R-19 (about 5 inches), Clallam County PUD offers 90-cents a square foot toward the cost, up to R-49, with the incentive level capped at 60% of the full project cost.

Your savings could amount to 5 to 25 percent of the heating portion of your bill. The PUD has conservation specialists who can help you determine what you'll save.

There are many other incentives. Are you thinking about replacing an electric furnace with an efficient heat pump? Clallam County PUD can now pay up to \$1,900 in incentives to help move to a heat pump. You could save up to 50 percent of the energy used to heat your home.

Do you heat with electric baseboards or wall cadet heaters? Clallam County PUD can now pay a \$1,500 incentive to help you switch to a ductless heat pump. This could save up to 50 percent of the energy used to heat your home.

There's more. Whether you have an electric furnace or heat pump, leaky ductwork is the equivalent of throwing hard-earned cash out the window. A majority of homes, regardless of age, have duct systems that waste energy and money.

That's why Clallam County PUD is running a duct testing and sealing



program. Fixing leaky ductwork can save you around \$90 a year. If you have the testing and duct sealing done by an approved PUD contractor, we will pay up to \$500 of the cost. Often, Clallam County PUD's incentive covers the full cost of the duct sealing and testing.

By using one of our participating installers, you will be sure to get a heat pump that fits your home and is installed to run efficiently. And you can also still take advantage of the duct testing and sealing program. You'll be happy you did.

The conservation staff at Clallam County PUD is always looking for ways to make more programs available, as well as finding the most efficient methods to get those programs out to the most people.

Most importantly, we want all of Clallam County PUD's customers, residential, commercial and industrial alike; to know that we are here to help you with conservation planning and questions. Please go to our website, www.ClallamPUD.net or call us – (360) 565-3249 or (800) 542-7859 x249.



Bringing Energy To Life™

2431 E. Highway 101 • PO Box 1090 • Port Angeles, WA 98362

360-565-3244 • www.clallampud.net

EVERY DROP COUNTS! *Fix a Leak Week is March 19-25*

The PUD encourages everyone to identify and repair dripping faucets and showerheads, leaking toilets, and landscape irrigation systems. Doing so can prevent property damage, save water, and ultimately save you money!

The Facts on Leaks:

- Leaks can account for, on average, 10,000 gallons of water wasted in the home every year, which is enough to fill a backyard swimming pool.

- The amount of water leaked from U.S. homes could exceed more than 1 trillion gallons per year. That's equivalent to the annual water use of Los Angeles, Chicago, and Miami combined.

- Ten percent of homes have leaks that waste 90 gallons or more per day.

- Common types of leaks found in the home include leaking toilet flappers, dripping faucets, and other leaking valves. All are easily correctable.

- Fixing easily corrected household water leaks can save homeowners more than 10 percent on their water bills.

- Keep your home leak-free by repairing dripping faucets, toilet valves, and showerheads. In most cases, fixture replacement parts don't require a major investment and can be installed by do-it-yourselfers.

- The vast majority of leaks can be eliminated after retrofitting a household with new WaterSense labeled fixtures and other high-efficiency appliances.

Leak Detection:

- A good method to check for leaks is to examine your winter water usage. It's likely that a family of four has a serious leak problem if its winter water use exceeds 12,000 gallons per month.



- Check your water meter before and after a two-hour period when no water is being used. If the meter does not read exactly the same, you probably have a leak.

- One way to find out if you have a toilet leak is to place a drop of food coloring in the toilet tank. If the color shows up in the bowl within 15 minutes without flushing, you have a leak. Make sure to flush immediately after this experiment to avoid staining the tank.

Faucets and Showerheads:

- A leaky faucet that drips at the rate of one drip per second can waste more than 3,000 gallons per year. A home with WaterSense labeled toilets could use that water to flush for six months!

- Leaky faucets can be reduced by checking faucet washers and gaskets for wear and replacing them if necessary. If you are replacing a faucet, look for the WaterSense label.

- A showerhead leaking at 10 drips per minute wastes more than 500 gallons per year. That's enough water to wash 60 loads of dishes in your dishwasher.

- Most leaky showerheads can be fixed by ensuring a tight connection using pipe tape and a wrench.

Toilets:

- If your toilet is running constantly, you could be wasting 200 gallons of water or more every day.

- If your toilet is leaking, the cause is most often an old, faulty toilet flapper. Over time, this inexpensive rubber part decays, or minerals build up on it. It's usually best to replace the whole rubber flapper—a relatively easy, inexpensive do-it-yourself project that pays for itself in no time.

- If you do need to replace the entire toilet, look for a WaterSense labeled model. If a family of four replaces its older, inefficient toilets with new WaterSense labeled ones, it could save more than 16,000 gallons per year. Retrofitting the house could save the family approximately \$2,000 in water and wastewater bills over the lifetime of the toilets.

Outdoors:

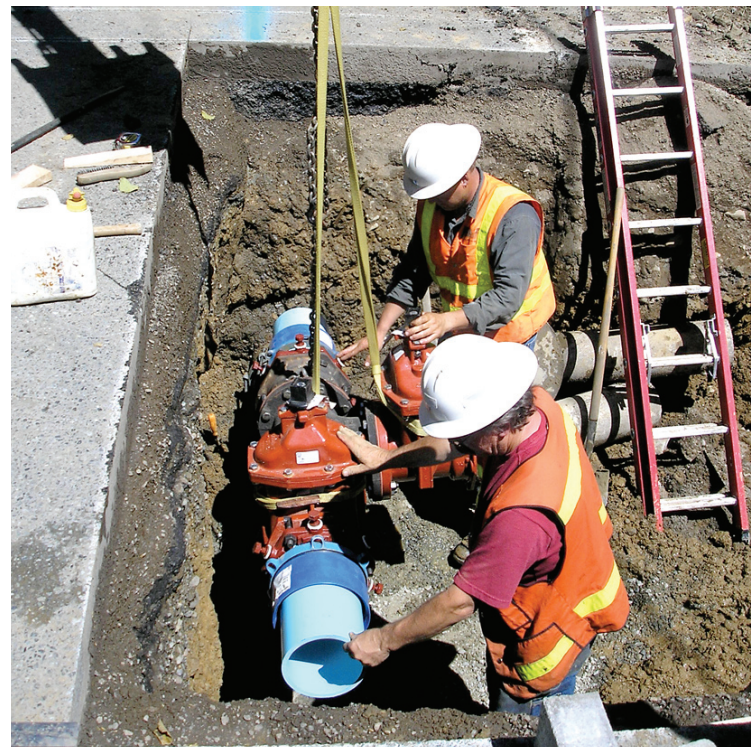
- An irrigation system should be checked each spring before use to make sure it was not damaged by frost or freezing.

- An irrigation system with pressure set at 60 pounds per square inch that has a leak 1/32nd of an inch in diameter (about the thickness of a dime) can waste about 6,300 gallons of water per month.

- To ensure that your in-ground irrigation system is not leaking water, consult with a WaterSense irrigation partner who has passed a certification program focused on water efficiency; look for a WaterSense irrigation partner.

- Check your garden hose for leaks at its connection to the spigot. If it leaks while you run your hose, replace the nylon or rubber hose washer and ensure a tight connection to the spigot using pipe tape and a wrench.

Helpful information
courtesy of Water Sense, and
EPA Partnership Program



PUD water crew at work

Go paperless with doxo and pay your Clallam County PUD bill!

Clallam County PUD is offering a new way to go paperless and pay your bill. Sign up for doxo, a free digital file cabinet by visiting the PUD web site. In addition to receiving and paying your Clallam County PUD bill, you can use doxo to receive and store documents of all types—from bills and bank statements to titles and tax documents—and also pay bills to providers who have joined the network. On doxo, you set up your credentials only once to receive bills paper free, pay multiple providers and schedule automatic payments all in one place, with one password. And you also have anywhere, anytime access to your bills with doxo's mobile application.

Clallam County PUD customers can set up their digital file cabinets today by going to www.clallampud.net



It Pays to Go Paperless!

Did you know the PUD offers the option of paperless billing? That's right, instead of receiving your bill in the mail each month you can receive it electronically. It's the same bill with the same information, but it saves time, money, and helps the environment.



Just imagine how much paper is used each month to mail 30,000 PUD customers their bill. Imagine the postage required to mail those bills. Imagine the postage required to mail those bills with payment back to the PUD. Now, imagine receive 30,000 bills back each month and the cost of processing those. Then of course, there is the cost to the customer of writing a check and paying for return postage.

What do the costs look like? Excluding processing and some labor, the cost to the PUD for paper billing is over \$150,000 per year. The cost to customers, at 44 cents per bill for return postage is over \$150,000 per year as well.

With the PUD's convenient paperless billing option, along with its easy to use online bill pay option, not only will you (the customer) and the PUD save time and money, but it is beneficial to the environment as well.

Visit www.clallampud.net or contact your local office today to learn more and to take advantage of these important programs.

PUD eServices Center

The PUD eService Center offers you the ability to access and pay your bill online through the PUD website. This service saves you time and money over driving to your local PUD office to pay your bill in person, or of writing out a check and mailing your payment. To sign up for eService, have a copy of your statement available and type in the address for the PUD homepage into your internet browser: www.clallampud.net



Neighbors Helping Neighbors Donate to the Neighborly Assistance Program



By donating a few dollars a month, you can help keep the lights on for a growing number of needy families and seniors. Through our Neighborly Assistance Program, you can bring light and warmth to your Clallam County neighbors through one-time or recurring donations to any or all of the following agencies: Sequim St. Vincent de Paul, Olympic Community Action Programs, and Sequim Community Aid. It's simple! Just complete the form below, enclose it with your bill payment and/or drop it off at a PUD office. The form is also available online:

www.clallampud.net/customer_service/NeighborlyAssistance.pdf

Name: _____ Acct. No.: _____
Address: _____ Phone No.: _____

My choices for participation in the Neighborly Assistance Program are indicated below. This replaces any previous pledges.

- ☐ I prefer to be billed, beginning with my next statement, as follows:
- ☐ Please bill \$ _____ for _____ months.
- ☐ Please bill \$ _____ every month until I contact the PUD to cancel.

☐ I prefer a one-time contribution of \$ _____

I want my one-time or monthly contribution of: \$ _____ to Sequim St. Vincent de Paul
\$ _____ to go to Olympic Community Action Programs
\$ _____ to Sequim Community Aid

Signature: _____ Date: _____

Neighborly Assistance Program

"Follow" Us, "Like" Us, Watch Us Online!

With Social Media becoming more and more integrated into our lives, the PUD now offers quality information and timely outage information using these outlets.

"Follow" us on Twitter [@ClallamPUD](https://twitter.com/ClallamPUD) for news and major outage update/information.



"Like" us on Facebook www.facebook.com/ClallamPUD for conservation tips, PUD-related photos, links to videos, information about PUD employees in the community, news and more.

Watch PUD videos on YouTube www.youtube.com/ClallamPUD on ways to save money, energy efficiency tips, rebate information, safety, and some fun videos too!



www.clallampud.net