

## Why Wind?

### **PUD Moves Forward on Investing in Westside Wind Project**

We all know the wind blows in Western Washington. Grays Harbor PUD plans to take advantage of the Westside winds by investing in a proposed wind farm in Pacific County. The investment will help to ensure the utility is in compliance with state requirements for renewable energy, which require utilities with 25,000 or more customers to provide 15% of their electricity from renewable resources by 2020. This requirement is part of the citizen-approved Initiative 937. The requirements for utilities ramp up to the 15% mark with the first mandate taking effect in 2012, requiring three-percent of electricity from renewable resources. In 2016 that increases to nine-percent and then reaches 15% by 2020. The wind project the PUD is planning to invest in would position the utility very close to being in compliance with I-937 requirements through 2019 and provide several advantages for the PUD and our customer-owners.



### **PUD Efforts to Meet I-937 Requirements. A Little History.**

The PUD's work to meet renewable resource requirements began even before the Initiative was passed. When the Cosmopolis Mill closed, the PUD saw an opportunity to work with a potential buyer of the facility to acquire the renewable power generation assets at the mill. With I-937 on the horizon, the benefits of the resource became obvious. The biomass generation assets would qualify as a renewable resource under I-937 and would go a long way toward meeting the utility's requirements.

Since early this year, the PUD worked to try to finalize a deal to purchase the biomass generation assets from Evergreen Pulp, who was in formal discussions with Weyerhaeuser, the mill's owner, to purchase the entire facility. While the PUD worked diligently to negotiate a purchase with Evergreen that would benefit ratepayers, the discussions with Evergreen stalled and the PUD discontinued exclusive negotiations in late October. Recognizing the value of the generation assets as part of a pulp production operation, the PUD kept the door open to talk with any successful purchaser of the mill complex about possible opportunities to acquire the generation asset. In the meantime, the PUD looked for other options to meet I-937 requirements.

The goal was to find an option that would meet the requirements and provide the greatest benefit to customers. After looking at its options, including simply purchasing Renewable Energy Credits- also known as "Green Tags" - to meet requirements, the PUD found an opportunity in our own backyard. It is a proposed wind farm on Radar Ridge in Pacific County. The wind farm not only would help the PUD meet its renewable energy requirements, but would provide some unique benefits.

### **Radar Ridge Wind Farm - A Good Green Investment**

Energy Northwest, a joint-operating agency comprised of 24 Washington public utility districts, is in the preliminary stages of planning for development of a wind farm on Radar Ridge. As part of their planning, Energy Northwest asked utilities if they were interested in purchasing a portion of the wind farm. The Grays Harbor PUD Commissioners voted to increase our original commitment of 5-10 percent of the project to the greatest share available. Other utilities have committed to shares of the project, and currently it appears Grays Harbor's share will be 49%.

The project is attractive to the PUD for several reasons. First, it is located close to where the electricity will be used. That means the cost to transport the electricity to Grays Harbor will be lower. It's also unique in that, unlike wind farms on the eastern side of the state, it is winter peaking. That means it produces its peak power when the need is greatest, during the cold winter months. The eastern Washington wind farms peak in the spring when hydropower from dams is plentiful due to the river levels. That means the value of the energy on the market is less (the old supply and demand rule).

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## Grays Harbor PUD Revises Eligibility Requirements for the Senior and Disabled Discount Program to Better Serve Customers in Need of Assistance

It seems the cost of living is always on the rise. With ever increasing costs, low income Senior and Disabled citizens who are Grays Harbor PUD customers are faced with the difficult challenge of continuing to make ends meet. That's why, effective January 1, 2009, the Grays Harbor PUD has changed the income eligibility requirements for its Senior and Disabled Discount Program to make sure those customers most in need of assistance are eligible for the program.

The Senior and Disabled Discount program provides a percentage discount to Senior and Disabled Grays Harbor PUD customers based on their total household income level. The discounts range from 10% to 35% depending on the household income. Previously, the maximum household income eligible for the program was \$24,000. That has increased to \$29,000 under the revised requirements. In addition, the income levels that determine the percentage of the discount have been revised. For example, a customer with a household income between 21,001-\$25,000 would now be eligible for a 20% discount, up from 10% under the previous policy.

Below is a chart of the new income eligibility requirements followed by a list of other eligibility requirements.

### New Income Eligibility (125% of poverty level for one member household)

% Of Discount	Minimum Income	Maximum Income
35%	\$13,000	
30%	\$13,001	\$17,000
25%	\$17,001	\$21,000
20%	\$21,001	\$25,000
10%	\$25,001	\$29,000

### To qualify for the program you must meet all the following requirements:

- You are a Grays Harbor PUD customer who is 62 years of age or older, or a disabled citizen as defined under Washington State Law.
- You live in a home served by the Grays Harbor PUD and receive an electric bill in your own name or your electric bill is included in your rent.
- You are a full time resident of the District's service territory.
- You do not live in federally subsidized housing.
- Your total annual household income falls within the range eligible for a discount. To determine your total annual household income, add your income (applicant) to the income of your spouse or co-tenant(s) living in the household. Check the chart above to see if your total household income falls within the range eligible for a discount.

### What To Do If You Qualify

Contact our Customer Service Department at 532-4220 or 1-800-562-7726.

You will need to provide the following when you apply:

- Picture Identification
- Social Security card
- Income verification
- Proof of age
- One of your PUD electric bills

## Commission Meeting Dates

Meetings are held in the Nichols Building, 220 Myrtle Street, Hoquiam.

December

Monday - December 1

Monday - December 8

Monday - December 15

Monday - December 22

Monday - December 29

January 2009

Monday - January 5

Monday - January 12

Monday - January 19

Monday - January 26

*A one and a half hour workshop will precede each business meeting, unless otherwise noted. The regular business meetings are scheduled to begin at 4:30 p.m. No action is taken during workshop sessions. The public is welcome to attend all commission meetings, workshops, and public hearings.*



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## What We Need to Meet Renewable Resource Requirements

Currently, the PUD owns some wind power, which puts us in compliance with I-937 requirements through 2015. The PUD invested in the Nine Canyon Wind Project in Eastern Washington when wind power prices were relatively low. However, in order to meet the next level of I-937 requirements, the PUD needs additional renewable resources. If the District's load remains consistent, and assuming the PUD meets the requirement using wind power, we would need to add about 30 megawatts of capacity by 2016 and another 30 megawatts by 2020. The PUD currently owns 20 megawatts of wind power at Nine Canyon. Radar Ridge is expected to be anywhere from a 48 to 60 megawatt wind farm, depending on the type and size of the turbines installed. That means the District will be adding an estimated 23 to 29 megawatts of installed wind power with the Radar Ridge investment, making a significant step toward I-937 compliance.

## Dollars and Cents - The Bottom Line

The big question is what is the cost of the investment and what is the benefit in dollars and cents? The total investment for the Radar Ridge wind farm, assuming Grays Harbor PUD would own 49% of the project, would be an estimated \$59 million. To fund the PUD's portion of the project, the District would pursue federal financing available for renewable projects. This includes Clean Renewable Energy Bonds (no interest bonds, often referred to as CREBs) and Renewable Energy Production Incentives (rebates awarded annually for energy generated from renewable projects). The District has the option of issuing municipal tax-free bonds if CREBs don't cover all the costs. The \$59 million figure is based on the latest cost projections and conservative financing estimates over a 25-year time frame and assumes the project would be funded with 25% municipal bonds and 75% CREBs. In this scenario, the PUD estimates the wind farm will produce a positive cash flow in 2016. If the project were funded with municipal bonds with no federal incentives, it would produce a positive cash flow in 2020. This looked like a better option than simply buying Green Tags because it produces a return on the investment (energy) in addition to helping the District meet its requirements for renewable energy. Purchasing Green Tags would simply be a cash outlay.

## Final Thoughts

There's still plenty of work to be done before the wind farm becomes a reality. But the District has made a commitment to realize the benefits when it does become a reality.

So, the next time the wind blows, and that happens a lot on the coast of Washington, don't think of it as the catalyst for a bad hair day. Think of it as the fuel for green power for Grays Harbor PUD.

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## United Way Campaign in Full Swing with the PUD's Carl Jonsson at the Helm

The United Way of Grays Harbor has launched its annual fundraising campaign, and one of the PUD's employees is helping to lead the charge. The PUD's Carl Jonsson is the Campaign Chairman, which is no small task since the United Way goal is \$525,000. But despite the lofty goal, Jonsson is ready to face the challenge. "With the weakened economy, fundraising may be more difficult, but that also means the need will be greater. I know we can reach our goal with the support of our community and am excited about seeing this year's fundraising effort move forward.

Contributions to the United Way can be made through either one-time donations or payroll deductions. The United Way of Grays Harbor is helping meet the most critical needs in our County; from "at risk" youth to seniors, from domestic violence to hunger and from hospice care to daycare. Gifts to the United Way of Grays Harbor support 24 local health and human service agencies. For more information contact the United Way of Grays Harbor at 532-6260.

Last year, the Grays Harbor PUD was recognized as the "United Way of Grays Harbor Business of the Year" after showing a 40-percent increase in their payroll-deduction contributions.



## It's a Wrap

By Commissioner Jim Eddy, District 3

This is my last opportunity to share some thoughts with Grays Harbor ratepayers. I have appreciated the honor of serving the District as your Commissioner. I wish my successor, Commissioner-elect Skolrood the best.

YOUR PUD is in good shape. I am proud of the successes we've had over the last six years.

We have been able to lower energy rates three times while building up \$30 million dollars in reserves. In addition to the reserves, we have \$7 million in a Rate Stabilization Fund. Future Commissions will be faced with rate increase choices, but those choices will be a little less painful because of these actions.

We have a full-time attorney now rather than part-time contracted services. While not always the most popular employee, this addition has proven very advantageous to the District. Additionally, we added a Communications/Legislative Director in Liz Anderson. Master-of-the-Blackberry, she is always a heartbeat away from whatever is important to ratepayers, and, therefore, so are you.

The Union had attempted, with no success, to get an Apprenticeship set-aside in place prior to my getting on the Commission. I am proud we were able to get that accomplished early in my term.

Additionally, after the rate increases and personnel reductions prior to my being elected, the Union made a good case for adding a crew back. We were able to push this through as well.

The PUD infrastructure has practically been rebuilt during the last six years. We have added substations and lines to increase service and reliability. We built a new state-of-the-art System Control Center. We installed about 135 miles of fiber line. We initiated the installation of the automated meter reading system, which is now almost completed, and we have the wonderful new Dennis Nichols Building that serves not only the PUD, but also the Community.

Over \$30 million was taken from you illegally by BPA. We were among 72 Utilities that successfully sued and, for the first time, won in the 9th Circuit exposing their illegal actions. The PUD has already received commitments for \$17 million to be returned and we expect more to follow.

YOUR PUD led the fight to keep rates low in the region. Several years ago, BPA proposed a substantial rate increase. YOUR PUD began the "27 in '07" campaign. Other PUDs suggested it was too ambitious or unrealistic and 29 was more realistic. We held firm and with your help, the final rate was \$27 and a few pennies!

You have engaged in the battle. You have come to understand what it means to own and be in charge of your own resource. Please stay involved. That doesn't mean you have to complain about every decision ever made or demand a public vote on every decision. But, rather it means keep in touch.

Demand information. Go to a meeting once in a while. Read your newsletter. Call your Commissioner. Write a note on the back of the bill when you send it in (we really do read them). Expect your Commissioners to communicate with you. And remember, they are your neighbors and friends. They are trying to do their best to represent the district. Thank them every third or fourth time you chew them out.

Thank you for the joys I've had being your Commissioner.



**ENERGY, an informational newsletter, is published monthly for families and businesses energized by Grays Harbor PUD.**

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