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# BPA Announces Rate Increase

The Bonneville Power Administration (BPA) has started rate proceedings that will ultimately result in a change in the wholesale electricity rate charged to Klickitat Public Utility District (KPUD) starting October 2006.

Preliminary projections indicate the wholesale rate increase to be about 11 percent.

KPUD customers receive about 85 percent of their power from the BPA. About half of each customer's bill is for power, so the BPA's rate decision translates into approximately a 4-percent increase to KPUD customers' electric bills.

A lot of processes will go on between the BPA's preliminary announcement and an actual increase. One thing we believe at KPUD is these decisions should be made on sound business principles. We want to make sure the BPA is not penny-wise and pound-foolish on any budget trimming. It does not do anyone any good to cut a maintenance budget to save a dollar now, if it ends up costing us more in the long run. We want to make sure they turn over every stone to cut out everything they possibly can.

Many of the BPA's budget decisions are driven by factors such as employees and their salaries or funding capital projects to run the system. A large uncertainty is how much they will need to put in the budget to meet fish costs.

Right now, about 27 percent of the BPA rate is for fish. This amount is under review in a courtroom, with the judge indicating it should be more. How much more? The BPA has estimated \$62 million more.

This is actually good news, because the original amount requested in the measures was estimated to be more than \$350 million, or another 13 percent BPA rate increase.

Another big concern is how much of your money should the BPA send to private utilities to help lower their rates. This is one issue near and dear to our hearts here at KPUD. We are pretty convinced the answer to that question should be "none."

Our rates are already high enough. We don't need to be sending money to lower rates in Bellevue, when theirs are already lower than ours. But the reality is that legislation was passed to make sure the benefits of the Columbia River hydro system are shared by all residents of the Northwest.

So a compromise must be struck. Present payments to private utilities amount to 13 percent of the BPA rate. Our goal is to have this reduced.

We, at Klickitat Public Utility District, will be working diligently between now and this fall to make sure the BPA's rates are as lean and efficient as possible.

**Tom D. Svendsen, General Manager**

WA-18