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Sharing the BPA Benefits

As Bonneville Power Administration (BPA) looks to new long-term contacts with utilities, one of the most hotly contested issues is something called the residential exchange. This was a compromise, included in the 1980 regional power act, intended to equalize rates for residential and small farm customers.

In 1980, customers of private power companies were paying more for their electricity than those served by public power. We in public power, of course, believe this is the way it should be. If those customers want it differently, they should form a PUD like we did.

But, sadly, we found out politics does not always play fair. The act passed and stipulated that BPA send the private power companies money to lower the rates for their customers.

Public power's hopes were pinned on a section in the act that indicated public power rates would not go up as a result. It worked well for many years, with BPA being able to justify the payments and show us our rates were not increased. Payments to the private utilities started to diminish as BPA rates increased.

Then, in 2001, new BPA contracts—together with the West Coast energy crisis—conspired to turn this all around. Payments went up dramatically, and our BPA rates went up as well, contrary to the assurances we received.

Today, your rates include a ½-cent per kilowatt-hour (KWh) for BPA to send to private power companies. An average residential customer in Klickitat County uses a little more than 1,000 KWh per month. This means you send \$64 each year to places like Bellevue.

KPUD's board refers to this as reverse Robin Hood. Steal from a poor county like Klickitat and send it to Microsoft millionaires in Redmond. As disappointed as we are over how things turned out the last several years, our real concern now is BPA is working on long-term contracts to seal this in stone for the next 20 years.

BPA has proposed keeping the residential exchange payment at \$250 million a year—roughly what private power is getting now. Public power is not happy with this proposal, with many advocating for zero. On the other hand, private power—with the help of state utility commissions—wants more.

BPA has asked the parties to negotiate a solution. We hope this will happen. The last time BPA increased the payments in 2001, public power disagreed so vehemently we took BPA to court.

We are still waiting for the court to rule on this, and hold little hope of getting any of the nearly \$1 billion already given to the private utilities.

While we can agree Northwest citizens in private power systems may be entitled to some benefits from the Columbia River hydro system, a reasonable negotiated settlement seems like the best solution for everyone.

Tom D. Svendsen, General Manager

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