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WA-18

Energy Strategy: Buy Low, Sell High

Given recent discussions about increasing wholesale power rates and the potential impact on our rates, I have been asked: Why don't we just use the power we generate ourselves and not even buy power from the Bonneville Power Administration?

This is a good question, and one I thought many others might be wondering.

The short answer is we can sell the power output from several of our projects for more money than BPA charges us for power. If we used this power ourselves, we would receive less money than we obtain by selling it. This helps offset your rates.

As you know, your PUD owns three generation projects: a small hydro facility in the McNary Dam, the H.W. Hill landfill gas generation facility, and a portion of the White Creek Wind Project. We also own a small share of the Packwood Lake hydro generation facility through our participation in Energy Northwest.

We use the power from one of these projects to serve our load, and we sell the

output from the other projects into the electric commodity markets.

When we completed our first generation project in 1995 at McNary Dam, we had the same thought as many of you are voicing: We would build the project to generate power to supply our customers' load right here in Klickitat County, and we would buy less power in the future from BPA.

However, this was a long-term decision as when the project was built, the cost of power was more than what we had to pay BPA at that time.

We decided to build subsequent projects that were renewable and considered green in the electric utility industry. This allows us to sell the power at a premium to the electricity market because the power is green energy that is eligible for renewable energy credits. This helps offset the increased costs of small generation projects.

To reiterate, Klickitat PUD sells the power it generates to other utilities at a higher rate than the wholesale power it buys from BPA.

If you have questions, please feel free to call, write or e-mail us, and we would be happy to talk with you.

Jim Smith, General Manager



Community Meetings

Klickitat PUD commissioners and staff are meeting with customers across the county. Please plan to attend if you are in the area.

- ▶ April 4—Wishram Community Council, 5 p.m., School Community Building, Wishram.

- ▶ April 14—Dallesport Town Council, 7 p.m., Community Center, Dallesport.
- ▶ April 19—Glenwood Community Council, 7 p.m., the Grange, Glenwood.
- ▶ April 28—Bickleton Community Council, 6:30 p.m, Bickleton Café.
- ▶ May 03—Snowden Community Council, 7 p.m., Cherry Lane Fire Station, Husum.