

STRAIGHT TALK FROM KPUD

Part 4 of a series by Jim Smith and Rodger Nichols

KPUD's Plan

1 Instead of buying the additional power on the open market, KPUD will buy additional power needs from BPA under its second rate called Tier 2. While this product is still market-based, the price is set for a two-year period, allowing us to plan.

This will drive up retail rates. At current prices, the PUD forecasts a 9% retail rate increase. We have already implemented a plan to spread these impacts over three years if markets do not change and other actions do not reduce the cost. The first 3% was applied to our electric rates in January 2023.

2 The PUD recognizes that under the current rate system, customers who are actively working to reduce their carbon footprints—through the net metering program, for instance—are shifting the costs to those who choose not to or do not have the means to do so. Net metering is a program where utility customers can install wind, hydro or solar generation on their homes to offset their electric use, and the utility acts as a battery for excess generation to be returned to them later.

In reducing their electric bills, they leave fewer people to pay for the expenses of operating the system, even though they still need the system for the net metering process.

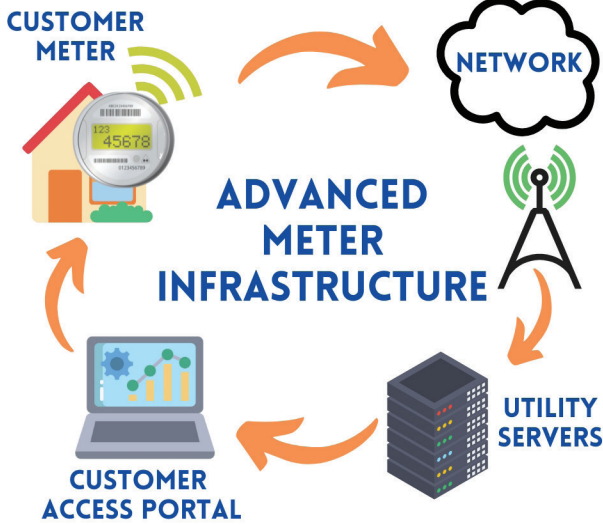
To correct this inequity, a new rate structure will be implemented so the choices customers make won't cause others to bear more of the burden. Net metering continues to grow with legislative policies and incentives, which only increases KPUD's need for appropriate cost recovery and price signals.

3 To serve load growth in the long term and comply with carbon-free mandates, such as the CETA and the Climate Commitment Act, the PUD is exploring carbon-free nuclear power, among other options, by taking part in the increasing of output from the Columbia Generating Station and potential participation in construction of the next-generation small modular nuclear reactors. No other resource can meet the zero-carbon emission targets as well as our base-load needs without significant improvements in technologies or the impacts on land use discussed above.

The wholesale electricity market, like all markets, runs on supply and demand. During periods of heavy use, the costs paid by KPUD go up. This typically reflects the activity of the population as a whole, which currently tends to use more electricity during the mornings and early evenings rather than at night. Even this pattern is changing, so we have a need for a flexible rate structure that can change as needed.

Our current residential and small commercial retail electric

HOW DOES AMI WORK?



rates have a fixed charge and a usage charge. The total you use at any one point in time is not considered. This peak use is called demand, as opposed to the amount of energy used over time. This peak demand is commonly charged to large users so they pay for the amount of the system they use. It also provides the opportunity to reduce their demand and their bills. This, in turn, also helps reduce the amount of infrastructure KPUD needs, as well as potentially decreasing the peak demand for which we purchase power.

4 To offer demand and time-of-use rates and provide customers information to

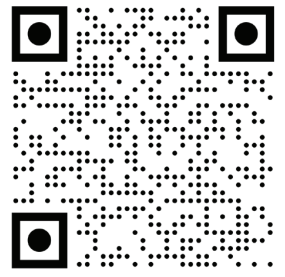
manage their use, KPUD needs to have accurate data. **KPUD will install advanced metering infrastructure, or AMI, in place of the current meters.**

Advanced meters have several advantages for our customers. It means you will not have to worry about remembering to read your meters every month or have someone come on your property to do so. It also means you get access to use data daily. This can help with determining how to adjust your power use to your advantage. KPUD AMI Project details are available at www.klickitatpud.com or scan the QR code below to be directed to the page.

There are extra benefits to these advanced meters. If an outage occurs, we can instantly pinpoint the location of the problem and get repair crews on the job quicker. When a customer moves from their service address, they can contact us and we can total their bill on the phone.

5 When the new meters are installed, we will design and implement a rate structure that accurately bills for use and demand. Over the next year, Klickitat PUD will install these meters throughout our service territory. We can then price our power to you in a way that matches how we pay for it and how we deliver it.

Klickitat PUD, as a public utility district, was formed to have local control. The use of the AMI system and a demand rate structure allows for individual choice and will give Klickitat PUD customers the opportunity to have even more control over their use of electricity. ■



Scan here to learn about KPUD's AMI project.

Next week: More about Klickitat PUD's AMI project

Want to know more?
The QR code above will take you to more information online. If you'd like to book a PUD expert to talk to your group, call us at 509-493-2255.



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