

# Hotline

## Rate Action Effective September 1<sup>st</sup>

At the July 28th Board meeting, the Franklin PUD Commissioners voted to implement a rate action increasing overall revenue by an average of 3.0%. In addition, the residential and small general monthly basic charge will increase and the related "energy", or kilowatt charge will be reduced to properly align costs to ensure equitable cost based rates for our customers. This rate change will be effective September 1, 2015.

After three public hearings in June and July seeking customer input, and with the recommendation of our Rate Advisory Committee, the Board of Commissioners also approved another potential 5% increase in May 2016. The approval was made with the understanding that the amount of the 2016 increase would be assessed after the 2015 financial results were known.

While the basic charge is being increased (residential class to \$34 a month and small general class to \$38 a month) the kilowatt hour or "energy used" charge is actually being decreased so customers who use an average of 1400 kilowatt hours (kWh) per month will only be paying approximately \$1.27 more per month. The basic charge is being raised to equitably charge customers for the use of the



distribution, transmission, maintenance and administration of the electric system.

Rising power and transmission costs from the Bonneville Power Administration (BPA) are the main drivers for the rate increase. The PUD buys about 85% of its power from BPA, the Pacific Northwest's largest energy marketer. In October 2013, BPA's wholesale power rates increased an average of 9%, with about 6% directly impacting Franklin PUD. BPA also increased its transmission rates by 13%. The 2013 BPA increases followed similar increases in 2009 and 2012 and will be increased another 7.1% in October 2015. While power costs represent nearly 70% of the annual budget for Franklin PUD, we continue to look for internal efficiencies and cost reductions to keep rates as low as possible.



## Franklin PUD Community Solar

### Sign Up Now!

Franklin PUD is moving forward with public outreach and marketing for a proposed community solar project for our customers. The project will be a solar carport located in the parking lot of Franklin PUD's administration building. It will be funded by interested participants, who can choose to purchase between one (1) and fifty (50) blocks, and will provide an alternative for customers who cannot install individually-owned (rooftop) solar at their residence or business.

The cost estimate for the project to participants is approximately \$325,000. Project "blocks" will be sold to participants for \$200 each, and each block represents approximately 14% of a panel, or 40 watts. With the state production incentive of \$1.08 per kilowatt hour through June 2020 and the energy generation credit, participants can expect a payback in three to four years. The project design will have approximately 225 solar panels manufactured in Washington State and mounted in a solar carport structure. The total power generation capacity of the project will be 65 kilowatts, enough annual energy production to power about six average homes if it were generating 24/7.

Based on the success of other community solar projects throughout the State, staff

expects this project to sell out quickly. Because there are only 1,625 blocks available, an independently audited random drawing will be held to provide customers an equal opportunity to participate in the project.

Customers can sign-up for the drawing on the Franklin PUD website at [www.franklinpud.com/communitysolar](http://www.franklinpud.com/communitysolar).

**Deadline to sign up is Friday, October 16, 2015.**

Customers who do not have access to the internet may call Franklin PUD Energy Services at 509-546-5967 for enrollment assistance. The drawing will be held in late October and customers will be notified the following week. Construction will not begin until all blocks are sold.



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PUD**  
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[www.franklinpud.com](http://www.franklinpud.com)

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*Working for You*

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## What is contained in the basic charge?

Industry-wide, utilities are recognizing that their fixed revenues recovered through the monthly basic charge are inadequate to cover related costs. The monthly basic charge costs include many aspects surrounding the distribution of power such as meters, poles, wires, and other costs that are not affected by the amount of energy a customer uses. Below is a breakdown of our basic charge elements:

|                            |                |
|----------------------------|----------------|
| Poles, wires, transformers | \$7.00         |
| Billing and metering       | \$6.00         |
| Other operating expenses   | \$14.00        |
| Taxes                      | \$2.00         |
| Debt                       | \$5.00         |
| <b>Total</b>               | <b>\$34.00</b> |

## Holly Dohrman New Power Manager



Franklin PUD hired Holly Dohrman as the new Power Manager. Dohrman will be responsible for the management of power resource acquisitions including load forecasts and purchased power requirements. The position provides input and oversight setting the strategic direction of the utility's power supply and projected load growth. She will also manage power supply contracts and participate in the administration of large commercial and industrial power sales contracts.

Dohrman has a Business Administration degree from Washington State University and has worked in engineering, GIS, and formerly as the Energy Services Manager for Klickitat PUD. Most recently she worked as the Power Manager for over four years at Klickitat. Franklin PUD extends a warm welcome to her.

## Commissioner's Corner



## Our rates and how they impact you

Roger Wright  
2015 Secretary

Why a rate increase? One of the most important things that we do as your PUD Commissioners is to watch over the financial health and stability of the PUD. Keeping rates stable affects not only the PUD's bottom line but our customer's bottom line.

All three Commissioners are small business owners and we work very hard to avoid any kind of rate increase. We completely understand that any raise in rates will take money away from something else you are already paying for. Unfortunately we have very little, if any control, over the cost of power we have to buy from BPA and the market to serve our customer's electric needs. We are left with very few options but to raise rates when the power we purchase from BPA continues to rise an average of 6-7% every two years.

Why not cut other expenses? The cost of power we buy to serve you is almost 70% of the PUD's budget. When you add in the other fixed costs which include debt service and taxes, we really only have control of less than 20% of our overall expenses. Your PUD Commissioners work very hard to make sure the controllable costs are held to a

minimum. For example, we are working with the same number of employees we had over six years ago even though our system has grown significantly and state and federal requirements we are mandated to implement have also increased.

Why such an increase in our basic charge? For residential customers your power rate is comprised of a Basic (system) Charge and an Energy (usage) Charge. The basic charge has increased significantly over the last few years because it was simply too low to cover the cost of providing basic infrastructure to your homes. Whether a customer uses a single kilowatt or 2,500 kilowatts, the PUD still has to serve your maximum demand, whenever you want it, and at a moment's notice. We have to be able to cover the cost of the infrastructure providing power to your home at all times. And it makes wise financial sense to make sure that the basic charge is fair and equitable to all.

Your Public Power is a great value. Our average residential customer, using 1,400 kilowatts of energy per month, will average just slightly over \$100 per month for power. With the recent rate increase, that cost will go up less than \$2 per month. We will continue to work to keep your Public Power a great value to you, as well as always keeping the lights on. Thank you for letting us serve you.

## 2015 Legislative Recap

## A New Focus Emerging for 2016 and Beyond

This past legislative session adjourned on July 10th after 176 days and three special sessions, the longest continuous session in Washington state history. After months of struggling to come to agreement on the state's budget and just before the midnight deadline on June 30, Washington narrowly avoided a government shutdown when Governor Jay Inslee signed the 2-year operating budget into law.

A total of 2,500 bills were introduced in 2015, with 382 that were passed and signed by the Governor. Regarding important energy bills, Franklin PUD tracked several key bills that would have had a positive impact on Franklin PUD customers. Those bills didn't pass, including one making energy efficiency upgrades from hydropower at federal dams count as a renewable resource.

But we are doing a reset on our focus going forward. For a few years, a small group of utilities have been meeting on a regular basis to facilitate making common sense improvements to the Energy Independence Act (EIA). The primary focus has been on federal incremental hydro and aligning compliance requirements with the need for power.

Looking ahead we want to "reset" our focus to encompass the broad array of regulatory issues confronting our industry. Two primary issues have surfaced, carbon mitigation and the idea of a comprehensive rewrite of the EIA.

**1. Carbon Mitigation:** Carbon has become the most discussed issue on both a state and national platform and electric utilities have

largely, and unfairly in the Northwest, been at the center of the debate. We believe we can be part of the solution by possibly adopting carbon reduction investments (CRI's) and technology-enabled pathways to reduce carbon while driving economic prosperity.

a. CRI's would give utilities credit for pursuing carbon reductions both inside and outside of the electric sector. The change would better align investments with the sources of carbon emissions. This strategy has three major pillars including:

- i. Build on Washington's natural advantage in clean, affordable electricity;
- ii. Improve efficiency in the built environment, and;
- iii. Stimulate the use of low carbon electricity and fuels in transportation.

**2. EIA Rewrite:** In the 2015 session Rep. Jake Fey introduce HB 2073 with the purpose of expanding and "improving" the EIA. Included in that bill were such items as federal hydro efficiency improvements, Pacific NW definition modified to include eastern Montana, the inclusion of all utilities post 2020.

We are moving forward to address these regulatory challenges over the next few months, before the 2016 legislative session. Collectively we want to identify future paths that meet our states future energy needs reliably and cost effectively while continuing to keep our customers in the forefront of everything we do, all while being a leader in clean energy production.

follow us @franklinpud

Travis  
Scott  
New  
Journey-  
man  
Lineman



Travis Scott started his lineman apprenticeship program with Franklin PUD on June 25, 2012. We are pleased to announce that Travis passed his Journeyman Lineman exam on July 17, 2015 and is now an official lineman serving the needs of our customers.



## Graduate to High-Efficiency Appliances

Earn an E+ in energy savings today! Do you qualify for an energy efficiency rebate? Visit us at [www.franklinpud.com/conservation](http://www.franklinpud.com/conservation) and review the possible rebates on high-efficiency appliances for your home.

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## Fuel Mix Disclosure

| Generation Type  | % of Total Generation | WA State | Actual |
|------------------|-----------------------|----------|--------|
| Biomass          | 0.08%                 |          |        |
| Coal             | 2.95%                 |          |        |
| Hydro            | 84.65%                | 77.78%   |        |
| Landfill Gases   | 0.01%                 |          |        |
| Market Purchases |                       | 6.22%    |        |
| Natural Gas      | 2.15%                 | 3.56%    |        |
| Nuclear          | 9.64%                 | 8.88%    |        |
| Petroleum        | 0.03%                 |          |        |
| Waste            | 0.05%                 |          |        |
| Wind             | 0.43%                 | 3.53%    |        |
| Other            | 0.01%                 | 0.03%    |        |
| Total            | 100%                  | 100%     |        |

Source: WA State Dept. of Commerce Utility Fuel Mix Report for 2013 for WA State. Franklin PUD's actual generation is also shown for 2013.

