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WA-18

Sale of Renewable Energy Helps Keep KPUD Costs Low

I think most folks know that Klickitat PUD has focused our generation projects on renewable, green energy. This has allowed us to offer a product that not only sells well in the marketplace, but also sells at a premium, as opposed to “normal” generation.

A good question is why do we sell this locally generated power to other utilities, allowing other people to use this green power?

The short answer is we can sell green power to other utilities for more than what it costs us to buy power from the Bonneville Power Administration (BPA) to meet our load requirements. This means if we kept these resources within Klickitat County, our overall costs would increase because we would not be selling into external markets.

Another good question is why do other utilities want to use green power and not KPUD?

Many utilities have a statutory requirement to provide green energy to their consumers. In Washington, this requirement is Initiative 937, which dictates that utilities with more than 25,000 customers must purchase 3 percent of their electricity from green sources by 2012. This percentage increases to 9 percent in 2016 and 15 percent in 2020.

Other states have renewable portfolio standards as well, the most significant being California. These standards have been largely responsible for the development of the wind projects in Klickitat County. Your PUD has only 12,000 customers, so we do not fall under these requirements, and do not have to buy green power, which would increase our costs.

Many utilities have consumers who are willing to pay more for this green energy. They have specific electric rates that customers can elect to sign up for that are more expensive than their standard rates. This allows the utilities to increase their revenues to pay for the higher cost to buy green power.

In our customer surveys, we have seen consistent, very limited interest or support for KPUD to offer green power rates to our consumers. Given the low level of interest from our ratepayers, we have not developed these rates.

Some of KPUD’s power load does come from one of our projects, however. This is the 5 megawatts we receive from the McNary Fishway Hydro Project, which we own along with Northern Wasco PUD.

While this project is renewable hydro-power, it is not considered green in Washington. We have been bringing this power into our distribution system to serve our customers since the project was completed in 1997.



Jim Smith, General Manager