

PUD Commissioners Approve 2018 Budget



The Grays Harbor Public Utility District Board of Commissioners have approved the utility budget for 2018. The \$123.3 million spending plan was passed unanimously by the board during their Nov. 20th meeting.

"This budget is about stability," says PUD Commission President Arie Callaghan. "Our staff has put together a plan that puts the emphasis on maintaining the strength, safety and reliability of the PUD system and service and finding a practical cost which makes that mission possible. I believe the budget we passed does that."

The budget includes \$8.2 million in capital expenses, or renewal and replacement of the utility system infrastructure. The largest portion of PUD spending is \$69.8-million in power costs, or 57% of the utility budget. While the utility will see some savings due to a reworking of their contract to purchase surplus power from Sierra Pacific Industries, a projected 5.4% increase in Bonneville Power Administration costs means the utility will increase rates beginning in April.

"At this point we are planning a three-percent increase," says General Manager Dave Ward. "However, by waiting to implement it we allow ourselves time to monitor factors like temperatures and load growth which may reduce the size of the increase."

At the end of the year, the PUD anticipates an ending fund reserve of \$7.9-million. That total is below district goals, but is moving in the right direction.

"Sound practice says we would maintain a minimum three month reserve," said Ward. "When you consider that it costs roughly \$10-million a month to operate the utility, you can see we are well short of that goal, but I feel that continued conservative financial planning will allow the utility to maintain a solid financial base."

Commission Meeting Dates

Meetings are held in the Nichols Building, 220 Myrtle Street, Hoquiam.

January 2018

Monday - January 8
(rescheduled from January 1)
Monday - January 22
(rescheduled from January 15)

February 2018

Monday - February 5
Tuesday - February 20
(rescheduled from February 19)

Regular business meetings are scheduled to begin at 4:30 pm. A one hour workshop (3:30 to 4:30 pm) will precede each business meeting, unless otherwise noted. The public is welcome to attend all commission meetings, special meetings, workshops and public hearings. **Public comment periods are included at the open and close of every meeting.**

Commission meetings may be cancelled and special meetings may be scheduled. Please visit our website (www.ghpud.org) for updated information.

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Managers Message

by Dave Ward

Happy New Year!!! Looking back on 2017, I can't help but feel that a corner has been turned and that things are getting better for the PUD and for Grays Harbor. Through the hard work and dedication of our employees, the PUD finds itself on far more stable ground than it has for several years.

System safety and reliability continues to be our top priority. In spite of the district's location on the Washington coast and the impact of winter storms and climate, outage numbers continue to decline. This is a testament to the hard work of our operations and engineering staff who maintain and design the utility system. The prioritization of projects for capital funding and the management of that budget have led to long needed improvements on the East Hoquiam Road, Neilton and several other areas. With the quality of work provided by our crews and engineers, I am confident those strong numbers will continue.

The PUD continues to make strides to strengthen its financial position. In 2017, the PUD worked with Sierra Pacific Industries to rework the contract by which SPI sells surplus power from their combustion turbines to the utility. The reworking of this contract will save the utility approximately \$13 million over the next five years. Work by our operations department allowed the utility to collect over \$800-thousand in FEMA funds owed from the aftermath of the 2007 storm. This will help to begin building our much depleted reserves to a more acceptable level.

The PUD continues to be supportive of economic development efforts within Grays Harbor. Working with cities, the Port of Grays Harbor and other entities, the utility has assisted new businesses in their endeavors to bring family wage jobs to the county. As these efforts continue into 2018, I am very excited about the new developments and directions in which our county is going.

Legislatively, Grays Harbor has taken a leading role in advocating for the invaluable resource our region has in the Federal Columbia River Power System. While a statewide initiative may fail to see the value in the hydro power of the Columbia and Snake River Dams, I believe the clean power we rely on positions the region to be a leader in the effort to lower carbon emissions. Thanks mainly to hydro power, over 90% of the PUD portfolio is carbon free. That is a story that needs to be told as our governor and legislature prepare for the 2018 session. Make no mistake, carbon legislation is coming and it is of the utmost importance that our leaders in Olympia know that power providers are already leading the charge to reduce the carbon footprint and that legislation that fails to recognize that the value of hydro power only heaps additional costs on utilities and their customers.

It continues to be my pleasure and honor to serve as the General Manager of your PUD. I thank you all for the trust that you place in our staff to responsibly and reliably provide our utility services to you and wish you all a happy and safe 2018.



ENERGY, an informational newsletter, is published monthly for families and businesses energized by Grays Harbor PUD.

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