

Between the Lines

Benton PUD Customer Newsletter

Summer 2016



Snake River dams threat continues

The Snake River dams are powerful and irreplaceable energy producers for the Northwest providing enough renewable, carbon-free energy to power a city the size of Seattle every year. Through the years, the Snake River dams have been targeted by some who argue for removing them to protect fish runs and claim the energy the dams produce could be replaced by wind power or conservation measures.

The push to tear down the dams recently hit the news again. U.S. District Court Judge Michael Simon ruled the Biological Opinion (Bi-Op), the federally developed river management plan to protect fish, was inadequate. He specifically included in his ruling that breaching or removing the dams must be considered even though the Bi-Op is the most science-based, comprehensive and expensive effort to restore an endangered species in the nation.



Barry Bush
Commissioner

The Bi-Op has been backed by three out of four Northwest states, including Washington, nearly all of the region's tribes, National Marine Fisheries Service, Bonneville Power Administration, U.S. Army Corps of Engineers, the Bureau of Reclamation and numerous ports, utilities and other river users. It was challenged in court by the state of Oregon, the Nez Perce Tribe, and environmental organizations.

The clean, carbon-free hydro-power produced by the four Snake River dams cannot be easily replaced. It would take two nuclear, three coal-fired, or six gas-fired power plants to replace the average annual power produced by the Snake dams.



Due to the intermittency of wind energy, it is unable to replace the needed reliability of these dams. Further, because of their location, the Snake dams provide voltage stability on a long transmission path between western Montana and eastern Washington. Without these dams, the carrying capability of certain major transmission lines would have to be reduced.

Benton PUD strongly urges you to stay informed about the dams and the exceptional progress made in protecting salmon and other fish. For more information visit our website or nwriverpartners.org

Barry Bush
Benton PUD Commissioner

Commission opposes Initiative 732

Initiative 732 will be on the November 2016 ballot. This measure would impose a carbon emission tax on certain fossil fuels and fossil-fuel-generated electricity, reduce the sales tax by one percentage point and increase a low-income exemption, and reduce certain manufacturing taxes.

At an open public meeting, the Benton PUD Commission passed a resolution opposing Initiative 732 to take a formal position to better inform customers of the potential impacts of the measure if voted into law to the extent permitted under state law (RCW 42.17A).

The resolution is available at BentonPUD.org

Where your power comes from

Benton PUD power is nearly 90% carbon free and 81% renewable

The Benton PUD Fuel Mix as calculated by the Washington State Department of Commerce:

| | | | |
|-------------|--------|---------|-------|
| Biomass | 0.18% | Nuclear | 8.31% |
| Coal | 5.86% | Waste | 0.12% |
| Hydro | 78.60% | Wind | 2.57% |
| Natural Gas | 4.26% | Other | 0.10% |

Your September bill reflects a rate increase

Keeping our rates both affordable and competitive has been a goal of Benton PUD throughout the past seventy years and will remain one of our top priorities in the future.

Benton PUD's retail electric rates increased in September 1, 2016. This increase is directly attributed to our net power costs which include the power we buy from the Bonneville Power Administration (BPA) as well as the offsetting revenues we receive from selling our excess power (power not needed to serve customers) on the wholesale market.

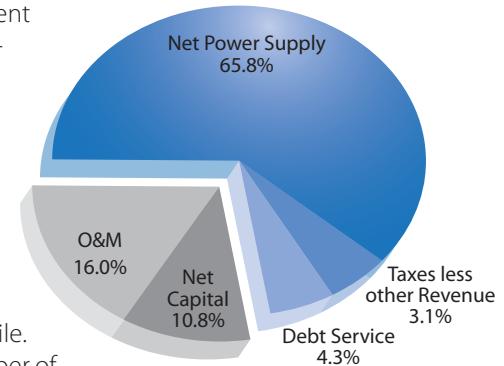
BPA's wholesale rates continue to rise due to the refurbishment of aging hydroelectric and transmission facilities as well as efforts for the protection of fish and wildlife throughout the Columbia and Snake River systems. Another component of our rising power costs is less intuitive. In good water years, both BPA and Benton PUD have sold excess power into the wholesale power market. These revenues have been used to "buy-down" our power costs. Over the last several years, the price we receive for selling power into the market has dropped substantially thereby reducing those revenues.



Chad Bartram
General Manager

As you can see in the accompanying pie chart, power costs, taxes, and debt service represent over 70% of Benton PUD's planned expenditures. Operations and Maintenance (O&M) and capital expenditures make up the remaining portion. With regard to O&M, we work hard at ensuring that we remain as efficient as possible in providing services to our customers. We benchmark our performance against like utilities and we compare favorably in key industry metrics such as O&M cost per customer and O&M cost per line mile. Additionally, over the last 10 years, as the number of customers that we serve has grown, the number of our employees has decreased. As a result, our customer per employee ratio has increased by over 19% largely due to our use of technology to make us more efficient.

2016 Planned Expenditures



While rising power costs are a concern, Washington state continues to benefit from some of the least expensive energy in the nation. Further, hydroelectric power and nuclear energy form the backbone of Benton PUD's clean energy portfolio, which is nearly 90% carbon-free.

If you have questions, please feel free to contact us.

Chad Bartram
Benton PUD General Manager

Q&A

How does this rate increase impact my bill?

Effective September 1, 2016, the average residential bill increase is approximately \$5.50 a month. For an average Benton PUD residential customer, the average monthly bill will increase from approximately \$108 to \$113 (a 4.9 percent increase). The median average monthly bill for comparable Northwest utilities is \$121. The increase for all other customer classes is also 4.9 percent.



The residential rate per kilowatt-hour (kWh) of \$0.0684 will increase to \$0.0718. The Daily System Charge of 52 cents per day will increase to 55 cents per day. For the average residential customer, based on a 30 day month, the Daily System Charge increases to \$16.50 from \$15.60.

If my billing is for part of August and part of September, what rate will I be charged?
The kilowatt-hour charge and the Daily System Charge is billed at the old rate for usage incurred in August and the new rate for usage incurred in September, based on the number of days in each month during the billing cycle.

What kind of programs do you have to help residential customers?

Benton PUD offers a 10%, 15% or 25% discount for qualifying low income seniors and low income disabled customers based on their household income. The minimum discount for all three ranges is the Daily System Charge assessed for the billing period.

- For a Low Income Senior Discount, the customer must be 62 years of age or older.
- For a Low Income Disabled Discount, the customer or a member of the household must have a qualifying disability.

Benton PUD offers Helping Hands assistance of \$125 to \$225, based on household size. The program is administered by Community Action Connections.

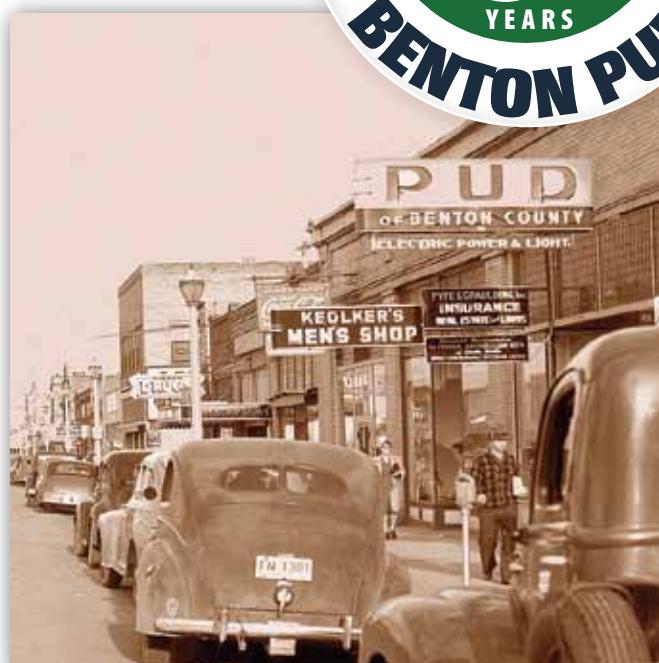
Benton PUD / 70 years of service to the community

Since 1946, Benton PUD has provided reliable, low-cost power and related services to our community. Numbers tell the story of how Benton PUD meets the community's growing needs then and now.



Then & Now

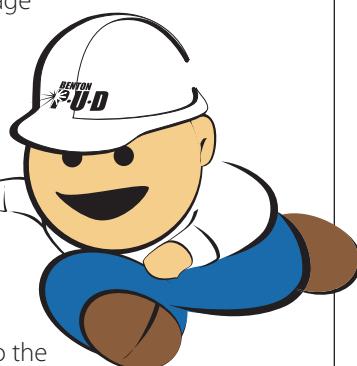
| | 1946/47 | 2015/16 |
|--------------------------------------|---------------------|--------------------|
| Benton PUD customers | 3,240 | 51,200 |
| Benton County population | 35,000 | 188,000 |
| Substations | 3 | 37 |
| Miles of lines | 180 miles | 1,662 miles |
| Number of poles | 3,900 | 24,500 |
| Kilowatt-hour (kWh) residential rate | 2-3 cents | 7.18 cents |
| Average residential bill | \$5 | \$113 |
| Annual average kWh used at a home | 2,470 kWh | 16,200 kWh |
| Benton PUD power costs | 28% of the budget | 61% of the budget |
| Taxes paid by Benton PUD | \$17,000 | \$12.2 million |
| Primary power resources | Hydro & natural gas | Hydro & nuclear |
| Broadband | Unheard of | 378 miles of fiber |



Power out? Call 1-888-582-2176

We love hearing from you on our Facebook and Twitter pages however, these pages are not monitored 24/7. To serve you better, we ask that you report an outage to our outage line and a crew will be dispatched.

To expedite our response to fires and other emergencies outside of our normal business hours, our on-call crews use Benton PUD vehicles after hours. This enables our crews, in conjunction with Benton County Emergency Services and our local first responders, to go straight to the location of the emergency rather than come to Benton PUD first.



P. O. Box 6270 Kennewick, WA 99336



Mark your calendar Senior Day / Sept. 21

9 am to 1 pm Benton PUD Auditoriums in Kennewick and Prosser. Senior Day provides customers the opportunity to meet with Community Action Connections to discuss our **Low Income discounts** and reapply if needed.



Seniors are invited to stop by for goodie bags, cookies and coffee, and learn more about energy savings, electrical safety rate information and chat with our energy advisor and customer service representatives.

SmartHub™ coming in 2017

For 70 years Benton PUD has been connected to our customers by poles, wires and a monthly bill. Starting early in 2017, we are excited to be offering new services that will allow us to connect "with" you in a whole new way.

We are in the process of upgrading our customer billing system to provide new ways for our customers to connect with us at Benton PUD. In February 2017, we will introduce SmartHub™. This online tool will enable you to track your usage, view your bill, make payments, even receive outage notices...on your cell phone, tablet or computer.



By tracking the energy you use, you'll gain a better understanding of how your family uses electricity and how you may be able to save energy to reduce your bill. Payments can be made faster and at your convenience to save you time. Text messages will be available to notify you when there is an outage in your area. This upgrade will also provide us tools to be more efficient, lowering our operating costs in the future.

We are excited about the addition of SmartHub™. Helpful information will be made available through videos on our website. We will also have customer meetings where you can learn more about all of the SmartHub™ options. Keep an eye on our newsletter for more information and tips.