



Top:
 • PUD Commissioners at a recent meeting.
 • A PUD truck in a summer parade.

Middle:
 • Erica Gasche, Customer Service Representative, helping a customer.
 • Tyler King and Mattias Jarvegren, Utility Services, talking to a customer at the Sequim Lavender Faire.

• John Purvis, Distribution Systems Manager, on PUD's Monthly KONP Radio Appearance – Tune in to KONP Radio at 1:30 on the 2nd Thursday of each month.

Bottom:
 • The PUD's Orange International Truck in a summer parade.



INSIDE:

YOUR UTILITY	PAGE 2
COMMISSIONER'S PERSPECTIVE	PAGE 3
LETTER TO ENERGY SECRETARY CHU	PAGES 4-5
CONSERVATION	PAGE 6
WATER NEWS	PAGE 7
"LIKE" US ON FACEBOOK	PAGE 8

Clallam County PUD
 PO Box 1090
 Port Angeles, WA 98362

Postal Customer

PRSR STD
 U.S. Postage
 PAID
 Olympic Mailing
 Services
 ECRWSS

Dear PUD Customers,

While there are many benefits to public power, arguably one of the most important is local control. Public power utilities like your PUD don't make decisions in some far away board room with the sole intention of churning a profit to appease stockholders.



DOUG NASS

No, public power utilities are governed locally by locally elected officials, and their objective is to provide the best service possible at the best rate possible.

Over the years this has become more and more challenging as much of the "local control" has been stripped away. The PUD, for example, has been a leader in conservation efforts for years – now the Washington Energy Independence Act (formerly known as I-937) is mandating even greater and more costly efforts (this on top of mandates to buy costly renewable energy – even if we don't need it, we may have to replace low cost clean hydro power).

Local control is being threatened at the federal level too. I encourage you to read the op-ed piece by Commissioner Ted Simpson related to Secretary of Energy Chu on pages 4-5. But there's more than that, and we are keeping our eyes on all of these issues.

Thank you for your continued support of public power – it's because of you that the PUD is able to provide safe, reliable, and affordable utility services to Clallam County.

PUD General Manager

Contact PUD

PO Box 1090
Port Angeles, WA 98362
360-452-9771
Toll-free: (800) 542-7859
info@clallampud.net
www.clallampud.net



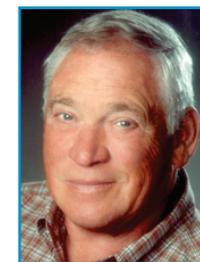
Fuel Mix

Your PUD's electricity comes from the following fuel mix:

Hydroelectric:	76.55%
Biomass:	0.22%
Coal:	7.62%
Landfill Gases:	0.02%
Natural Gas:	2.82%
Nuclear:	12.54%
Petroleum:	0.07%
Waste:	0.14%
Other:	0.02%

Commissioners

Clallam County Public Utility District #1 is directed by a three-member board of commissioners elected by the citizens of the county. Our Board holds public meetings most Mondays at 1:30 p.m. at our Port Angeles office, 2431 East Highway 101. Call (360) 565-3231 or (800) 542-7859, or visit www.clallampud.net, for more information.



Ted Simpson
President, District #3

Ted Simpson was elected in 1985. He represents the 3rd District, which is the West part of the County. Commissioner Simpson is a proponent for safe, reliable, and affordable utility service for all PUD customers. "Our current challenge will be to integrate new renewable (Green) resources into our system at an affordable cost, while complying with State and Federal Laws".

teds@clallampud.net • (360) 565-3525



Will Purser
Vice President, District #1

Will Purser has served as District 1 PUD Commissioner since appointment in April 2001. He represents the 1st District, which is the Eastern part of the County. Commissioner Purser recognizes that the issues of energy, water, and waste disposal are critical to the quality of life of Clallam County residents now and in the future. He also serves on the Energy Northwest Board of Directors' Executive Board. Energy Northwest is a Joint Operating Agency of 28 public utilities operating nuclear, hydroelectric, wind, and solar projects.

wepurser@clallampud.net • 360-565-3512



Hugh Haffner
Secretary, District 2

Hugh Haffner has been Commissioner since 1994, when he was appointed to a two year term. He represents the 2nd District, which encompasses areas surrounding the City of Port Angeles. Commissioner Haffner has been working with municipal, state and federal officials to bring fiber optic backbone to the county and researching and developing strategies for a county-wide fiber optic network. With real-time, two-way connections to our power stations and our customers we can regulate power flow and provide better, more economical service.

hughh@clallampud.net • 360-565-3521

Cost Effective Approach to Meeting the Mandates



by Commissioner Hugh Haffner

The state of Washington has a renewable portfolio standard (RPS) which all qualifying utilities must meet. The RPS came to be as a result of Washington voters passing I-937 in 2006. Now known as the Washington Energy Independence Act (EIA, RCW 19.285), all qualifying utilities are mandated to purchase a certain amount of renewable energy as defined by the EIA.

Clallam County PUD is a qualifying utility under this Act because we have more than 25,000 customers. As such, we have had to develop a strategy on how to most cost effectively meet the mandates of the EIA. Keep in mind, as your locally controlled utility, our objective is to provide reliable, efficient, safe and low cost utility services in a financially and environmentally responsible manner. The challenge with the EIA mandates is meeting the "low cost" objective of our mission.

Qualifying renewable energy options are significantly more expensive than the low cost clean hydro power we have become accustomed to. What's even more disappointing is that the

clean hydro power that powers our homes and businesses does not count as "renewable" under the EIA. So, the PUD is required to look at sources like wind (3 times more costly than hydro), solar (3-4 times more costly than hydro), or other sources that are also more costly than hydro.



The PUD has looked at many renewable energy projects, and thus far the strategy we have found that best fits our mission is to buy Renewable Energy Credits (REC's). What is a REC? A REC represents the environmental benefits of one megawatt hour of clean energy. In essence, the PUD is not purchasing the higher cost renewable energy; it is just purchasing the "environmental attributes" of a given project and continuing to purchase the low cost clean hydro power it always has.

With low cost clean hydro power from the Bonneville Power Administration (BPA) costing 3-4 cents per kilowatt hour (kWh), compared to wind (9 cents per kWh) or solar (12 cents per kWh), the strategy of purchasing REC's makes the most sense right now. In the future though, we may need to purchase something other than REC's, and perhaps even be forced to replace the low cost hydro power with more expensive energy.

Safety is a Priority at the PUD

- Look up and around before trimming those branches.
- Watch overhead power lines when working or playing with long objects (such as ladders, antennas, snow rakes, fishing rods, boat mast, or tree trimmers.
- Obey the 10-foot-rule--don't allow equipment, tools, or objects closer than 10 feet to an overhead power line.
- Don't let anyone climb in trees near overhead power lines.
- Do not plant trees near overhead power lines.
- Downed power lines can kill. Don't guess; call your local electric utility.
- Before digging, excavating, setting a mailbox, fence post or planting trees and shrubs, remember to call for a locate of underground utilities.



**Know what's below.
Call before you dig.**

Summer Is Home Energy Audit Time!

Summer is here, and while we're all enjoying the benefits that come along with it, including lower energy bills, this is the perfect time to conduct a home energy audit!

Visit the PUD's YouTube channel to view our "Home Energy Audit" video where you can learn how to conduct your own home audit that can save you money as we head into Fall!

Find it at www.youtube.com/clallampud



www.clallampud.net



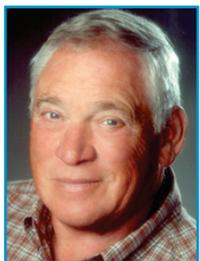
Clallam PUD - Your Partner in Conservation!



Energy Secretary Chu threatens low cost power

By Ted Simpson,
President Clallam County PUD Board of Commissioners

Washington PUDs, including Clallam County PUD, represent nearly one-million customers across the state. We take great pride in our long history of providing our communities with safe, reliable electrical service at the lowest reasonable cost. On March 16, 2012, Energy Secretary Steven Chu issued a memo that calls for actions that threaten to raise the cost of power in the region, increase rates for many PUD customers with no reciprocal benefit, and undermine a foundational principle of public utility districts - local control.



The memo issued by Secretary Chu strikes at the heart of public utilities' rights to cost-based power produced by the federal hydro system. Not-for-profit, public utilities including PUDs, have "preference rights" which means we have first right to purchase federal power at cost, passing on the benefits of the federal system to the citizens we serve.

This hydropower is a critical resource to our PUD and the region. It is clean, reliable,

relatively low cost power that energizes our communities and drives economic development. We purchase the power from the Bonneville Power Administration. BPA, a federal agency under the umbrella of the Department of Energy, markets the power and is one of four power marketing administrations (PMAs) in the nation. The costs – including interest on the initial capital investment -- of the federal power are paid by ratepayers, not taxpayers, and are reflected in the rates BPA charges. When BPA's costs go up, it impacts the cost of power on a local level, often driving our rates up. That is why the memo has made waves -- and not just in Washington State.

Secretary Chu's memo, issued to BPA and the three other power marketing administrations, alludes to several ominous directives that could add additional costs and seeks to impose a "one size fits all" policy direction with little regard for what is truly in the best interest of our communities and our customer-owners.

The memo is vague, but suggests new programs promoting new renewable power resources, energy efficiency, and new technologies. These may sound like good ideas on the surface, but it is questionable at best whether it is appropriate or even necessary for BPA and the other PMAs to execute these programs with the ratepayers bearing the costs.

It is important to point out that in many cases the goals of the memo are already being addressed. For example, we and other utilities across the state have promoted and successfully achieved energy efficiency for years. Our PUD saved customers in our community more than 4,722,019 kWh last year (2011) alone and we continue to work with BPA to generate additional savings. We already made great strides in development and integration of new renewable resources. To date, over 4,500 megawatts of wind capacity has been integrated into the BPA system. In fact we have integrated so much wind energy; we have more than the region needs. This begs the question: if we're already doing what the memo states we should be doing, what is DOE's underlying purpose? Our concern is that the agency wants to go beyond what we have already done,

planned for, and paid for (or will pay for) in Washington state unnecessarily and with no benefit to our electric customers.

The other concern with the memo is that it shifts energy policy decisions from local control to a federal agency in the other Washington. PUDs are founded on the principle that local communities are best positioned to decide how to manage one of their most critical resources, energy. We value the expertise, experience and input from various stakeholders to arrive at sound decisions that are in the best interest of the people we serve. This model works well at both the local and regional levels as our PUD participates in an open dialogue with BPA on how best to manage our valued resource.

While we appreciate the Department of Energy's interest in the PMA's contribution to meeting the challenges of operating the electric system in a rapidly changing world, directives from DC are not the answer. It is time for the Secretary of Energy to put the brakes on his proposals and listen to the voices of ratepayers, the local public utilities across the nation that serve them, and the 166 members of Congress (bipartisan and bicameral) who signed a letter to the Secretary expressing concern about the initiatives being contemplated. It is only through a collaborative process focusing on the unique characteristics of the region that we can make wise energy decisions that will support our local economy and preserve our natural resources while continuing to keep the lights on.



Public power, like that of Clallam County PUD, is one of the oldest forms of electric utility ownership in the U.S.

Public Power – Benefitting the Community

Public power, like that of Clallam County PUD, is one of the oldest forms of electric utility ownership in the U.S. Public power utilities are not-for-profit local institutions that provide electricity as an essential public service at a reasonable cost. Public power utilities are supported by customer revenues, not taxes. In fact, public power utilities provide substantial payments in lieu of taxes to state and local governments.

What are public power's unique benefits?

- **Public power is customer-focused.** Public power means that customers have a voice in decisions made by their utility.
- **Public power costs less.** On a national basis, private power residential customers pay average electricity rates that are about 13% more than those paid by public power customers. Beyond that, consumer-owned utilities are also committed to helping customers reduce their consumption to further lower their bills.
- **Public power is a good neighbor.** Consumer-owned electric utilities are committed to conservation, environmental stewardship, and safety. Public power utilities work to meet the needs of long-term community goals. Employees are your neighbors.
- **Public power is reliable.** Consumer-owned utilities' rates pay for maintenance and reinvestments in important infrastructure needs.



Washington Conservation Mandates and the Conservation Potential Assessment



By Mattias Jarvegren
Utility Services Advisor II

Over the past few years you probably have heard us talk a lot about Washington's Energy Independence Act (EIA, formerly known as I-937). In this column I am going to describe how the District's Conservation targets are set by the EIA.

Effective January 1, 2010, the EIA requires that Clallam PUD pursue all cost-effective conservation resources. This is accomplished by requiring the District to establish a ten year total energy savings potential every two years. Then, during the following two years the District is required to save a total of one fifth of the total ten year potential, before establishing a new ten year savings potential, and starting the process over.

The EIA spells out three different options regarding how the ten year savings potential is established. These options are described below.

1. The Northwest Power and Conservation Council's (Council) conservation calculator

The Council is a regional entity that develops and maintains a regional power plan to balance the Northwest's energy needs. Every five years the Council develops a 20-year electric power plan that will guarantee adequate and reliable energy at the lowest economic and environmental cost to the Northwest, and along with that power plan the council also publishes a conservation calculator that redistributes the regional energy savings potential to each utility in the Pacific Northwest, based on each utility's share of the total regional power sales. This approach is by far the easiest and is subject to the least amount of auditor scrutiny.

2. A modified version of the calculator

The District also has the option to modify the Council's conservation calculator. This option involves making adjustments to the Council calculator by either adding or subtracting energy conservation measures that are either not relevant or more readily available within the District's service territory. This approach is a little more cumbersome and is subject to a fair amount of auditor scrutiny due to the fact that any modifications to the calculator's results have to be documented and justified.



3. Utilities can perform their own custom analyses

The third option allows the District to create its own conservation potential entirely on its own, as long as the methodologies used to establish the ten year potential are consistent with the methodologies used by the Council to its regional savings potential. This approach is the most cumbersome and is subject to auditor scrutiny. It is also the approach that will yield the most accurate result.

To date, the District has used the first option, the Council calculator, to establish its conservation potential and subsequent two year savings target, because we have deemed it the lowest cost, lowest risk option. As the District continues its efforts to remain in compliance with the EIA we might decide to choose another option. In the meantime we want all of Clallam County PUD's customers, residential, commercial and industrial alike; to know that we are here to help you with conservation planning and questions. Please go to our website, www.ClallamPUD.net or call us — (360) 565-3249 or (800) 542-7859 x249.



Bringing Energy To Life™

2431 E. Highway 101 • PO Box 1090 • Port Angeles, WA 98362

360-452-9771 • www.clallampud.net

The PUD's Water Systems



Mike Kitz,
Water and Wastewater
Systems Superintendent

Many residents of Clallam County may not realize that not only does the PUD provide electrical service to the vast majority of the county (City of Port Angeles residents excepted), but it also provides water service to over 4000 customers.

Because this is an important part of our business, it's worth reviewing on occasion. Authorized under the provisions of Chapter 54 of the Revised Code of Washington to own and/or operate public water systems within Clallam County, The PUD owns and operates the following water systems:

Gales Addition

The Gales Addition water system currently has 1556

existing water customers in the Eastern Urban Growth area of Port Angeles and includes the Mt. Pleasant and Monroe Road areas. The water source for this system is purchased water from the City of Port Angeles.

Fairview

The Fairview water system currently has 1524 existing water customers in the Agnew, Deer Park, and O'Brien areas east of Port Angeles. The sources of water for this system are a newly constructed water treatment plant on Morse Creek and a well in the area of The Bluffs.

Clallam Bay/Seki

The Clallam Bay/Seki water system currently has 344 existing water customers in the townships of Clallam Bay and Sekiu. In addition, the water system provides water to the Clallam Bay Corrections Facility. The source of water for this system is a well field located near the Hoko River.

Evergreen

The Evergreen water system currently has 607

existing water customers in the Bell Hill, and Loma Vista areas south of the City of Sequim. The sources of water for this system are wells located in the Happy Valley and Loma Vista areas.

Carlsborg

The Carlsborg water system currently has 231 existing water customers in the Carlsborg area. The source of water for this system is a well located in the Carlsborg Industrial Park.

Island View

The Island View water system currently has 34 existing water customers in the Island View Subdivision (approximately 6 miles West of Sekiu). The source of water for this system is a small water treatment plant on Olsen Creek.

Panoramic Heights

The Panoramic Heights water system currently has 17 existing water customers in the Panoramic Heights subdivision south of Port Angeles. The source of water for this system is a well south of the subdivision.

Here are a few Water Conservation tips from our partner at "Water Use It Wisely"



Shorten your shower by a minute or two and you'll save up to 150 gallons per month.

Choose shrubs and groundcovers instead of turf for hard-to-water areas such as steep slopes and isolated strips.

Plant in the fall when conditions are cooler and rainfall is more plentiful.

Monitor your water bill for unusually high use. Your bill and water meter are tools that can help you discover leaks.

Wash your fruits and vegetables in a pan of water instead of running water from the tap.

Spreading a layer of organic mulch around plants retains moisture and saves water, time and money.

Use a broom instead of a hose to clean your driveway and sidewalk and save water every time.

For more water conservation tips, visit www.wateruseitwisely.com



Clallam PUD - Your Partner in Conservation



www.clallampud.net/conservation





“Like” the PUD on Facebook



The PUD is becoming more and more active on Facebook and hopes to see you “Like” the page soon. When you do, be sure to participate in the occasional Facebook polls.

Recently the PUD asked:

Did you know existing Hydro Power (i.e. the Bonneville Power dam system) is NOT counted as a renewable energy source under the Washington Energy Independence Act (formerly known as I-937)?

Also on Facebook ...

You will receive weekly conservation tips, such as:

- ▲ Wash full loads of laundry and dishes; air dry if possible.
- ▲ Consider energy efficiency when landscaping.
- ▲ Use only task lighting when appropriate.



Be sure to LIKE the PUD on Facebook at www.facebook.com/ClallamPUD

KILL-A-WATT ENERGY DETECTOR TOOLKIT



Clallam County PUD and the North Olympic Library System (NOLS) have partnered to offer residents a way to measure energy use in their homes. Residents are now able to check out a Kill-a-Watt™ Energy Detector Toolkit at any NOLS library for up to a week at a time.

The Kill-A-Watt™ device measures the amount of electricity various household appliances use. It calculates how much money or energy is being spent on an hourly, daily, monthly or yearly basis, allowing you more control over your energy usage!

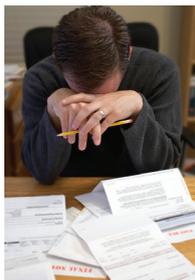


- No More Paper Clutter
- Free Cloud Storage
- Access Anywhere

Another way to Go Paperless with Clallam County PUD on doxo.

doxo is a digital file cabinet where you can receive, pay and store bills from multiple companies, all in one place.

Neighbors Helping Neighbors Donate to the Neighborly Assistance Program



By donating a few dollars a month, you can help keep the lights on for a growing number of needy families and seniors. Through our Neighborly Assistance Program, you can bring light and warmth to your Clallam County neighbors through one-time or recurring donations to any or all of the following agencies: Olympic Community Action Programs, Sequim Community Aid, and Sequim St. Vincent de Paul. It's simple! Just complete the form below, enclose it with your bill payment and/or drop it off at a PUD office. The form is also available online:

www.clallampud.net/customer_service/NeighborlyAssistance.pdf

Neighborly Assistance Program

Name: _____ Acct. No.: _____

Address: _____ Phone No.: _____

My choices for participation in the Neighborly Assistance Program are indicated below. This replaces any previous pledges.

I prefer to be billed, beginning with my next statement, as follows:

Please bill \$ _____ for _____ months.

Please bill \$ _____ every month until I contact the PUD to cancel.

I prefer a one-time contribution of \$ _____

I want my one-time or monthly contribution of: \$ _____ to go to Olympic Community Action Programs

\$ _____ to Sequim Community Aid

\$ _____ to Sequim St. Vincent de Paul

Signature: _____

Date: _____

PUD eServices Center

The PUD eService Center offers you the ability to access and pay your bill online through the PUD website. This service saves you time and money over driving to your local PUD office to pay your bill in person, or of writing out a check and mailing your payment. To sign up for eService, have a copy of your statement available and type in the address for the PUD homepage into your internet browser: www.clallampud.net

The screenshot shows the Clallam County PUD website with a navigation bar for Electric, Water, Broadband, Conservation, and Outages/Safety. Below the navigation bar is a search bar and a list of links: About, News & Events, Commissioner Meetings, Customer Service, Jobs, FAQ, Sitemap, Contact Us. A large green button says "View your bill, enroll, or view the eServices tutorials by clicking below". On the right, there is a "eServices Center" box with a "PAY / ENROLL" button and a list of links: "Click below for How To:", How To Enroll Video, Enrollment Instructions, Make a One-Time Payment, Sign Up and Manage Auto Pay, Request Paperless Billing or Change Account Information, eService F.A.Q. Below this is an "Electronic File Cabinet" section with a "Join doxo" button. At the bottom right, text says "Click the 'PAY/ENROLL' button to get started!".