



HOTLINE

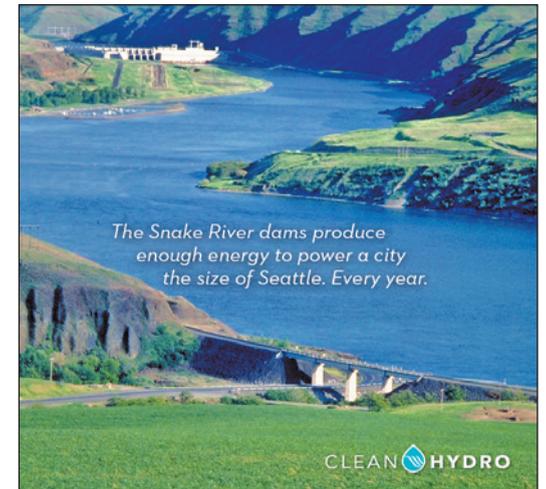
News From Your Public Power Utility • Second Edition 2016



Dig Safely Float



All PUD Staff are Trained in CPR / AED



A rainbow over the Main Office



Tyler King talks energy conservation with youth from the Boys and Girls Club.



The Old Orange Truck in the Irrigation Festival Parade



Sean Worthington, Customer Service Supervisor, presents to a local group.

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Clallam County PUD
PO Box 1000
Carlsborg, WA 98324

Postal Customer

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

PUD Mission: Providing reliable, efficient, safe and low-cost utility services in a financially and environmentally responsible manner.

Sneak Peek



DOUG NASS

Dear Customers,

The PUD's Mission is to provide reliable, efficient, safe and low cost utility services in a financially and environmentally responsible manner. In this edition of HotLine you will find several ways in which we are working to achieve that very important Mission.

Even with significant rate pressures, the PUD's retail residential electric rates remain among the most favorable in the state, region, and nation. The Commissioners and Staff of the PUD realize that rate increases can be a challenge, and that's why we work so hard to keep such increases reasonable. We will continue to do that.

There are rate pressures however, such as the proposed I-732 (Carbon Tax) initiative. The PUD watches all current and proposed regulations closely, and this is one that will have an impact if passed. PUD Commissioners adopted a resolution opposing the Initiative, and that is discussed more on Page 6.

I encourage you to take a few minutes to go through the HotLine and learn more about how our rates compare, rate pressures, and other aspects of the utility. Remember, we are here to serve you.

Thank you,

Doug Nass, General Manager

Contact PUD

PO Box 1000
 Carlsborg, WA 98324
 360-452-9771
 Toll-free: (800) 542-7859
 info@clallampud.net
 www.clallampud.net



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

Hydroelectric:	88.03%
Nuclear:	10.05%
Coal:	0.92%
Wind:	0.55%
Natural Gas:	0.38%
Biomass:	0.04%
Waste:	0.02%
Petroleum:	0.01%
Total.....	100.00%

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 Carlsborg Main Office, 104 Hooker Road. Call (360) 565-3231 or (800) 542-7859, or visit www.clallampud.net, for more information.



Will Purser
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
Vice President, 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



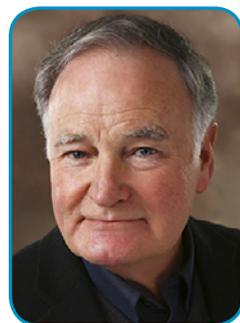
Ted Simpson
Secretary, District #3

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

LETTER FROM PRESIDENT WILL PURSER

Dear Customers,



WILL PURSER
PUD Commission
President

From electricity rates, to groundwater levels and the potential impact of climate change, I stand with you and acknowledge that my job as one of your commissioners is to keep my eye on the ball. As a longtime resident with decades of business and engineering experience in the energy industry, the issues surrounding water and energy are not trivial — in fact, they are more complicated than ever and require focused attention to ensure a vibrant future for our children and grandchildren.

One of the sources we need to leave them so we can continue to enjoy clean air and a reliable electricity mix here on the Olympic Peninsula is nuclear—powered by the fission of atoms from tiny fuel pellets in a boiling water reactor near Richland, Wash.

Many of you are aware I am on the executive board of Energy Northwest, which owns and operates the Columbia Generating Station nuclear plant.

EN is a joint action agency created in 1957 by the state legislature to serve the needs and aggregate the strengths of public power. The agency represents the convergence of small and big public power with a 27 member consortium of PUDs and



municipalities across the state, benefiting more than 1.5 million ratepayers, greatly contributing to Washington’s clean energy mix as a 100 percent carbon-free utility.

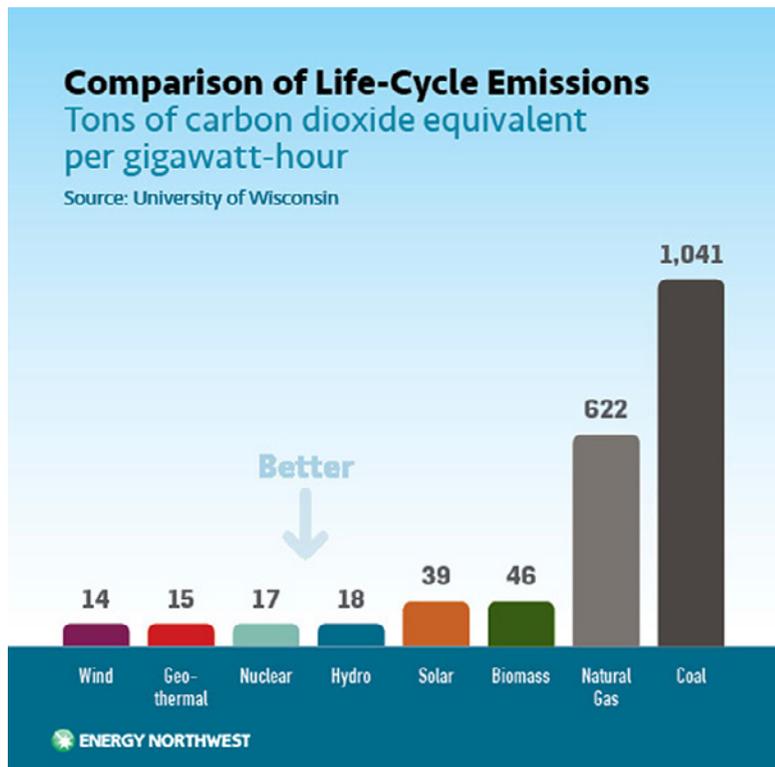
EN owns and operates a diverse portfolio of clean air generating facilities, in addition to the nuclear plant: White Bluffs Solar Station, Packwood Lake Hydroelectric Project and the Nine Canyon Wind Project. Our PUD is one of the 27 members and a part of the Hydroelectric Project and Columbia clean air sources.

I have confidence in the leadership of that plant and am proud to be a part of the executive board, a role I have held since 2010, and where my experience is well placed. My confidence is largely based on EN’s focus on safety, commitment to providing power at the cost of production and a high level of transparency exhibited by leadership.

Operationally, as is the case with many organizations, EN has had its share of ups and downs. In recent months, I’ve seen a downward trend when compared to other nuclear generating facilities across the country. I am actively engaged in reversing this trend by providing guidance and input into priority actions.

As an Executive Board member, I am committed to excellence in governance of the agency continually improving the board and EN performance holding each other to the highest standards of public power and the nuclear industry conducting business in a manner that best serves the interests of all Northwest ratepayers affected by the agency and its projects

I believe non-carbon-emitting nuclear to be an invaluable component for



con't page 5



PUD's Rates Remain Favorable

“We are quite fortunate to have the low cost, renewable, carbon free federal hydro system as our primary source of energy.”

– Doug Nass

The PUD's retail residential electric rates remain favorable compared to those of surrounding utilities and regional / national averages.

“We are proud to say we have been proactive in our communication about rate pressures and also proud to note that retail residential rates at Clallam PUD are quite favorable when compared to other utilities in the region and when compared nationally,” said Doug Nass, PUD General Manager. “We are quite fortunate to have the low cost, renewable, carbon free federal hydro system as our primary source of energy.”

How Do Clallam PUD Rates Compare?

Residential electric rates of Clallam County PUD are favorable when compared to surrounding utilities, and especially when compared to regional and national averages.

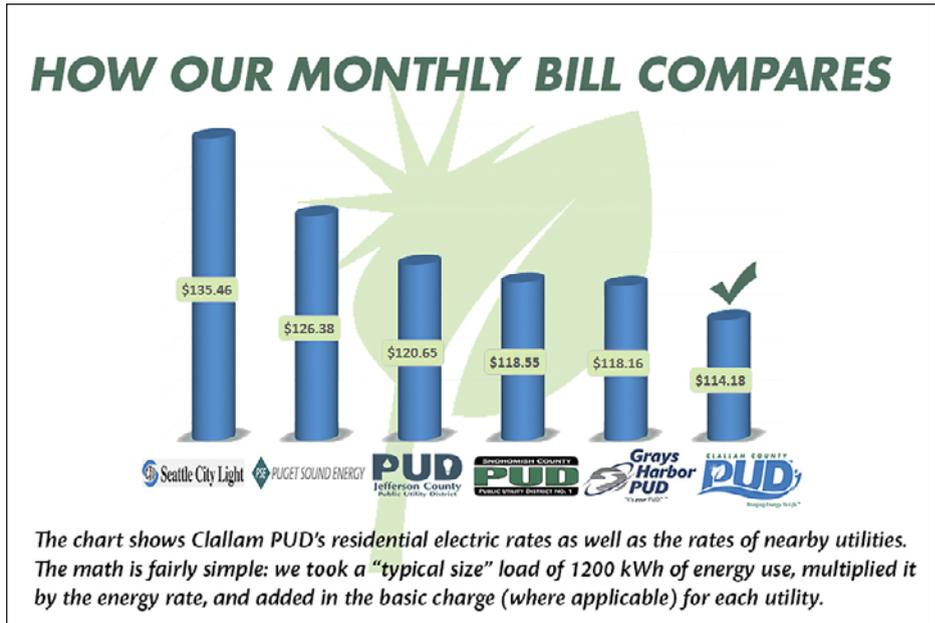
The chart at right shows Clallam PUD's residential electric rates as well as the rates of surrounding or nearby utilities. The math is fairly simple: we took a “typical size” load of 1200 kilowatt hours of energy use, multiplied it by the energy rate, and added in the basic charge (where applicable) for each utility. Totals are rounded to the nearest dollar.

con't page 5

Source: All rate information, including energy charge and basic charge, were derived from the most current information on each utilities web site as of March 27, 2016. Clallam PUD's information is based on rates effective April 1, 2016.

Some of the reasons for disparity in rates include the high population density of a city like Port Angeles compared to more rural services like Clallam PUD, and the need to satisfy shareholders profit demands (such as for PSE) compared to public power utility like Clallam PUD.

* It should also be noted that the City of Port Angeles benefits from being classified as a “small utility” and is thus not subject to the renewable energy and energy conservation mandates of the Washington Energy Independence Act.



The chart shows Clallam PUD's residential electric rates as well as the rates of nearby utilities. The math is fairly simple: we took a “typical size” load of 1200 kWh of energy use, multiplied it by the energy rate, and added in the basic charge (where applicable) for each utility.



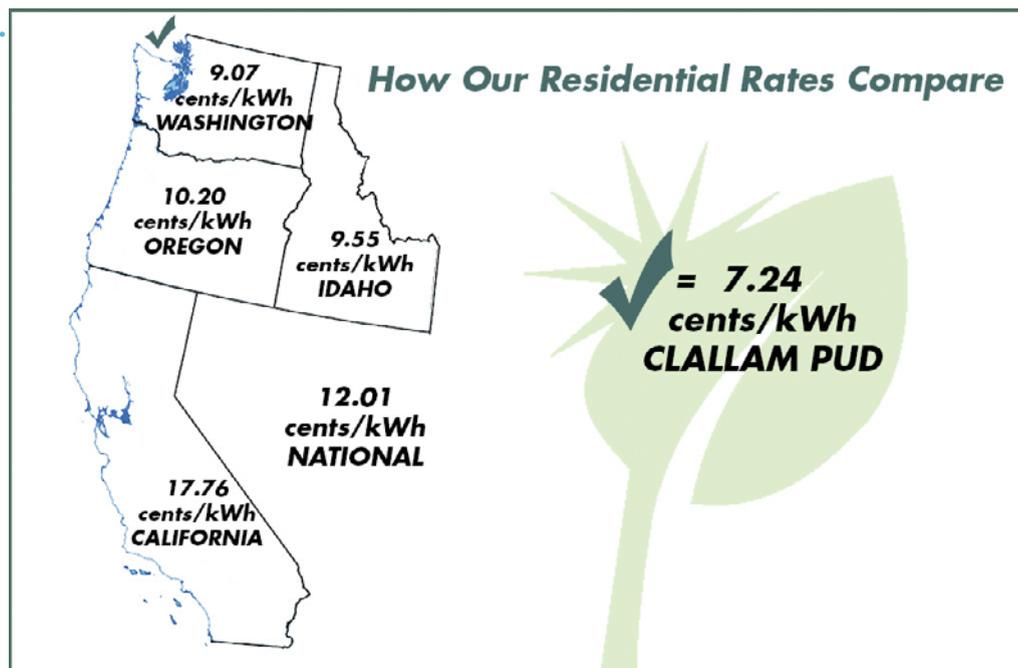
In this chart, we show what your PUD's residential kWh electric rate, effective April 1, 2016, is compared to that of the national average, Washington's average, Oregon's average, Idaho's average, and California's average as of their January 2016 data.

Source: U.S. Energy Information Administration's Average Retail Price of Electricity to Ultimate Customers by End-Use Sector. Accessed http://www.eia.gov/electricity/monthly/epm_table_grapher.cfm?t=epmt_5_6_a March 30, 2016.

The electric utility industry, including your PUD, is facing rate pressure challenges that come as the result of renewable energy mandates, fish and wildlife mitigation mandates, environmental mandates, regulatory mandates, and more.

PUD Commissioners approved a 3.8% retail electric rate increases at their December 14, 2015, meeting that was effective with all bills rendered on or after April 1, 2016.

Clallam County PUD is committed to its mission of providing reliable, efficient, safe and low cost utility services in a financially and environmentally responsible manner.



.....from page 3

achieving our state's carbon reduction goals. Nationwide, nuclear provides 19 percent of the electricity generated, and 63 percent of our carbon-free electricity. It also has one of the lowest life-cycle carbon emission profiles of all sources of electricity.

Every credible study by world organizations or government agencies that

looks at clean air goals concludes we can't reach those goals without existing and new nuclear plants. For many states, nuclear is the primary source of their clean air energy.

That point was made clear at the Paris climate talks held just last year. James Hansen, formerly of NASA, was joined by other prominent climate scientists in calling for an expansion of nuclear energy around the world.

As was demonstrated so well in the documentary Pandora's Promise, many environmentalists are changing their position on nuclear energy, specifically because of its carbon-free energy production; but also because of its small land-use footprint.

New reactor designs hold promise for economic efficiencies; compatibility with renewable resources, such as wind and solar; and safety features that make

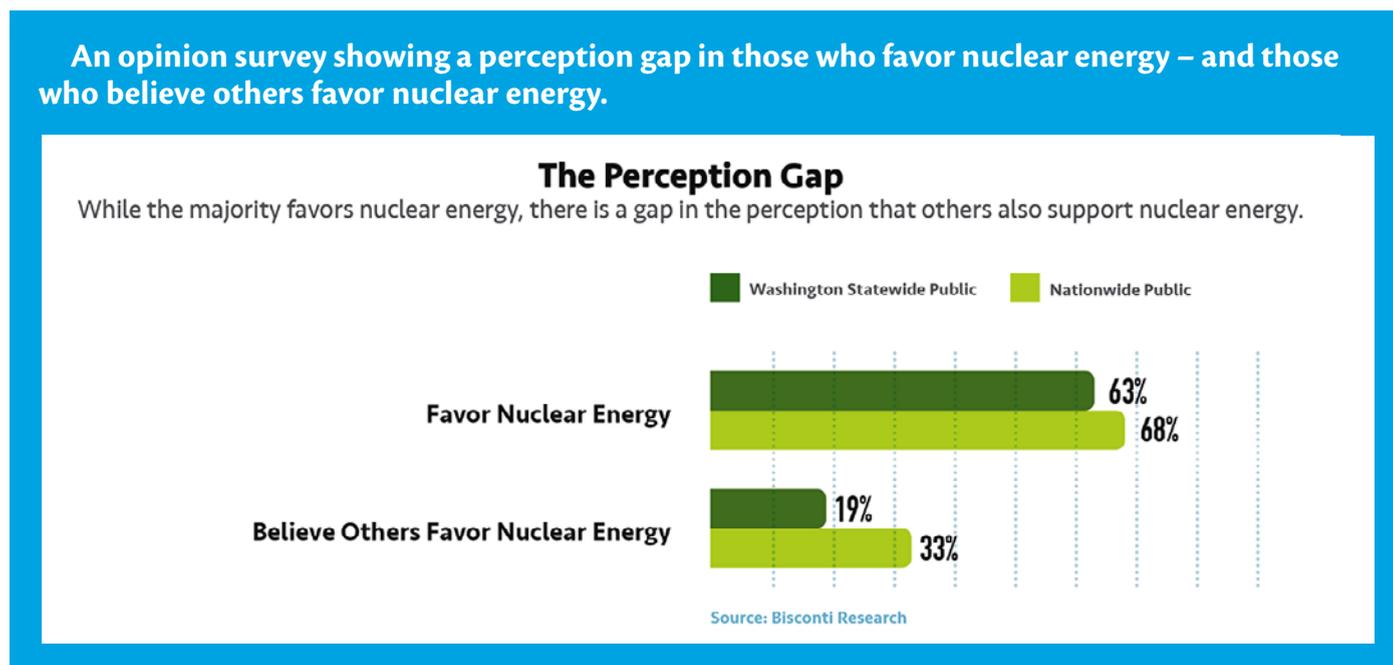
this already safe form of electricity generation even safer.

We have to find a way to keep our existing nuclear plants operating and to make the deployment of nuclear energy more streamlined, both from a manufacturing perspective and a regulatory perspective. In some regions of the country that may mean market reforms so that nuclear's reliable, carbon-free output is fully valued.

The independent Public Power Council verified in 2014 that Columbia's continued operation is economically advisable for Northwest ratepayers. In addition to direct economic benefit, the nuclear plant's firm, reliable base load power supports grid stability, price stability and predictability.

Maintaining such value within the Clallam County electricity mix is the right thing to do, as is communicating to you that my eye is on the ball when it comes to setting expectations for marked operational improvements at EN. This is my commitment to not only my neighbors in Clallam County, but the entire state.

**Will Purser Commissioner
Clallam County PUD District 1**





Commissioners Adopt Resolution Opposing I-732

The Clallam County PUD Board of Commissioners unanimously adopted a resolution opposing Initiative 732, the Carbon Pollution Tax, at their May 9, 2016, Board meeting.

Commissioners received a presentation about I-732 at their May 2, 2016, meeting where the impacts to the utility were discussed. I-732 will be on the November 2016 ballot and ultimately taxes carbon emissions. Because of the way the tax will be applied, and because the PUD's current fuel mix is 98-99% carbon free, the impacts of I-732 to the utility would be significant.

The Tax How much is the carbon tax?

The tax would start in 2017 at \$15 per ton of carbon emissions, rise to \$25 in 2018 and increase by 3.5% plus inflation annually until it reaches \$100 per ton in 2016 dollars.

The I-732 carbon tax would start in 2017 at \$15 per ton of carbon emissions, rise to \$25 in 2018 and increase by 3.5% plus inflation annually until it reaches \$100 per ton in 2016 dollars.

It would impact what we pay for electricity. The PUD projects the cost of power would increase:

- July 1, 2017-July 1, 2018 (when the tax is \$15 per ton) between \$500,000 and \$1,800,000.
- When the tax rises to \$25 in 2018 the cost is projected to range between \$900,000 and \$3,000,000. The tax would continue to go up from there.
- In 2025-2026 the tax liability is projected to be between \$1,200,000 and \$4,100,000.

The reason for the cost increase is because the initiative assigns a carbon liability for market purchases of electricity made by the Bonneville Power Administration and included in the electricity the PUD buys at-cost from BPA to serve customers.

The initiative would affect public utility districts, including Clallam PUD No. 1, by applying the carbon tax to certain resources used to serve customers. The tax is imposed on the consumer of electricity. For Clallam PUD No. 1 that means it is imposed on PUD customers using electricity. The Initiative requires the seller of that electricity (the PUD) to collect the tax from the consumer (the PUD customer). However, the PUD is liable to the state for payment of the tax. Ultimately the PUD would have to ensure the taxes are collected and paid to the state.

Commissioners considered the impacts of I-732, in part, because, while the vast majority of the electricity used to serve PUD customers is carbon free, again, the way the initiative is written, it would assign a carbon (coal) liability to a portion of PUD resources that are purchased from a pool of electricity made up of a variety of resources (everything from wind and solar to natural gas).

Additionally, Commissioners were concerned about the “pancaking” of other carbon reduction policies in Washington and how those, all totaled, might impact the utility. There are two carbon reduction policies currently being developed in Washington for implementation that would likely impact PUD electricity resources. It is unknown exactly how the policies being developed would correspond with I-732 should it be enacted. The state is also developing a “Clean Power Plan” to meet federal carbon emissions reduction requirements for electricity generation. The Clean Power Plan is due to the Environmental Protection Agency by September of 2016 but the state may request an extension until 2028. Compliance would start in 2022. The plan is in draft form. Lastly, the state is developing a “Clean Air Rule” intended to help the state meet carbon reduction goals set by the 2008 legislature.

The PUD remains committed to serving its customers and providing factual information about the impacts of policies on the utility, as they relate to the PUD's Mission of “Providing reliable, efficient, safe and low cost utility services in a financially and environmentally responsible manner.”

The Impact to Clallam PUD

How would it impact our PUD?

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Heat Pump Water Heater – Save Money!

Heat Pump Water Heaters use electricity to move heat from one place to another instead of generating heat directly, like a refrigerator running in reverse. While a refrigerator pulls heat from its interior and exhausts that heat into the surrounding room, a heat pump water heater pulls heat from the surrounding air and transfers it into the tank to heat the water.

Quick Facts:

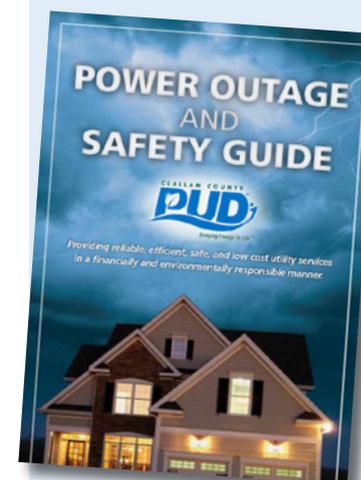
- Hot water accounts for 15-20% of electric energy use.
- Heat Pump Hot Water Heaters reduce water heating costs by up to 50%.
- New or existing construction qualify for rebates.
- Easily replaces existing tanks in most cases.
- Can be homeowner installed with manufacturer training (available as an online video).
- Best location is in unheated spaces such as garages or basements.
- Rebates range from \$300 to \$500.
- Eligible for a \$300 federal tax credit in 2016.

For more information, visit our website or call Arne Traceski, Utility Services Advisor at 360-565-3253 or 800-542-7859; utility.services@clallampud.net



"Arne Talks About Heat Pump Water Heaters in this brief video"

<https://www.clallampud.net/water-heater-rebates/>



Ask for this booklet at our customer offices or when you see our displays at events.



Safety is a Priority at the PUD!

The PUD offers a High Voltage Safety Demonstration to schools, civic clubs, business organizations, professional associations, and other groups.



Check out this video to get a sneak peak and to learn how you can have this presented to your group.

<https://www.clallampud.net/safety/>



UTILITY VANDALISM AND THEFT = DANGER



Utility facilities contain high voltage systems and are **VERY DANGEROUS**. Keep out of electric substations; pump houses and other utility facilities and buildings, as the equipment carries high voltage. Stay away from any PUD property marked "Danger," "High Voltage," or "Warning."

Tampering with any utility equipment can cause serious injury and may even cause death. Vandalism and theft is costly and could set off extensive power and utility outages.

Trespassing on PUD property and any kind of tampering or vandalism is also a criminal offense. **Offenders will be prosecuted to the full extent of the law.**

If you see any suspicious activity around PUD facilities, immediately notify authorities or call **800-542-7859**. The public is urged to report any non-utility personnel or vehicles around utility facilities.



www.clallampud.net

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: Sequim Community Aid, Sequim St. Vincent de Paul, and Olympic Community Action Programs. 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 Sequim Community Aid

\$ _____ to Sequim St. Vincent de Paul

\$ _____ to go to Olympic Community Action Programs

Signature: _____ Date: _____





**Signup
Online**
learn about
the project
(cost, location,
and more)

**There's Still Time
Sign Up Today!**

Clallam PUD will build the first local community solar project in Sequim (you do not have to live in Sequim to participate, you must only be a Clallam PUD customer). The cost of the project will be funded by customer participation in the purchase of one or more units.



www.clallampud.net/communitysolar

Warm up to great savings with a
DUCTLESS HEAT PUMP:



Reduce home heating costs by up to 40%!

DHPs are the most affordable and effective heating systems available, so **DON'T WAIT!** Learn more about installations and qualifying rebates:



www.clallampud.net/dhp-incentive/

BE SAFE THIS SUMMER • CALL BEFORE YOU DIG!

Practice safety this Summer! If you have landscaping or other outdoor projects in mind, remember to **Call Before You Dig** to have underground power or other utilities located and marked for safety.

It's easy! Simply dial "811" a few days prior to digging and tell the operator about your plans and in a few days they'll send a locator out!



811
Know what's below.
Call before you dig.





www.clallampud.net