

NORTHERN WASCO COUNTY PUD

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Board of Directors

Clay Smith, President
Milt Skov, Vice President
Howard Gonser, Secretary
Barbara Nagle, Treasurer
Dan Williams, Director

Manager

Dwight D. Langer

Board Meetings

Usually the fourth Tuesday of the month at 6 p.m. at the PUD offices, 2345 River Road. The public is always welcome.

Our Mission

To provide reliable, competitively-priced energy and related services that benefit our customers, in the tradition of public power.

Our Core Values and Beliefs

Local citizens championed and fought to create our People's Utility District. They believed—and we believe—in the public's right to own and control its electric utility.

Today, our values are a legacy from our public power heritage, as well as guideposts for a changing future.

We believe in:

- ▶ Public ownership and local control.
- ▶ Integrity.
- ▶ Keeping power rates as low as possible.
- ▶ Providing quality essential services.
- ▶ Quality customer service.
- ▶ Community involvement.

OR-3

Manager's Report



Dear Customers—Our Friends and Our Neighbors,

New power supply agreements between the Bonneville Power Administration and its preference customers—including Northern Wasco County PUD—became effective on October 1, 2011. These agreements usher in the new era of “tiered rates.”

This structure has been developed because for the first time the amount of power needed by BPA customers exceeds the generation capacity of the federal-based hydro system.

Under the new rate structure, NWCPUD is allocated a proportionate share of power from the federal based system. This “Tier 1” allocation is priced at a set cost. If a utility's need for power exceeds its Tier 1 allocation, it must purchase power at “Tier 2” rates. Utilities have the choice of purchasing additional power from BPA at market rates—currently about twice the cost of Tier 1—or buying power from non-federal resources.

At this time, Northern Wasco PUD serves all of our retail customers' power needs from our Tier 1 allocation. Even so, with the new rate formula BPA Tier 1 energy prices have increased an average of 7.8 percent. Each utility's increase will be determined by a combination of factors. Northern Wasco PUD will see a 2.8-percent increase on its Tier 1 power purchased from BPA effective October 1, 2011.

We are happy to inform you that the PUD Board of Directors has voted to defer any rate increases at this time. During these challenging economic times, we feel this is the best course of action for our customers and community.

Management and staff are developing a new cost-of-service study and will present their rate recommendations to the board in May or June 2012. In the interim, the increased costs from BPA will be covered by our Rate Stabilization Fund.

Until next time, have a great day.

Dwight Langer
General Manager