

Boardlines

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As a People's Utility District, you elect your Board of Directors. The five-member Board represents each of five geographic subdivisions within the District. We believe that public information, and public involvement, are critical to the success of this utility. Periodically, your Board will publish this newsletter, in place of our regular Coastlines, to keep you informed about the issues facing the utility industry.

Thinking About Conservation

Recently as I was performing some maintenance on my lawn security light, I was reflecting on how the light came to be placed in my front yard. During the 1960s and 1970s the PUD encouraged responsible electricity use and as a part of that effort developed a program called the Gold Medallion home program. To qualify for the program a customer was required to have an "all electric" home. As an incentive to build a Gold Medallion home the PUD provided a free yard light that was operated by a light sensitive switch. The PUD, as well as other

Northwest utilities, encouraged use of electric appliances and heating to provide a higher standard of living for our customers as well as reduce electric rates by increasing electrical load. As a matter of fact the PUD continually reduced retail rates until 1969 at which time rates were raised to around a penny a kilowatt-hour. Fast forward to today-How the utility world has changed. The Columbia River generating capacity has literally been maxed out. Other sources of power will need to be acquired by utilities to meet load

growth such as wind, solar, geothermal and others which include conservation. Conservation, it seems to me, is really a change in mind set.

As an example, I have replaced the incandescent bulb in my security light with a compact fluorescent bulb. Not only does it use much less electricity but I replace it far less frequently. I have also replaced many of the bulbs in my house with fluorescent bulbs. I have become much more conscious of turning off unneeded lighting and purchasing appliances that are

energy efficient. I think conservation of energy is still one of our best buys.

By the way, my nearly 40-year-old light is still working great. I'm curious how many of those lights are still providing security for our customers.



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The Times They Are A-Changin'

In the mid-1930s the Federal Government began constructing dams for flood control, river traffic, and to provide for rural electrification. The Bonneville Power Administration (BPA) was developed to distribute the electricity. From the inception of Central Lincoln People's Utility District, BPA has been our single source of electricity with a contract providing existing needs and load growth at a fixed price.

In the very near future (2012 contract), the power needed for their Northwest customers will exceed the power available from BPA. At

that time as load growth requires additional needs, the power to provide those needs will have to be purchased and supplied from sources outside of BPA. Historically BPA power has been the least expensive, and additional power will likely be more expensive.

The amount of BPA power available to each utility will be determined by the portion of the power used in the past. Central Lincoln currently uses approximately 2.15% of BPA's generation.

Central Lincoln's customer needs have consistently grown 1 to 1-1/2 percent a year. As

we grow we will need to blend in power from sources other than BPA. There are several options available. All of the options will require purchasing the needs in excess of BPA's generation from outside generators. The options for additional power needs being considered by your Board range from: **a)** Purchasing a Slice of the BPA System. This involves managing the water flow behind the dams, selling or trading excess generated power when unneeded, and purchasing outside power when needed. **b)** Joining/forming a Co-op. This involves BPA matching our existing

needs, and purchasing additional load growth power as part of a larger buying group. **c)** Depending completely on BPA to supply our existing needs and to acquire any additional load growth power. We'll have to make our decision by the end of this year.



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Energy Efficiency

Efficient management of power resources has long been an important part of the work at Central Lincoln. Some people have asked about our efforts in conservation. This year Central Lincoln will invest \$600,000 in energy conservation. A percentage of our power costs are returned to us from Bonneville to fund conservation projects.

There are some big changes coming. Starting in 2012 Bonneville will cap the power they are able to supply because they will reach their

generation capacity. For us, that means we will have to find additional power supply. Any new supply is estimated to cost us about triple our current rate. Since our job is to keep rates down, it now makes economic sense to reduce our power requirements by investing more in projects that efficiently manage our energy consumption.

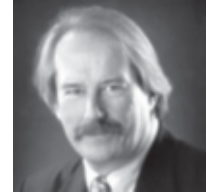
There are two ways to achieve energy efficiency. One is to reduce the energy we use. We can do this by replacing ineffi-

cient appliances, changing light bulbs to compact fluorescents, improving insulation, adding weatherproofing, installing programmable thermostats, unplugging electronic equipment and generally using more caution with electric usage.

The other way is to reduce peaks. Peaks happen when we have very cold or very warm weather or when everyone comes home from work, throws in a load of wash and cooks dinner. Peaks cost additional money as power

becomes more expensive when it is in short supply. The utility is beginning the process of setting up programs to manage peaks which will help keep rates down. These programs will help industrial and residential customers have more control managing their energy usage during times when energy is expensive. The utility's annual growth of energy usage averages 1.5% per year. After 2012 we will be purchasing more expensive power to cover that increased usage. Through conserva-

tion and efficiency, we can all work together to minimize those purchases and keep our rates down.



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A Very Complex Industry

At the end of this year I will be completing my two year appointment as the Florence/Mapleton representative to the Board of Directors.

In my first article I admitted I would have much to learn, I just didn't realize how much. As with any new position, the first goal for me was to develop an understanding of the big picture and then try to refine the information and it's importance as I move forward in the

learning process. I would like to share just a few of the basics I have learned thus far.

I have learned how legislation by the state and federal government impact the business of your local utility. I have also learned the importance of working collectively with the other utilities in the Northwest which allows us to have a voice in the legislative process.

I have also learned that

very soon it will be necessary to look beyond Bonneville Power Administration to supply alternate energy sources to provide for future growth and to fulfill the renewable energy standard set by the state. I have learned what an enormous task and associated costs to maintain our current transmission infrastructure, to replace and upgrade equipment, and to prepare for future growth.

I have learned that Central Lincoln has an outstanding, experienced management team and staff who are well respected by the Board and their peers in the industry.

I have also learned to appreciate the importance of continuity. Your Board members bring years of experience and knowledge to the issues and are extremely conscientious when making those decisions that will affect the cost and quality of

service you will receive in the years ahead.



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The Importance Of Customer Service

One thing I've learned during my years representing south coast residents on the Board of Central Lincoln PUD is that there are many similarities between the PUD and the grocery store I owned and operated in Reedsport for many years.

The key to success in the retail business is outstanding customer service. For my store to prosper, I needed to keep my customers happy by offering friendly service, along with good products at a fair price. Those same

qualities are also key to the success of a People's Utility District.

There is, of course, one big difference between a grocery store and our PUD. My customers had a choice of stores to patronize, and if I wasn't providing good service then they would go elsewhere. Residents of the territory covered by Central Lincoln PUD who want electricity have no other option.

The fact that we are the only provider of electricity

makes it even more important that we do all we can to achieve a high degree of customer satisfaction. Your PUD Board of Directors has always tried to remember that the job of the PUD is not numbers, electrons or policies -- it is serving people.

That's why Central Lincoln PUD line crews work around the clock during major storms. It is why our office employees serve the angry customer and the happy customer with the same level of courtesy and

professionalism. It's why PUD employees and Board members are involved in countless charities and civic causes in their communities. We don't do it for personal recognition. We do it because we are your friends and neighbors and we care.

I have lived for nearly 60 years here in coastal Oregon, and can't think of a better place in which to live, work, and raise a family. I join with everyone at Central Lincoln PUD in

saying that we look forward to doing all we can to make sure that always remains true.



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