

Municipal Electric Utilities in Oregon

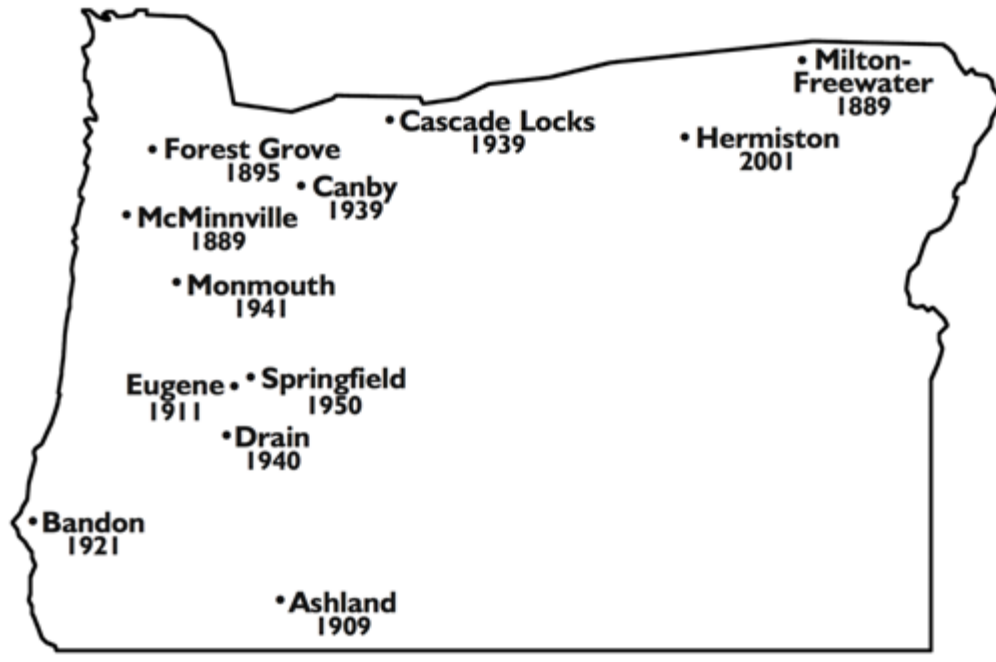
OMEUA Presentation to

REWG

October 28, 2008



Oregon Municipal Electric Utilities



OREGON MUNICIPAL ELECTRIC UTILITIES ASSOCIATION

*City of Ashland • City of Bandon • Canby Utility Board • City of Cascade Locks • City of Drain • Forest Grove Light & Power
Hermiston Energy Services • McMinnville Water & Light • Milton-Freewater Light & Power • City of Monmouth • Springfield Utility Board*

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Municipal Utilities (Number of Customers)

- Ashland – 10,825
 - Bandon – 3,645
 - Canby – 6,315
 - Cascade Locks – 758
 - Drain – 691
 - EWEB – 86,507
 - Forest Grove – 8,569
 - Hermiston – 5,142
 - McMinnville – 14,817
 - Milton-Freewater – 4,322
 - Monmouth – 3,647
 - SUB – 30,779
-
- Pacific – 548,362
- PGE – 800,587

Municipal Electric Utilities

Locally Owned – Not for Profit

- City-owned – established in city charters
- Governed by city council or utility board
- Utility authorities in ORS 225
- Function under public agency statutes
 - Elected officials plus referendum/recall
 - Open meetings laws
 - Public records laws
 - Public contracting

Power Supply

- Current
 - All OMEU members are requirements customers of BPA (EWEB slice BPA)
 - Ashland small hydro and solar
 - EWEB hydro, cogeneration, wind
 - Forest Grove, McMinnville, Milton-Freewater, EWEB have additional Mid C hydro contracts
 - Very low carbon footprint

Power Supply Post 2011

- All BPA Power Contracts expire Dec 2010
- New 20 Year Contracts Post 2011 - Tiered Rates
- Tier One = Utility's share of Federal Base System at PF rate
- Utility responsible for load growth – Price Signal – Conservation – Demand Side
- Choices
 - BPA Tier Two (includes renewable product)
 - Non-BPA (Build or Purchase Contract)
- Highly likely all OMEU members continuing as load following customers for Tier One
- Highly likely, given our size, OMEU members will choose to buy Tier Two from BPA particularly in early years

Oregon RPS Requirements

- 25% by 2025
 - EWEB
- 10% by 2025
 - McMinnville; Springfield
- 5% by 2025
 - Ashland, Bandon, Canby, Cascade Locks, Drain, Forest Grove, Hermiston, Milton-Freewater, Monmouth

Small Utility Barriers

- Small size - limited staff focused on distribution system; reliability; customer service
- Small increments of load growth (M-F example)
- Risk adverse – public agencies
- No federal or state tax credits
- Transmission availability

Small Utility Solutions: Partnerships are Key

- BPA Conservation Programs
- BPA EPP – Environmentally Preferred Power
- BEF/BPA – Green Tags
- Small local projects
 - McMinnville – potential landfill gas project
 - Ashland - solar
- Customer-based projects
 - Milton-Freewater Radio Energy Management System (REMS)

BPA Environmentally Preferred Power (EPP)

- Utility buys EPP as part of power sales contract – small increments for small utilities
- EPP power sources: Stateline wind; Ashland solar; Condon wind; Foote Creek I,II,IV wind; Klondike I,III wind
- Revenues from EPP Sales:
 - 64% BPA RD&D new renewable technologies
 - 36% BEF to fund small-scale renewables, RD&D, and education in public power service areas

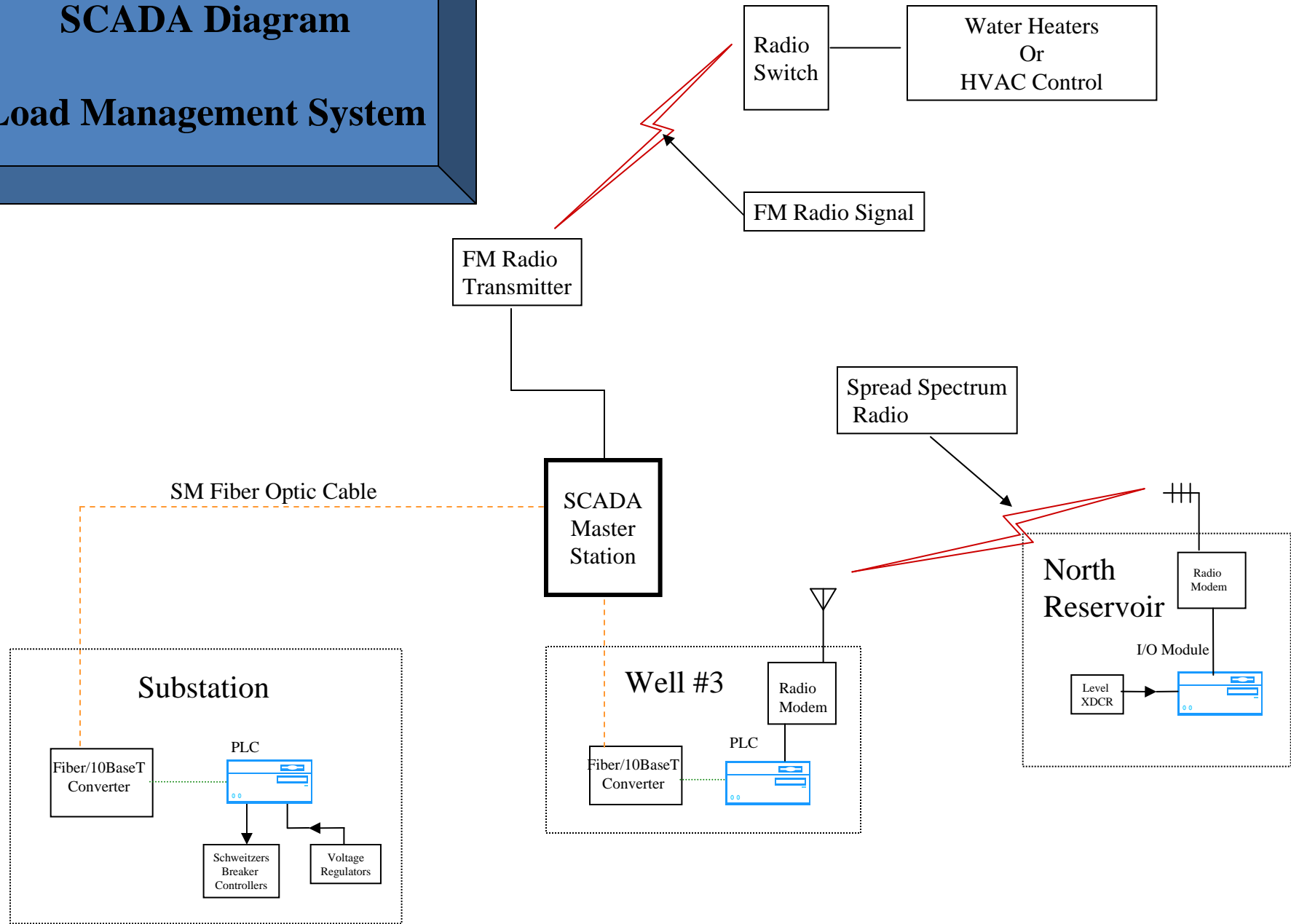
Green Tags

- Ashland BEF contract
- Bandon Utility designed - EPP
- Canby Utility designed – EPP
- Cascade Locks BEF contract
- Drain BEF contract
- EWEB Utility designed – own resources/various sources
- Forest Grove Utility designed – EPP
- Hermiston BEF contract
- McMinnville BEF contract
- Milton-Freewater BEF contract
- Monmouth BEF contract
- Springfield Utility designed – Green Mtn. Energy

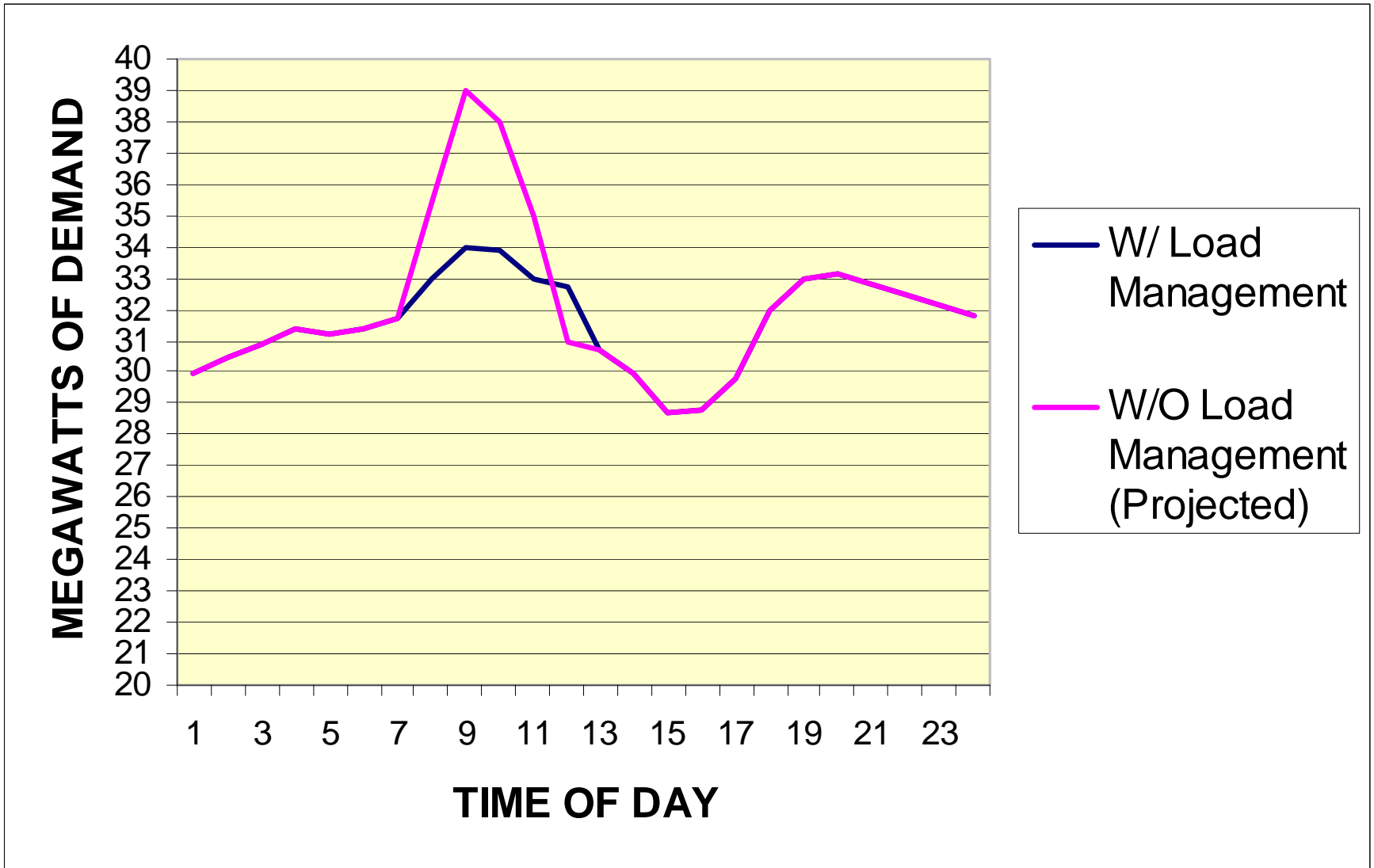
Milton-Freewater Light and Power

- Energized 1889
- Light & Power Dept. reports to City Manager and City Council (11 employees)
- 4,222 customers - 14 aMW load
- Primarily residential
- Current Sources of Power - BPA requirements customer plus Grant Co. hydro contract

City of Milton Freewater SCADA Diagram Load Management System



City of Milton-Freewater Load Curve



Conservation Programs

- ❖ **Weatherwise Insulation**
- ❖ **Weatherwise Heat Pumps**
- ❖ **Weatherwise Windows**
- ❖ **Energy Star Appliances**
- ❖ **Energy Star Homes**
- ❖ **Energy Conservation Loan Program**
- ❖ **Surge Suppression and Uninterruptible Power Supply (UPS)**
- ❖ **Commercial/Industrial/Agricultural Energy Conservation Programs**
- ❖ **Commercial/Industrial Lighting: Commercial/Industrial/Agricultural Energy Improvements**

Looking to the Future

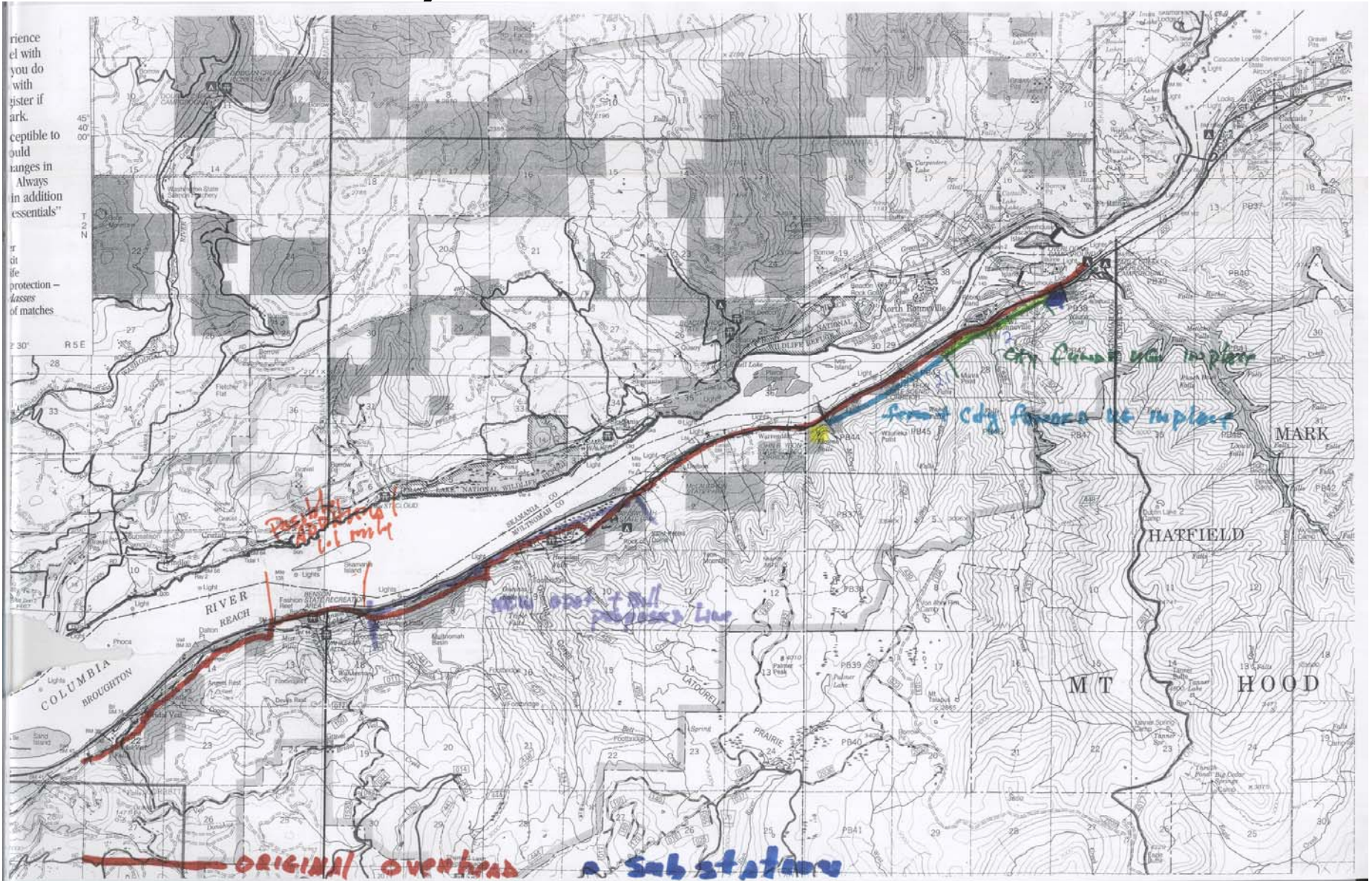
- 20 year load following contract with BPA – Council decision in November
- Recently renewed Grant Co. hydro contracts
- Continue conservation programs
- Demand Response (REMS) – also investigating AMR/AMI
- Leaning toward BPA Tier Two product as the least risky and most practical way for a small utility to deal with small increments of load growth
- Small, local projects?

City of Cascade Locks

•Overview

- Population = 1075
- Electric Utility Customers = 758 (2nd smallest municipal utility in Oregon)
- 2007 Power Needs = 2.67 aMW, Peak = 4.8 MW
- Staff of 4: 1 Working Foreman, 2 Linemen, 1 Equipment Operator. Very limited capacity.
- Provide power and CATV/Internet services (inside City Limits).
- Located in National Scenic Area and serve customers 18 miles to the West and 6 miles to the East
- '87/'88 Connected Load Loss 38%, reduced from 4.3 aMW
- Approximately 60% of power lines are outside the City limits.
- Southbank Undergrounding Efforts

City of Cascade Locks



City of Cascade Locks

•Renewable Energy/Conservation Efforts

•History.

- Late 70's early '80s. Utility implements transition from mercury vapor to HPS (High Pressure Sodium) streetlighting with BPA
- 80's Home audits and insulation programs conducted in conjunction with BPA.
- Commercial lighting fluorescent light bulb change out program 2000.

•Recent Efforts

- 2006: Rebates on CFL bulbs (offered at Walmart on list), energy efficient appliances (refrigerators, dishwashers, washing machines), water heaters, weatherization work, heat pump and PTCS Duct seals work, energy star manufactured homes,
- Funding of home audits if followed by conservation actions.
- 1 net metered customer, Justice Court facility,
- Dry Creek Micro-hydroelectric Feasibility Studies.

•Future Efforts

- Exploration of wind resources.
- Expand bio-fuels use – partners – Bear Mtn. Forest Products, USFS

Summary: Small Utility Strategies

- Distribution system efficiencies and reliability
- Conservation and energy efficiency
- Demand response programs
- BPA power and transmission products
- Small local projects and cogeneration
- RECs and Green Tags