

Fact Sheet

Ballot Measure

Empowering Kitsap Public Utility District to Sell Electricity

What does the Ballot measure authorize?

--**Authority.** On July 28 the KPUD Commissioners voted unanimously to put on the November ballot the proposition *Yes or No, shall the KPUD have the authority to acquire electric facilities and sell electricity to its customers.*

--**A first step.** If voters grant the authority, KPUD's first action will be to conduct feasibility studies to determine whether taking further steps to get into the electric business is in the interest of the county's electricity customers.

--**No action without further studies.** *KPUD is committed **not to proceed** with a buyout of PSE's facilities without the facts and public input supporting the decision.*

Where did the authority for Public Utility Districts come from?

--**PUDs were created by farmers.** PUDs were established by a vote of the people in 1932. The states' farmers and civic organizations advocated for PUDs to provide electricity because existing companies were unwilling to serve rural areas, and because of scandals in the utilities that were contributing to high rates.

--**Current number of PUDs.** Since the 1932 vote, 28 PUDs have been established in Washington state to provide water, sewer, and broadband services in their counties. Of these, 24 provide electricity.

What are the benefits of KPUD becoming a public power utility?

--**Local control.** PUDs are democratically governed and locally controlled. PSE and other investor-owned power companies have a mandate to maximize earnings for investors, while a PUD's mission is to serve the needs of their customers and communities.

--**Lower costs.** PUDs sell electricity and other services at cost to their customers. And they have a right to purchase all their wholesale power needs from the Bonneville Power Administration, though they may also buy power from other power producers.

--**Clean Energy.** PUDs receive most of their energy from BPA, which is 94% carbon free.

What is the Bonneville Power Administration and how does it work?

--**BPA is a federal Power Marketing Agency.** It was established in the 1930s. It sells electricity generated by 31 federal dams on the Columbia River, the Columbia Generating Station (a nuclear power plant located in Hanford WA) and other carbon free resources. By law, it is required to "...give preference and priority to public bodies and cooperatives" and to sell that power at cost. It only sells incidental amounts of surplus power to private utilities.

--**BPA is self-supporting.** BPA does not receive federal tax money.

--**BPA is a transmission provider.** BPA operates the regions' high voltage transmission system across the Northwest's four states, and a "DC power intertie" to Los Angeles,

which allows seasonal exchanges, power coming north in the winter and going south in the summer.

Why are public power customer bills in Washington so much lower than PSE's ?

--**Cost-based operations.** Public power operates on a cost basis. Its line crews are direct employees of the utility, not contractors who charge a profit for their work.

--**Access to Cost-based BPA Power.** If it becomes operational KPUD will get 200 megawatts (about ¼ of its current needs) of "tier one" power, which is low-cost power reserved for new public agencies. It can get additional power from BPA at tier 2 rates, which sell at market-based rates.

Data show PUD's rates are lower than PSE's

--**PUDs are cheaper than PSE.** Utility bills have several components, a basic service charge and other charges that add up to the total bill. In terms of total bills, across the state PUD bills are more than one third less than PSE's.

--**Jefferson PUD.** In 2008 Jefferson County voters gave their PUD the authority to be in the electric business. Their decision was driven by PSE's high rates, poor service, long outages and reliance on fossil fuels. JPUD bought out PSE's facilities and began offering electricity in 2013. Today PSE's rates are 22% higher than JPUD's. The power company's large planned PSE rate increases will dramatically increase costs for its customers, and the rate advantage JPUD customers enjoy.

PUDs help each other

--**Mutual aid.** PUDs across the state have "mutual aid agreements" and help each other in emergencies, using their own crews. Chelan PUD crews, for example, traveled before a forecasted storm to be in place in Jefferson County, to meet their fellow PUD's emergency needs.

--**Reliability.** Data show that PUDs, which have their own crews, are significantly more reliable than PSE, which relies on contract crews.

Buying out PSE

--**The sale.** If KPUD's feasibility studies indicate that owning the PSE system makes sense for the county's customers, it may move to buyout the PSE. PSE may then negotiate a sale price rather than contesting the condemnation. This has happened in all other instances where a PUD has bought out PSE.

--**Financing.** KPUD would look for low-cost financing, such as municipal bonds and federal funds. Their feasibility studies will show whether the buyout is a good business deal for the KPUD's customer owners.

Key question

Who do you trust to manage our energy and environmental future: Our own utility led by leaders we elect or a private power company focused on its own profits?