



Pend Oreille County Public Utility District

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Pend Oreille PUD Reaches Settlement Agreement with Seattle City Light

Nine-year agreement helps reduce costs, improve financial certainty

Newport, Washington – Public Utility District No. 1 of Pend Oreille County (“PUD”)’s Board of Commissioners voted unanimously to approve a settlement agreement with Seattle City Light (“Seattle”) during its February 18, 2021 board meeting. The agreement will help reduce costs and provide additional financial certainty to the PUD’s customers.

The agreement resolves recent disputes involving the PUD’s longstanding Boundary Power Assignment Agreement with Seattle. In the early 1960s, Seattle received a federal license to build and operate Boundary Dam in northern Pend Oreille County. Because Boundary Dam prevented the PUD from constructing its planned Z Canyon project, Seattle was required to assign up to 48 megawatts of power to the PUD on an at-cost basis. Boundary Dam serves approximately 40% of the electric needs of Seattle’s customers and has a capacity rating of around 1,000 megawatts; for comparison, the PUD’s Box Canyon Dam has a capacity rating of 90 megawatts. Since 2014, the parties have operated under the Boundary Power Assignment Agreement, which carries that historic power assignment through Boundary’s new license term (2055). The PUD receives the power it purchases from Seattle at cost, which is why the PUD is able to offer some of the lowest electric rates in the nation.

The PUD has been in negotiations with Seattle over the PUD’s rights to various environmental attributes to the power it receives. The parties mediated their dispute and reached a settlement agreement that runs through the end of this decade. The agreement provides the PUD with approximately 600,000 more megawatt-hours of power than it would have otherwise received over the 9-year term, which will provide additional power to serve the PUD’s customers, as well as provide a surplus during some months that can be resold. Based on current market projections, the value of the additional power provided under this settlement is around \$13 million. The agreement also avoids expensive litigation and ensures the PUD will be able to meet its greenhouse-gas regulatory requirements. Last, while the cost-based nature of the Boundary Power Agreement is very beneficial to the PUD, Seattle has seen large and unpredictable cost increases over the last several years as it implements its Boundary license requirements. The agreement includes a fixed escalator for the duration of the nine-year term, which fixes the impact of Boundary costs to PUD customers to about a 1% increase per year.

“This is an historic agreement for the PUD,” said Tyler Whitney, the PUD’s General Counsel and Assistant General Manager. “We are pleased to have reached an agreement with Seattle City Light that helps keep the PUD’s costs down and provides our customers with additional financial certainty.”

“This agreement is a big win for the PUD’s ratepayers,” said Curt Knapp, PUD Commissioner and Board President. “By resolving this dispute now, we are strengthening our partnership with Seattle City Light and building a better foundation of financial certainty for our ratepayers.”

About Pend Oreille County Public Utility District

Pend Oreille County Public Utility District was established in 1936 and began operations in 1948. The PUD is governed by three locally elected Commissioners. A General Manager and staff operate the utility within policies set by the Board of Commissioners. The PUD has four operating systems: The electric system distributes electricity to the county, the production system produces power from the Box Canyon Hydroelectric Project, the water system consists of nine individual water distribution subdivisions, and the community network system provides wholesale broadband communication services. For more information visit: <http://popud.org>.

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