Salem Electric
SERVING KEIZER AND SALEM
APRIL 2009

the Info Bulletin
News & Information about your consumer-owned utility

Meltdown in California

Twenty-ninth in a series on the history of Public Power in the Northwest

In May of 2000, within months of finalizing its 15-month rate setting process, the Bonneville Power Administration (BPA) found itself dealing with unexpected price volatility in power markets. The problem was severe enough for them to reopen rate proceedings. For the next few months, every time BPA and its customers sat down to work out a new settlement, the market displayed new levels of volatility. Prices on California's spot market were out of control, increasing as much as ten times during certain hours. The chaos spread to neighboring spot markets in the Northwest. Many utilities had been enjoying the fruits of an earlier decision to remove a portion of their load from BPA (referred to as diversified utilities) in order to take advantage of cheap short-term market-based power deals. Suddenly, they found themselves exposed to the highest prices any of them had ever seen. Within months, many were approving double-digit rate increases. Further complicating matters in the Northwest, the first indications that a poor water year was ahead were coming in, though no one yet knew it would be the second worst drought on record.

The region's investor-owned utilities (IOUs) also felt the pinch, as did Bonneville's Direct Service Industries (DSIs). One of BPA's DSI customers, which had moved nearly all of its load to the market, was particularly hard hit. Before the end of the first week of June 2000, it shut down and eventually declared bankruptcy, making it one of the first West Coast victims of the price spikes of 2000. But while some DSIs shut down because they could not afford the market prices, others whose portfolios still included service from BPA, and who had remarketing rights in their contracts, shut down because they were able to make far more money reselling their share of federal power than they could from making aluminum.

For most of BPA's diversified utility customers though, market exposure had transformed overnight from a savvy strategy into an intolerable risk.

Diversified public agencies notified BPA they now planned to exercise their right to return load to the agency. But they had to wait until the new contract period began in October 2001; until then, they would have to manage. The exodus from the market meant BPA would have to obtain thousands of more megawatts than it had planned for in the rate case. Worse, it would have to obtain this massive amount of power at prices 10 to 20 times the price it had seen earlier in the year. The agency predicted that if it could not reduce the load demand, its rates would increase by over 250 percent. The agency's "two cents in 2000" rate pledge, only a few months before on the verge of implementation, became a parody of itself. ■

Next Installment: Rolling Blackouts and Soaring Market Prices

Protect Your Home from Power Surges

All homes and businesses experience power disturbances. Voltage surges — sometimes called "spikes" — are short-term deviations or changes from a desired voltage. The deviation can damage or cause a malfunction in electrical equipment. Equipment driven by micro-processors is especially vulnerable.

Surges can occur whenever line current is interrupted, and can originate from inside or outside the home or business. Surges can enter on any metal conductor, including power lines and data signal lines, such as cable and satellite television, telephone, fax and computer lines.

A surge protection device is designed to reduce the magnitude of a surge, protecting equipment from damage.

Common types of surge protection devices include whole-house, point-of-use and uninterruptible power supply (UPS) units.

Whole-House Units: Whole-house units are hard wired into the main circuit breaker panel by an electrician. This type of device typically has indicator lights that quit working if it has taken a surge larger than it can absorb.

A hard-wired whole-house unit averages between $300 and $500 installed, and can exceed $2,000 for specialized electronic equipment.

Point-Of-Use Units: Point-of-use surge protection devices are located at or near the equipment and most have fax, modem, telephone and cable capabilities.

Surge suppressors only work if they are plugged into a properly grounded three-prong outlet. If your home has two-prong outlets, you may need a licensed electrician to upgrade the outlets.

Uninterruptible Power Supply Units: UPS units are designed for computer use and allow enough time to exit files and turn off a computer.

The devices include batteries that provide enough electricity to keep a computer system operating until it can be safely shut down — 10 to 25 minutes, depending on the device.

Features to look for in a point of use Surge Suppressor:

- The unit conforms to Underwriter Laboratories standard UL 1449 for transient voltage surge suppressors — a requirement for safety.
- UL 1449 suppression rating, or clamping voltage of 330 volts gives the best protection. High voltage ratings offer less protection.
- An energy rating of 420 joules or more is recommended — and higher is better. Because testing methods for energy ratings are not standardized, don't base your choice on energy ratings alone.
- You get what you pay for. Expect to pay in the $30 – $60 range for a high quality point of use surge suppressor.

Additional Features to Consider:

- Manufacturer's warranty. Look for a unit with a warranty of at least five years.
- Status or warning lights. They indicate the device is working, not just that it is on.
- Cable connectors and/or phone jacks. If you are protecting a television, DVD/VCR player or a computer, purchase a surge suppressor with these features.

Visit your local home improvement or electronics store to find the right device for you. ◙

The Hidden Costs

You may not consider the cost of electricity while your TV, DVD player and computer aren't even being used. According to the Department of Energy, a plasma TV is one of the more expensive users, costing an average $95 a year for its standby power consumption alone. There are several other remote-controlled power wasters, including your cable box ($5.98 a year) and your VCR ($1.80 a year). This is only the tip of the iceberg. Other energy drainers that may be in your home include:

	Annual Cost
Desktop computer:	$3.58
LCD computer monitor:	$0.60
Wireless router:	$2.39
DSL modem:	$2.90
External USB hard drive:	$1.19
Computer speaker system:	$2.98
Inkjet printer:	$2.47
DVD player:	$2.08
Powered subwoofer:	$8.97
Microwave oven:	$1.43

You even need to look at things like your cell-phone chargers, which cost an extra couple of dollars annually when left plugged in, with nothing attached. Other "always on" appliances such as DVRs ($16.14 a year) and stereo receivers ($23.92 a year) add to monthly costs; you can see that the total rises quickly.

The wasted money is bad enough, but the toll on Mother Nature is worse. Phantom usage accounts for one percent of the world's carbon dioxide emissions. In the U.S. alone, that's equal to the combined annual production of dozens of power plants. ▣

Consider unplugging these energy wasters when not in use or plug them into a power strip you can switch on and off. The benefits will exceed a slight inconvenience.

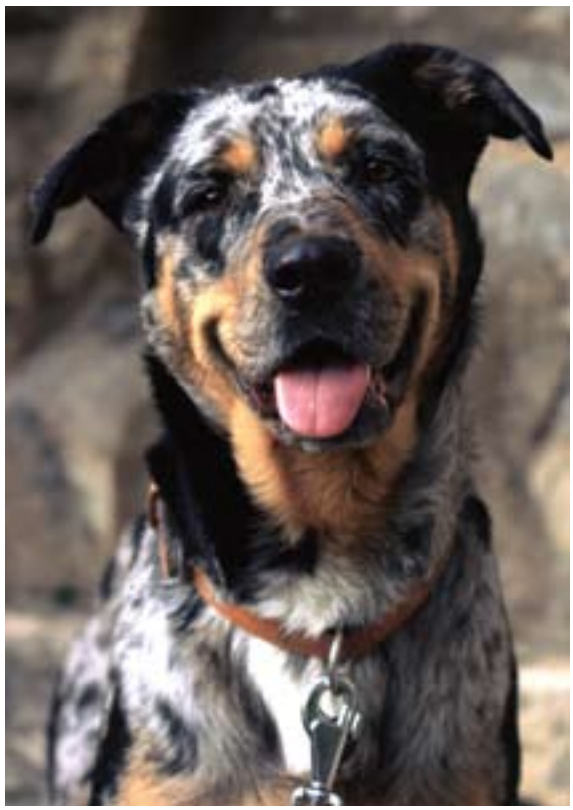
Meter Readers and Dogs

We've seen an increase recently with dogs being aggressive toward our meter readers. If you own a dog, please make sure that it is secured or restrained on meter reading day so we can get an efficient and accurate reading.

Your meter is generally read within a few days of the same date each month. That date is included on your bill or you can contact our office if you need additional information.

Please don't secure your dog in the area around the meter or it may not allow us easy access. Also, please contact our office if you have an outside dog so we can mark your account.

With these few steps you can help provide our staff with a safer work environment. ▣



Safety To Do List:

Invest in smoke detectors: Install them on every level of your house and outside each sleeping area. Replace the batteries twice a year, such as when you turn the clocks forward or back for daylight savings time.

NOTE: Some of the new smoke alarms come with a ten-year battery. They are designed to be replaced as a unit, so you won't need to replace the batteries in these units.

- **Keep the area clear around your heating system:** Remember, never store combustibles near a furnace.
- **Never leave engines running in an attached garage:** This means snow blowers, lawn mowers, cars or anything else with an internal combustion engine — don't even do it if the garage door is open.
- **Get a carbon monoxide alarm:** They protect you against the odorless gas produced by defective heaters burning natural gas, oil, propane, wood or kerosene. Immediately call the fuel company if the alarm goes off.

NOTE: Symptoms of carbon monoxide poisoning include dizziness, fatigue, headache, nausea, irregular breathing and confusion. If you think you have the flu, but get better when you leave the house, carbon monoxide may be the cause.

- **Don't overload outlets by plugging too many appliances into one outlet.**
- **Check wires for signs of wear:** They should be replaced if they are cracked or frayed.
- **Never pull a plug out by the cord.**
- **Use plastic safety caps in electrical outlets:** Especially when there are small children in your home.
- **Don't touch appliances, wires or electrical switches with wet hands.**
- **Keep everyone away from downed wires and call 911 if you see a power line down.** ■

SE People

Michele Mogle was recently promoted to the position of Accounting Assistant. Michele was hired in March 2001 as a Customer Service Representative. Her new duties include performing all functions in processing accounts payable, handling incoming mail, and helping out with customer service when needed. Congratulations, Michele! ■

SE News and Views
FROM YOUR BOARD OF DIRECTORS
APRIL 2009

Board Meeting Summary

from FEBRUARY 24, 2009

Presented by:

Carl E. Beach,
Secretary/Treasurer

2008 Audit: The 2008 audit of Salem Electric's financial records has been completed and the auditors will attend the April meeting to present their report to the board.

Smart Grid: The next generation of equipment and technology is being introduced to provide more services and information, as well as improved reliability, to members.

Home Energy Audits: Each year Salem Electric visits 200 – 300 homes through its weatherization program. Over the past 20 years, the program has evolved to become more of a "one stop" energy visit, including discussions regarding efficient heating systems, lighting, appliances and usage habits.

Legislative Days: Salem Electric sponsored the Oregon Rural Electric Cooperative Association's Legislative Days in February. The event provides co-ops the opportunity to interact with legislators regarding concerns with legislative issues relating to the electric utility industry and cooperatives.

Heating Assistance: Due to current economic conditions and the increased need for heating assistance, the board voted to increase the 2008 – 09 heating season SEMAP budget by $75,000 — for a total of $255,000. The increase should ensure there is enough funding to maintain the program through its April 30, 2009 end date.

Power Supply: Kevin Farleigh, SE's new BPA Account Executive, gave an overview of the power supply options BPA is offering for Salem Electric's Tier 2 load. In the next few weeks, the board's Power Supply Committee will meet to discuss the options and present a recommendation to the full board at their March meeting.

UPCOMING BOARD MEETINGS

April 28 | **May 13** Annual Meeting | **June 23**

BOARD OF DIRECTORS

Joe Van Meter, President | **Jerry Berger**, Vice-President | **Carl Beach**, Secretary/Treasurer | **Jeff Anderson** | **Alicia Bonesteele** | **Paul Ennor** | **Jim Dyer**

All board meetings are held at 7 pm at Salem Electric, 633 Seventh Street NW, Salem, Oregon

From A Director. . .

JIM DYER, *Director*

THE FUTURE OF ELECTRICITY

In this time of national economic crisis we need to make sure that the future of electric energy is not overlooked. Much of the following information and call for action comes from information the National Rural Electric Cooperative Association (NRECA) produced under the program "Our Energy, Our Future." There are three critical areas listed by the NRECA: capacity, technology, and affordability.

CAPACITY — Will we have enough power to meet our needs and grow our economy?

Demand for electricity in America is growing. According to the Energy Information Agency, the U.S. will need 30% more electricity by 2030 to provide power to our homes and businesses. This is not changed by our current shrinking economy. There needs to be action in the next year or two if we are to have enough electricity 10 years from now.

America needs a plan. Elected officials need to work with the electric utility industry to develop a road map to ensure that there is enough power generation to meet our needs over the next 10 years.

Action: The question to ask your legislators at both the state and federal level is: What is your plan to make sure we have the electricity we need in the future?

TECHNOLOGY — How will we develop the technology we need to meet our nation's climate and environmental goals?

There must be research and development in technologies that will make our homes and businesses more efficient. We need to produce power more efficiently. We need technology for reducing greenhouse gasses. Huge investments in new technology will be required to find balance in meeting energy and climate goals. Alternative energy resources are only a part of the solution. The Electric Power Research Institute estimates it will take a research investment of $1.4 billion a year from now until 2030 to develop new technology such as carbon capture and storage from power plants. Government must take steps to ensure adequate resources are dedicated to these tasks.

Action: The question to ask your legislators at both federal and state levels is: What are you doing to speed up the development of new technology in order to allow us to have the electric power we need while meeting national and state climate policy goals?

AFFORDABILITY — How can we keep electric bills affordable?

Americans will be paying more for electricity. Providing reliable electric power while reducing greenhouse gas emissions will ultimately be paid for by the consumers. Elected officials must understand the impact that energy and environmental policies have on family and business budgets before they pass legislation. The decisions made in state houses and Washington will eventually show up on your electric bill.

Action: The question to ask your legislators at both federal and state levels is: What will you do to keep electricity rates affordable?

What can you do? Legislators listen! Phone calls and e-mails are effective. The most important step we as consumers can take is to be sure our voices are heard. Try to keep up on the news concerning legislative action being proposed concerning electric power. In view of the information above, is there an impact on you? Let your legislators know by e-mail, letter or phone what your concerns are, particularly in the areas outlined above.

To be part of a bigger statewide effort, you can join Power of Community and stay informed on these important issues relating to your cooperative. Visit salemelectric.com and select "Power of Community" or contact our office for more details.

JIM DYER
Director

SALEM ELECTRIC • PO BOX 5588 • 633 SEVENTH STREET NW • SALEM, OR 97304-0055
PH: **503 362-3601** • FAX: 503 371-2956 • E-MAIL: se@salemelectric.com • salemelectric.com

Printed on recycled paper with soy-based ink.