



Brown & Kysar, Inc.
Engineering & Consulting

EARLY DEVELOPMENT OF CASCADE LOCKS ELECTRIC

This is an excerpt from the June-July 1969 edition of the Northwest Public Power Association Bulletin.

“HISTORY RECALLED

The story of City Light's development is a colorful account in the depression days when the federal government constructed Bonneville Dam. Cascade Locks had been served by the now extinct West Coast Power Company which was using its own generating system. Electricity was expensive - up to \$0.15 per kilowatt-hour.

The rise of a new power dam on their doorstep, gave the mayor, council and citizens of Cascade Locks an opportunity to change all this. But their negotiations to buy the power company didn't meet with much success. They talked of building their own power lines, which brought the threat of court injunction.

FIRST POLES SET ON A SUNDAY

The city organized a volunteer crew of about 100 men, and with material at hand, on a Sunday when there was no chance of an injunction, they built a 60-pole-line for street lighting to get a "foot in the door." It was just the medicine they needed. Not long afterward, West Coast Power Company sold its holdings to the city.

FIRST BONNEVILLE CUSTOMER

Cascade Locks was the first community ever served by Bonneville Dam. On May 16, 1938, the city council contracted with Bonneville Power Administration for 100 kilowatts of electricity to operate the Cascade Locks street light system. J.D. Ross, Bonneville's first administrator, threw a switch illuminating the city's 28 floodlights on Main Street less than two months later.

In September 1938, by a vote of 141 to 16, the citizens authorized buying the power company.”



GROWTH OF THE ELECTRIC DISTRIBUTION SYSTEM

From its meager beginning of a 60-pole, 28-flood light system, the City of Cascade Locks has invested over \$3,399,000 in electric plant, property, inventory and other working capital. The City purchased over 19,800,000 kilowatt hours of energy last year from the Bonneville Power Administration.

The City sells 16,241,000 kWh (82%) of the electric energy to over 800 customers within the city limits and to customers along the south bank of the Columbia River Gorge. The City uses 3,210,000 (15%) of the energy purchased for other City services and street lighting. The losses on the electric distribution system are about 3% due to power flow through the wires and transformers. The City owns and operates 72.4-miles of overhead and underground lines and 27.1-miles of secondary service distribution to provide electrical energy to the doorsteps of the customers.

When the electric department began in 1938, the minimum wage was \$0.25 per hour. The cost of a kilowatt-hour was 60% of the minimum hourly wage. Today electricity costs \$0.08.1 per kilowatt-hour. The minimum hourly wage in 2012 is \$8.80 per hour. Today electricity costs ratepayers only 0.92% (less than 1%) of the minimum hourly wage.

Although rates for electric energy are still at 54% of the cost in 1938, wages levels are 35 times higher than in 1938. In 1938, the customer could only afford electricity for the bare essentials. Today refrigerators have replaced ice boxes, electricity powers clothes washers, clothes dryers, dishwashers and many other appliances such as televisions, computers, and maybe an electric powered car. Electric usage has increased over 500% in the average American home since World War II. Even though energy efficiency measures are implemented, the demand for electric energy continues to increase.

The first public power system was created in 1880, even before Thomas Edison made possible central station generation. By 1888, there were 68 public power systems. By the year 2010, one third of these public utilities will have celebrated their centennials. During the last decade, 24 new public power systems were created, several in green field developments in California. Twelve were sold, mostly to neighboring rural electric cooperatives. Some of the newest are: Long Island Power Authority 1998; and Hermiston, Ore., 2001. Winter Park, Fla., launched its community-owned electric utility in June 2005.

There are thirty-five (35) consumer owned utilities in operation. Just like the Cascade Locks citizens voted overwhelmingly to own and operate their own utility, Jefferson County (2009) and Thurston County (2012) in Washington have voted to purchase facilities from Investor Owned Utilities (IOU) to provide local ownership to provide cost effective and reliable service to the customers (owners).

A municipal utility is owned by the citizens and its operation is not for profit to satisfy stockholders who probably do not live in the local community and may not be a resident of the State of Oregon. A municipal utility is governed by the City Council. The City Council's responsibilities include setting rates, establishing policy, approving budgets, and oversight of the operations. The rates that are set, the policies that are established, and the budgets are based on the needs of the Cascade Locks community rather than being based on needs of Portland, Salem or communities that are quite different than Cascade Locks.

UTILITY RATE COMPARISONS

Figure 3 is a rate comparison, based on 2010 statistics, for the State of Oregon that is included in the latest American Public Power Association (APPA) Annual Directory & Statistical Report of publicly owned, investor owned and cooperative utilities (Coop).

Figure 3 compares publically owned utilities to investor owned utilities (IOU) and cooperatives in the State of Oregon. The consumer owned (municipal) rate for each customer classification (residential, commercial, industrial) is 15% to 30% less than an investor owned utility and is somewhat lower than Coop rates.

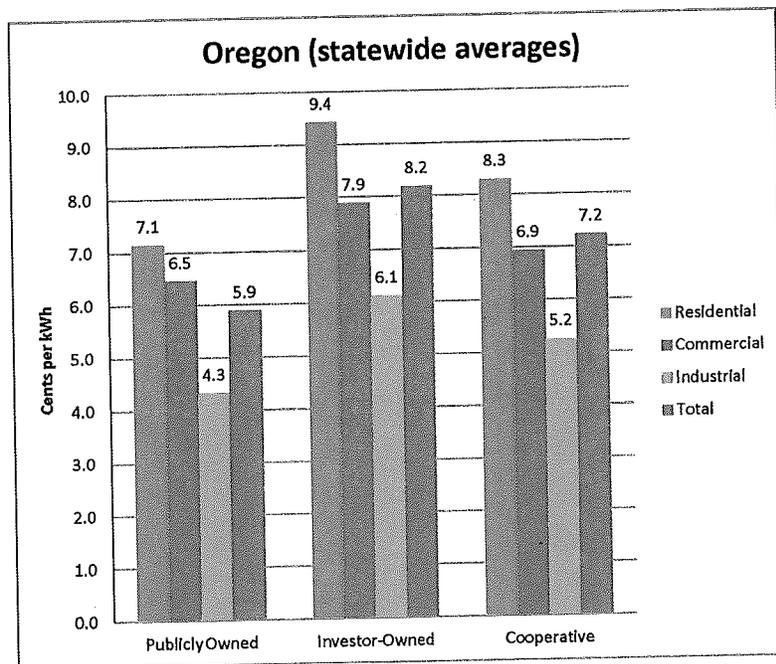


Figure 3 - Oregon (statewide averages)

Likewise, the comparable rate classifications in the State of Washington have similar, but not identical, ranking as shown in Figure 4.

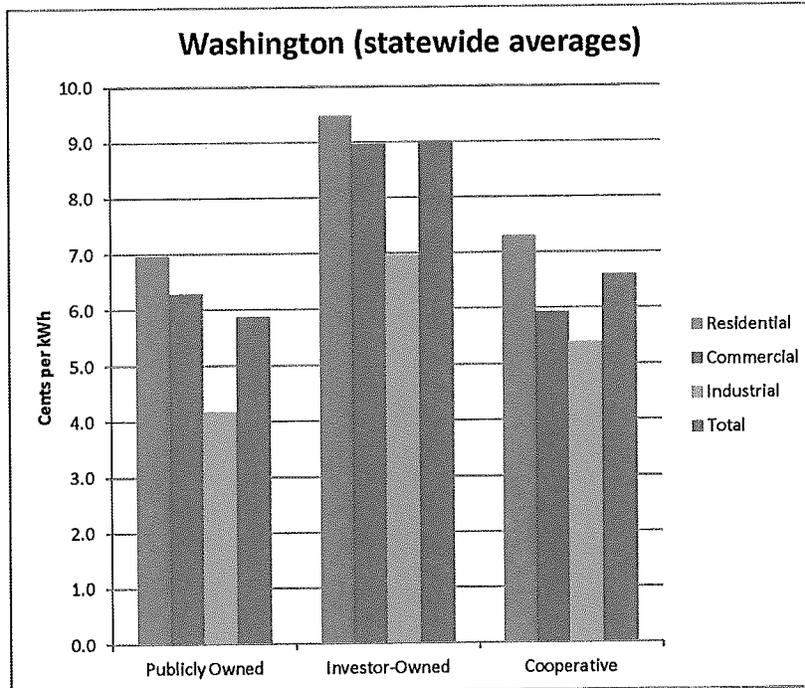


Figure 4 - Washington (statewide averages)

Figure 5 compares the publically owned (Municipals and Peoples Utility Districts) utilities in the State of Oregon.

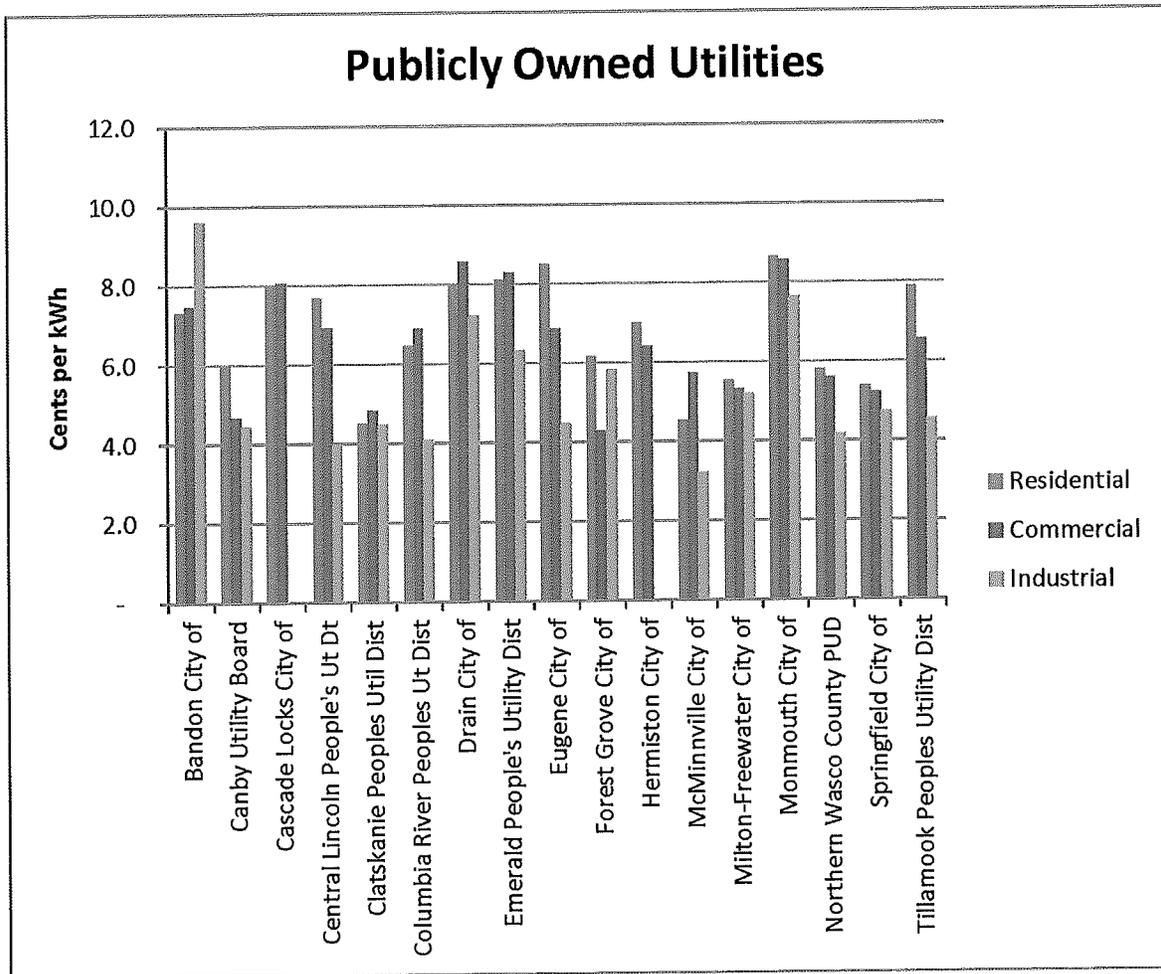


Figure 5 - Publicly Owned Utilities

Note that Cascade Locks and Hermiston are the only utilities in the State of Oregon that do not have a separate "industrial" rate classification.

Cascade Locks rates are similar to Drain, Emerald PUD, Eugene, and Monmouth utility rates.

Figure 6 is a comparison of Coop rates in the State of Oregon. The Coop rates are slightly higher than Municipal rates. This is usually attributed to a lower density (customers per mile of line) since the distribution lines usually supply power to rural customers. This results in larger capital investment costs per customer and therefore a higher cost of service.

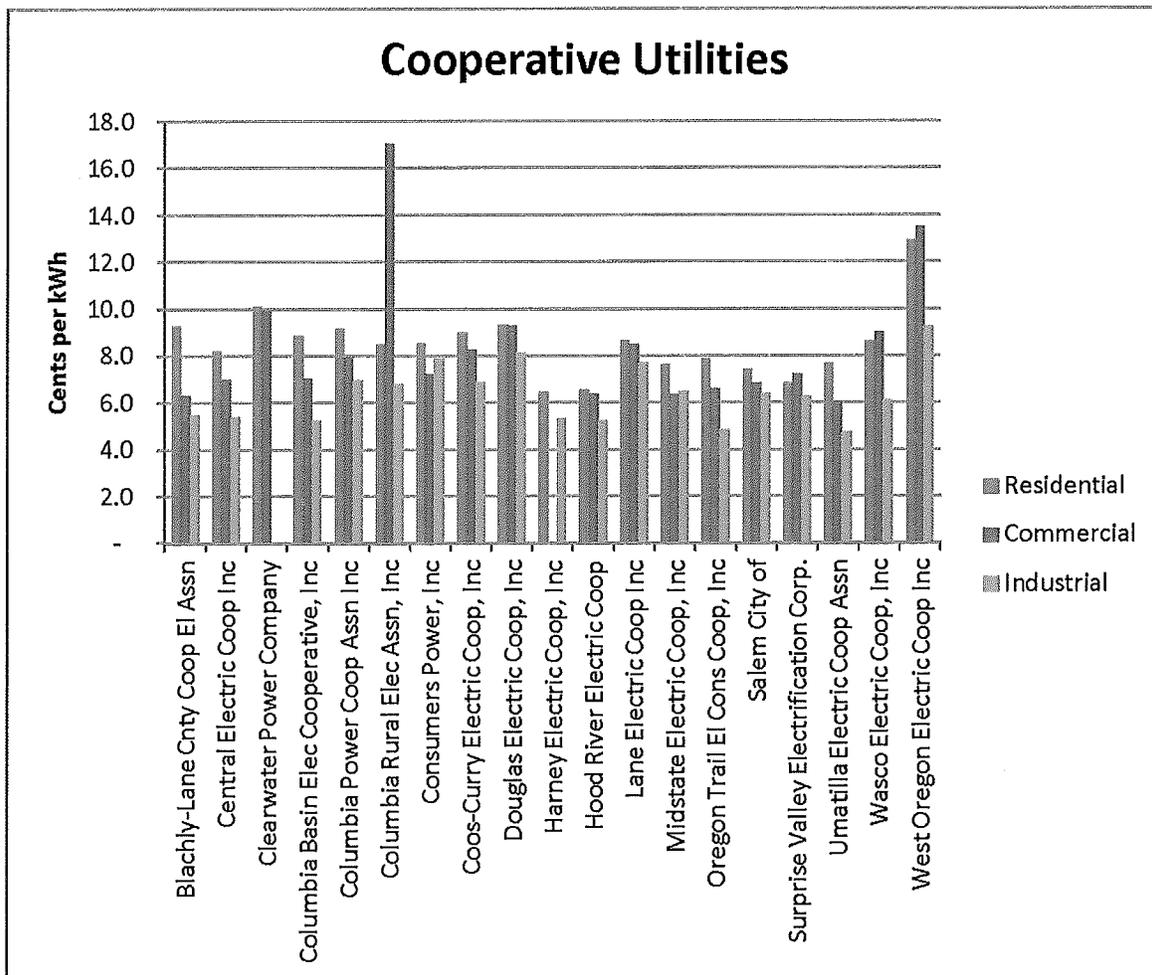


Figure 6 - Cooperative Utilities

STATE OF OREGON REQUIREMENTS

The State of Oregon has statutes (ORS) and the Public Utility Commission has administrative rules (OAR) the state the authority, requirements and limitations of consumer-owned



(municipal) utilities. Chapter 261 of the Oregon Revised Statutes states the following duties and obligations of the governing board:

Consumer-Owned Utility

"Consumer-owned utility" means a municipal electric utility, a people's utility district organized under ORS chapter 261 that sells electricity or an electric cooperative organized under ORS chapter 62.

261.465 Board supervision and regulation of district utilities; fixing rates. (1) The board shall supervise and regulate every utility owned, operated or owned and operated by the district, including the fixing and adjusting of rates, rentals, charges and classifications, contracts, practices and schedules, for or in connection with any service, product or commodity owned or controlled by the district.

(2) Rates so fixed shall be sufficient to accomplish the following purposes:

- (a) For proper operation and maintenance of the property or facilities owned by the district.
- (b) To pay all taxes which may be levied upon property owned by the district or which it may be required to pay out of its gross revenues.
- (c) For payment of principal and interest of all bonds, warrants or obligations of any character in accordance with terms and provisions thereof respecting time, manner and amount of payment.
- (d) For payment of any other indebtedness or obligations which the district may be obligated to pay.
- (e) To establish and maintain any special funds which the district has obligated itself to create for the purpose of paying bond issues or other obligations.

The **Oregon Public Utility Commission (OPUC)** has jurisdiction over safety, joint use of poles with telecommunication companies or other entities. The OPUC sets minimum requirements for consumer-owned utilities related to public and worker safety and joint use of facilities. The administrative rules also include requirements for connection, disconnection, and reconnection of service and related matters relating to the operation of the utility.

GOALS AND OBJECTIVES

The Cascade Locks Electric Utility strives to provide low-cost, reliable service to its customers. Our customers are our friends and neighbors who share like values and we understand your needs.



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The Electric Utility utilizes new, cost effective technologies and practices to keep our community's energy affordable which promotes economic development and helps the community thrive.