



**UTILITREK:
THE NEXT
GENERATION**



CHAIRMAN'S MESSAGE

A capable and enthusiastic staff is a hallmark of PNUCC. I have worked closely with the staff over the past two years and can attest to the knowledge and energy they bring to serving this organization. They are a pleasure to work with and keep the board well informed and prepared to engage on the issues. From priming us to participate as the Council develops a power plan to briefings on industry developments, they are up to the task in every way.

I am particularly pleased with our success this year in revitalizing PNUCC's System Planning Committee. These folks provide valuable technical perspective, and I'm glad to have them back on active status. We can all be proud of our influence in shaping the Sixth Power Plan, as well as the solid start on our PNUCC communications initiative. We recognized the need to illuminate the challenges facing our industry and put together an effective research-based plan. All of this good work takes us toward 2010 on a strong and productive note.

Sincerely,
Jim Sanders, Chairman PNUCC Board
Benton County PUD

DIRECTOR'S MESSAGE

What stands out to me about 2009 is how much energy our members exerted to get our viewpoint across in key arenas around the region. Utility representatives spent myriad hours participating on committees associated with development of the Northwest Power and Conservation Council's Sixth Power Plan and providing comments to shape that document. The same sense of collective commitment stood out in this year's phase of our Plan Today, Power Tomorrow communications initiative. We are getting more proactive in telling our story to the public, and we are seeing benefits from combining our expertise to analyze and interpret the diverse technical power issues facing the region.

Next year promises to test our collaborative mettle even more. Our System Planning Committee will step up and take on topics that won't make headlines, but are crucial to the industry's future. We'll dissect the regional capacity picture, assess natural gas needs, track conservation accounting, and examine reliability criteria. Our communications initiative will be active, with reports likely on our view of the Council's final power plan and climate change policy developments. I appreciate how hard we've worked together this year. Thanks to all our members for contributing so much time, effort, and enthusiasm.

Sincerely,
Dick Adams
Executive Director

PNUCC spent 2009 with one foot in the present and the other in 2020 and beyond. We tended to the fundamentals of keeping the region energized. And we stepped out to plan a future that portends significant evolution.

As a nod to forces that are sweeping us forward, we geared this annual report to the Internet age. No, PNUCC does not have a Facebook page, and our busy year warranted more than a tweet. But we've honed our report down to key issues and invite you visit the PNUCC website for a deeper view.

POWER BY DESIGN

Power planning—in one form or another—dominated our year. Since early 2008, we have been helping to shape the Northwest Power and Conservation Council's Sixth Power Plan. Our community is more focused than ever on the plan and the guidance it lays out for resource acquisition. PNUCC has been engaged at every level with the Council as it draws up the plan. We have:

- participated on conservation and generating resource advisory committees,
- made presentations at Council meetings,
- met regularly with Council members and staff, and
- offered comments on forecasts, modeling, and the draft plan.

The PNUCC board hosted Council members and the power planning director at our meetings. We kept the industry's issues in front of the Council and reinforced our thinking that *their* plan should reflect *our* reality in keeping the region's lights on.

MULTIPLE Cs

Conservation, capacity, and carbon drew our attention from the outset. But climate change, costs, and communication were not far behind. And coal was a topic from time to time.

The region's utilities offer conservation programs to customers and have targeted conservation and renewables as their resource of choice. With this experience and knowledge of conservation, we

were able to add a needed perspective as the Council honed in on a regional target.

PNUCC joined with other customer groups to explain to the Council our need for a conservation target that is achievable. Our presentations found their mark, and the Council adjusted its initial target. We also queried the Council about how the plan addresses the need for additional capacity and the potential for a national carbon policy.

NRF SETS THE COURSE

Early on, PNUCC spotted inconsistencies between the Council's model-driven results and utility resource plans. We saw a big gap between the Council's estimate for peak demand and what the Northwest Regional Forecast (NRF), our annual compilation of utility forecasts, told us. Our work caused the Council to take another look and as a result, the forecast that lays the foundation for the power plan was revised.

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According to the 2009 NRF, the region's need for power is expected to grow to be 4,500 average megawatts over the next 10 years. Utilities have plans to acquire up to 5,400 average megawatts by building new resources, pursuing conservation, and purchasing power.

The NRF has provided an invaluable tool in our review of the Council's planning process. It provided us a yardstick by which to gauge the accuracy of the Council's work and its applicability beyond a broad regional view to the local level.

REFOCUSING THE PICTURE

PNUCC stressed the importance of communicating how the perspective in the Council's plan differs from what individual utilities need to do to serve customers reliably. We know utility load is growing and new resources are planned. We urged the Council to synch up this reality with a regional power plan that may paint a different picture, and that message now appears in the plan.

We also encouraged the Council to keep the plan simple so the consequences and implications of policy and resource choices are transparent. And we will continue our work to assure the Council delivers sound and realistic guidance on the region's energy future.

TECHNICAL BLACK HOLES


The System Planning Committee fired up in 2009 with renewed interest and significant participation. Our technical experts are wading into the complexities of regional capacity, the use of natural gas for generation, and other issues that bear on future adequacy and reliability. When we need to drill down into an issue deep in the electrosphere, we turn to this committee. We see a big role for these techies taking shape in 2010.

COMMUNICATIONS: NOW A CORE MISSION

This year, PNUCC made communications a top priority. With so many changes facing the industry, it's crucial that consumers have a better understanding of how utilities plan to meet growing electricity needs and how they'll accomplish this as economically and environmentally responsibly as possible. As a result of the communications initiative PNUCC launched last year, we unveiled our Plan Today, Power Tomorrow campaign this spring. Utility can adapt this toolbox of ideas, talking points, and artwork to communicate locally with their customers.

MESSAGES BEAM TO THE AIRWAVES

Plan Today, Power Tomorrow centers on these fundamental themes: our energy needs are growing; new resources and technologies are the solution; and it's going to cost all of us more. Check out the special section for *Plan Today, Power Tomorrow* on PNUCC's website for tips and useful information to help in distributing these messages. When utilities make use of this feature, which is updated regularly, we reap the benefit of having consumers across the region receive a consistent set of messages about future energy challenges.



Our vision paper is a way to educate consumers about the growing role of renewable resources and the opportunities contained in technical breakthroughs like Smart Grid.

OUR VISION OF THE FUTURE

This year, PNUCC published a vision paper, *Beyond the Light Switch: A Path to our Energy Future*, which lays out how we think the electric power industry will look over the next 10 years. This document, aimed at policymakers, the media, and the general public, emphasizes the transition our industry is making as new technologies emerge and resource choices change. It's a way to educate consumers about the growing role of renewable resources and the opportunities contained in technical breakthroughs like Smart Grid. And it reinforces our *Plan Today, Power Tomorrow* messages in a different, more futuristic context.

COUNCIL REPORTS: THE QUICK AND THE DEEP

Every month, our members count on our lively chronicles of what happened at the most recent meeting of the Northwest Power and Conservation Council. This year, we augmented this with our one-page “What’s Happening” newsletters, a quick and timely summary of what’s going on behind the scenes with the Power Plan’s evolution.

FORAYS INTO FISH ACCOUNTABILITY

The Council adopted its new fish and wildlife program in February. Now we are tracking how and whether this is making fish project spending more accountable and transparent. This year, PNUCC provided comments to the Council on development of a set of High-Level Indicators to track success in recovering salmon and steelhead. The indicators provide a succinct way to communicate progress to state officials, Congress, and the public.

The proposed indicators include number of adult fish returning to the Columbia River, the number of hatchery fish harvested, and juvenile fish survival rates through the hydro system. If the Council formally adopts the indicators, they may enable the region to spend less on research and monitoring and focus more on projects that provide direct benefits to fish and wildlife.

WARP SPEED AHEAD TO 2010

PNUCC will be immersed in the technical nuts-and-bolts of power issues next year. And we will move ahead on opportunities offered by exciting technology and new ways of doing business. We look forward to more collaboration with our members to communicate the utility “facts of life” to the media and the public.

Sometimes, PNUCC’s board room can take us places we’ve never been. Besides news swapping and opinion sharing, our monthly gatherings allow us to ponder what the utility of the future will look like. And if we decide to boldly go where none have gone before, we’ll fuel our transport with the power of good ideas that comes from the PNUCC forum.

ABOUT PNUCC

2009 BOARD OF DIRECTORS AND ALTERNATES

Jim Sanders	Benton PUD	<i>Chairman</i>
Jim Lobdell	Portland General Electric	<i>1st Vice Chairman</i>
Jack Speer	Alcoa Inc.	<i>2nd Vice Chairman</i>
Kelly Norwood	Avista Corp.	<i>Treasurer</i>

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Phil Obenchain	Pacific Power
Terri Peschka	Portland General Electric
John Prescott	PNGC Power
Steve Klein	Snohomish County PUD
Ken Sugden	Flathead Electric Cooperative

Steve Kern, Seattle City Light	<i>System Planning Committee Chair</i>
Kathi VanderZanden, PNGC Power	<i>Communication Committee Chair</i>

2009 PNUCC BUDGET

Staff Expenses	436,000
Overhead Expenses	143,500
Consultants	155,000
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Total Budget	\$734,500

PNUCC STAFF AND OFFICE INFORMATION

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PNUCC MEMBERS

Alcoa Inc.	Lane Electric Co-op.
City of Ashland	Lewis County PUD
Avista Corp.	Lincoln Electric Co-op.
Benton PUD	Lost River Electric Co-op.
Blachly-Lane Electric Co-op.	McMinnville Water & Light
Canby Utility	Northern Lights Inc.
Central Electric Co-op.	NorthWestern Energy
Chelan County PUD	Okanogan Co. Elec. Co-op.
City of Cheney	Pacific Power
Clark Public Utilities	Pend Oreille County PUD
Clatskanie PUD	PNGC Power
Clearwater Power Company	Portland General Electric
Consumers Power Inc.	Puget Sound Energy
Coos-Curry Electric Co-op.	Raft River Rural Electric Co-op
Cowlitz County PUD	Salmon River Electric Co-op.
Douglas County PUD	Seattle City Light
Douglas Electric Co-op.	Snohomish County PUD
Emerald People's Utility District	City of Sumas
Eugene Water & Electric Board	Tacoma Public Utilities
Fall River Rural Electric Co-op.	Tillamook PUD
Flathead Electric Co-op.	Umatilla Electric Co-op.
Forest Grove Light & Power	United Electric Co-op.
Franklin County PUD	Vera Water & Power
Grant County PUD	Wells Rural Electric Co.
Idaho Falls Power	West Oregon Electric Co-op.
Idaho Power	Whatcom County PUD
Kittitas County PUD	

OUR MISSION

Bringing the power of good ideas together to assist PNUCC members in fulfilling their company missions in this ever changing electric industry.

PNUCC's mission is accomplished by providing:

- The searchlight for changes that will have a significant impact on how our industry does business in the future
- A catalyst for examining issues that impact a significant portion of its membership
- A forum for dialogue on policy issues of regional importance
- The hub for technical analysis and data on vital Northwest power industry issues



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