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#### **NORTHERN WASCO COUNTY PUD PAYS ITS SHARE OF TAXES**

Northern Wasco County PUD expects to pay well over a quarter million dollars as its share of Wasco County property taxes -- to be exact, \$275,690. "The PUD's evaluation is calculated somewhat differently than it is for residents," stated Jim Johnson, PUD Finance and Accounting Director. "All of the PUD's assets, which include poles, wire, substations, office, warehouse, etc., are annually evaluated by the State Department of Revenue who determines the property value that the County assesses the PUD."

In addition to County property taxes, the PUD also pays franchise taxes to the cities it serves. For 2007, it is anticipated the PUD will be paying around \$600,000 to the City of The Dalles and Dufur.

"There are some misconceptions we would like to clear up," commented Johnson. "One is because our PUD is publicly owned that it is exempt from paying property taxes, and the other is the PUD is operated on taxes collected locally. "Neither of these could be further from the truth," he added. "Northern Wasco County PUD's operating budget comes from revenue collected from the sale of electricity to our customers. Rates are set locally by the PUD's Board of Directors who establish cost-based rates. The rate for each customer class pays the cost to serve that customer group. In this way, residential customers are not unfairly subsidizing another classification of customers, such as commercial or industrial, or vice versa.

“Our board has historically operated the PUD in a very fiscally responsible manner,” Johnson said. “We have reserved funds in a Rate Stabilization Fund that can only be used to increase revenues in a year when the unexpected may occur. This reserve hopefully will delay or alleviate the impact of any possible rate increase,” Johnson commented. “Rather than raising and lowering rates several times, our board has taken the position to try and keep rates stable, at the same time keeping them fair, equitable and competitive. Our customers may not realize it, but they pay some of the lowest rates in the United States,” he added.

According to PUD General Manager, Dwight Langer, “These are changing and challenging times in the electric utility industry, and many new challenges that are out of our local control may have an impact on our rates in the future. One such challenge is Oregon’s newly adopted Renewable Portfolio Standards which require utilities to invest a certain percentage of their energy purchases in more expensive renewable energy sources. Federal legislation pertaining to carbon taxes will also impact local rates, as will regulatory matters pertaining to the new proposed biological opinion for fish and wildlife. It is extremely important that we provide essential services at affordable rates. Maintaining competitive electric rates can have an impact on whether new businesses relocate to our community which directly impacts the local economy.”

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