

VOICE OF VERA



a newsletter of Vera Water and Power

Vol. 3 No 4

June 2004

BPA RATES TOO SOON TO TELL

Although there continue to be several lawsuits and a great deal of negotiations going on in the past months in the public-power arena, there were no signs of any positive progress to report for relief on electric rates in the region until recently. Lately, agreements signed by Bonneville Power Administration with regional investor-owned utilities could benefit electric consumers through out the Northwest. These agreements could make BPA's wholesale power rates for public agency utilities such as Vera, 6% lower than predicted for the latter part of 2005 and 2006.

Regional public utilities had sued BPA over the amount of benefits going to investor-owned utilities such as Avista, Portland General, under contracts signed in 2000. Although the proposed litigation settlement failed earlier this year, these recent settlement agreements which bring some relief, do not affect the existing lawsuits.

Several of the investor-owned utilities in the region have signed agreements to modify their existing contracts with BPA, giving up current benefits, that will benefit both the investor-owned and Bonneville. Thus, hopefully, it could bring some relief to public utilities' customers. In return for giving up some of the benefits of their current contracts, they will receive some stability in the rates from 2007-2011. Investor-owned utilities are federally guaranteed to be provided with a sharing of the low-cost federal hydropower for their small agricultural and residential customers in the form of hydropower or cash equivalents.

It is too soon to tell how Bonneville will adjust its wholesale rates to public utility customers like Vera, who are 100% or "full requirements" customers. Each of the regions approximately 135 public utilities have unique costs and rates from BPA, so the effects of these wholesale rate adjustments on retail rates is hard to determine yet, and will vary from utility to utility. We will continue to pass on to you, any reduction in the BPA surcharge as we have all along, and we are doing all we can to bring that about. For right now, the current surcharge remains in effect until September 30th. We make this promise to you, our customers, that we are working diligently to make Bonneville accountable for its costs to us, to provide you with the best energy rate we possibly can.

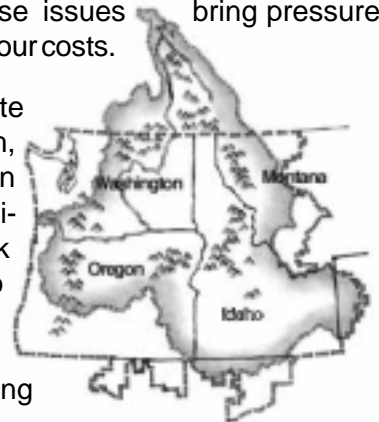
HOW BONNEVILLE FITS INTO YOUR DAILY LIVING

For those of you who may be new to the District, or even new to the region, 100% of Vera's power is delivered to us from Bonneville Power Administration which is a federal power marketing agency headquartered in Portland, OR. They are responsible for maketing the power produced by several dams built on the Snake & Columbia Rivers. The dams are operated by the Army Corps of Engineers. BPA also purchases and markets the entire output of the Columbia Generating Station, the State's sole operating nuclear power plant. Bonneville which has helped to build the Northwest's economy for over 60 years, provides low cost-based rates, some of the lowest in the nation, to its customers.

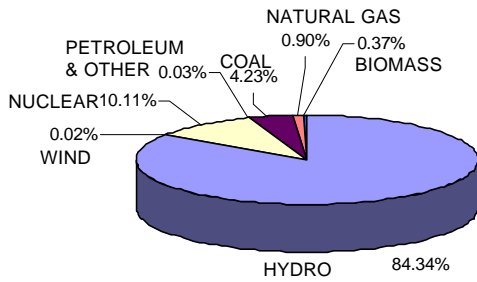
BPA is also operates a large transmission system throughout the Northwest which connects with Canada, California, the Southwest and eastern Montana. Fish species, river com-

merce, recreation and irrigators all must cooperate to coordinate river use fairly and wisely. Allocation of water sometimes brings tradeoffs for each group of river users. All of these issues bring pressure to your power rates and your costs.

We are still very fortunate that BPA's hydrosystem, although dependent on nature through season climate, melting snowpack and rain feeding runoff to streams into the Columbia, is a continually renewable and non-polluting energy source.



RESOURCE FUEL MIX - BPA's Report for 2004



STATE LAW requires that all electric utilities disclose the fuel mix of their resources to their customers annually. In Vera Water & Power's case, all of our energy is purchased from the Bonneville Power Administration who in turn, provides us with an annual report of their fuel mix for power generation.

The graph on the left illustrates the percentage of each type of fuel that is used to generate electricity and as you can see, large hydro power produced by the system of dams on the Columbia and Snake Rivers is the lion's share. The good news is that this is a completely renewable resource. Other sources of power generation include small hydro systems, natural gas, petroleum & coal, nuclear energy, wind and a small amount of biomass fuels which are derived from plant and agricultural products.



SNOW IN SUMMERTIME?

No, not really! We just wanted to let you know that the Vera crews shown in this snowy photo were installing a brand new energy-efficient LED outdoor lighting this last holiday season.

This past year, Vera invested in all new energy-saving lighting which has a five year warranty. They use far less energy than the outdoor holiday lights that have been available in the past. These lights will be available in retail stores this fall for home use. Watch for them; they will save you money in the long run. Not only do they help keep your holiday lighting costs down, they also last much longer than the usual strings of lights.

We are pleased to give back to our customers each year by decorating the large trees in front of the District offices. We have received many positive comments from folks who really look forward to Vera's lights especially those who come by traveling to work and in the dark December days.

CUB SCOUT PACK 405 VISITS VERA

Cub Scout Den Leader, Julie Wilson, and her Cub Scouts, Pack 405, visited Vera and toured the No. 1 Well at the beginning of June. Visiting and learning about an important historical site is one step towards the cub scouts' wolf badge. Vera's No. 1 Well is a certified as a national landmark by the American Water Works Association. The well was built in 1908 and is still operating in Vera's water distribution system.

All of the scouts attend schools in Vera's District at Progress, Adams and Sunrise Elementary Schools.



Cub Scouts Pack 405



Robert Oeflein

CHAIRMAN'S LETTER

In 2003, there was a great deal of activity in the District which in large part, was a result of the continued growth in our area. With the certification of the new city of Spokane Valley, Vera participated in the completion of many public works projects for both Spokane Valley's Public Works Department and Spokane County. Our role involved relocating or removing the District's facilities where it was required. These projects included the South Evergreen Road widening project, the 16th Avenue widening between Evergreen and Sullivan Roads, and the continuing sewer installation throughout the District. We also replaced several sections of aging cable in the Belle Terre Addition. All this activity kept our crews very busy.

The Saltese water main installation project was completed in 2003, and many folks who had previously used private wells for their household water service were hooked up to Vera's water system. This was financed by the sale of LID (Local Improvement District) bonds which are paid by the customers who receive the benefit of this project. We saw the annexation of Ranch Park Estates into the District during 2003 after the property owners went through the petitioning process and approval by Spokane County's Boundary Review Board. The District was also approached by the property owners in The Crest development with a petition for water service. The Board approved completing a feasibility study to determine that Vera could indeed service their area.

The required testing of approximately 3,000 transformers throughout the District for PCB's was completed by the electric crews during 2003. The small number of transformers that did test positively for the presence of PCB's were removed and replaced. This removed any danger of the regulated substance being released into the environment.

Our unusually hot, dry summer of 2003 saw the most gallons of water pumped by the District ever, totaling over 3 billion gallons for the year. We also reached a new summer time maximum peak electric load demand by our customers of 32 megawatts during last summer's hottest days.

With careful planning, the District was able to take advantage of the low interest rates during 2003 by refinancing some of its municipal bond debt thereby saving our customers thousands of dollars over several years. This action also helped to keep Vera's base rates stable during the ongoing BPA surcharge.

There is much to running your utility that goes on behind the scenes. The other Directors and I are happy to report that the Vera staff and crews are dedicated to keeping your power on and pure water flowing to you from Spokane's wonderful Aquifer. We are pleased with the careful stewardship that the staff at Vera takes to not only protect and maintain its power and water systems for your service needs, but to also be ever mindful of keeping your rates as low as they possibly can be.

I have truly enjoyed serving as the Chairman of your Board of Directors for the past year and look forward to serving as a Director for a long time to come. You can be proud of your utility and its integrity, and that is saying a lot in today's world!

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Oeflein", written over a light-colored rectangular background.

Rob Oeflein
Chairman 2003

VERA WATER AND POWER

2003 ANNUAL REPORT

2003 Operating Statement

<u>Revenues</u>	<u>2003</u>	<u>2002</u>
Sales of Power	\$11,127,274	\$10,951,762
Sales of Water	1,261,717	1,174,029
Sewer Service	5,658	5,658
Other Income	<u>293,923</u>	<u>360,850</u>
Total Revenue	<u>\$12,688,572</u>	<u>\$12,492,299</u>
<u>Expenses</u>		
Cost of Power	7,484,013	6,858,206
Cost of Water	332,003	281,106
Operations/Maint.	2,286,922	2,011,979
Taxes	481,518	473,605
Depreciation	944,393	893,929
Interest	<u>220,449</u>	<u>248,237</u>
Total Expenses	<u>11,749,298</u>	<u>10,767,062</u>
Net Income	<u>\$939,274</u>	<u>\$1,725,237</u>

2003 Balance Sheet

<u>Assets</u>	<u>2003</u>	<u>2002</u>
Current Assets	\$4,891,478	\$4,610,533
Restricted Reserves	1,115,793	1,201,160
Net Capital Assets	28,750,548	27,659,413
Debt & Bond Discount	<u>1,050,832</u>	<u>409,947</u>
Total Assets	<u>\$35,808,651</u>	<u>\$33,881,053</u>
<u>Liabilities & Net Assets</u>		
Current Liabilities	\$1,594,892	\$1,434,495
Current Debt	455,812	1,225,812
Long Term Debt	<u>4,639,058</u>	<u>4,520,682</u>
Total Liabilities	<u>6,689,762</u>	<u>7,180,989</u>
Net Assets	<u>29,118,889</u>	<u>26,700,064</u>
Total Liabilities & Equities	<u>\$35,808,651</u>	<u>\$33,881,053</u>

CURRENT BOARD OF DIRECTORS

Douglas Kearsley
Chairman



Robert Oeflein
Director



Roger Fox
Director



David Peterson
Director



Floyd Schmedding
Director



Kevin Wells
General Manager



HOW THE DISTRICT IS GOVERNED

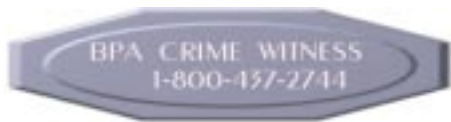
The Vera Irrigation District is organized, and operates, under Chapter 87 of the Revised Code of the State of Washington. The financial and other records are audited annually by the Washington State Auditor. The District is governed by a five-member Board of Directors. The Directors are elected to serve staggered, three-year terms, by position. The Board of Directors is the policy-making body. The Board of Directors hires a general manager who is responsible for the administration and day-to-day operation of the District. All employees of the District are responsible to, and report to the general manager.

The Board of Directors meets at 7:00 PM on the second Wednesday of each month at a public meeting in the District office. It would be advisable for a customer wishing to make a presentation to the Board to call the office in order to be placed on the agenda to insure time is available for your presentation. You are welcome to attend these meetings.

At Work in the District

This year began strong with many types of new construction around the District in which Vera plays a role. The electric crews installed new cable in the Belle Terre subdivision to correct frequent power outages due to defective cable. Vera water crews worked on maintenance of pump stations and hydrants throughout the winter to make sure everything is ready for the hot summer days. Tree trimming was completed in March and early April. The Crossroads Baptist Church on Sullivan was demolished this winter to make room for a commercial building and Vera crews completed the removal of the power and water service.

Early in this spring, Rudeen Construction began work on a 75-unit apartment complex on Valleyway off of Sullivan Road which required the installation of power and water service to it. Electric crews pulled cables for a large development on the east side of Barker Road north of Saltese Road. They also moved several poles ahead of the road widening project on Evergreen Road from Sprague to 16th Avenues. Water main was installed in 12th Avenue. A water main is being installed to provide The Crest subdivision with Vera water. More projects are in the works. So far, it shapes up to be a very busy year!



Please report any criminal activity or damage to any of Bonneville's substations, power lines or any of their equipment by calling 1-800-437-2744 for their Crime Witness Hotline!



SCIENCE NIGHT AT SUNRISE ELEMENTARY

Steve Skipworth, Director of Operations is shown demonstrating Vera's Aquifer and pumpstation model during Sunrise's Science Presenters Night.

WITH YOUR SUMMER PROJECTS IN MIND, PLEASE REMEMBER TO . . .



CALL BEFORE YOU DIG!

It's the law

Call 456-8000

TWO days before you dig, call for the location of your underground utilities.

CONGRATULATIONS TO OUR RECENT VERA RETIREES!

Last month, the District congratulated two long time employees on their retirement. Vera's Credit Manager, Sharon, retired after 27 years, most of which were spent as Credit Manager. She developed the system Vera currently uses to manage customers' credit needs. Sharon has been a great asset to Vera and a dedicated employee.

Dick Tilzey also retired after almost 29 successful years as an electrical lineman, most recently running the meter shop. Collectively, they represent over 56 years of experience with the District. We wish them the very best in their hard earned retirement. They will be really missed!

Vera also lost a longtime Board member. Roger Fox who has served faithfully for 12 years as a Director has resigned because he has moved out of the District. We truly appreciate Roger's deep commitment to serving Vera, its customers and Vera's employees. His experience in policy matters and District budgets helped us all immensely. We thank him for his dedication to everyone who is a part of Vera! Best of luck in your future, Roger!



SIGNS ON POWER POLES-A REMINDER!

Please help us out and keep our electric crews safe by never hanging a sign on a utility pole. In an emergency situation, nails in poles can be extremely hazardous to Vera crews climbing poles. Thanks for your support!



JUNE 2004 NEWSLETTER

2003 Annual Report Included



Printed on recycled paper

VERA WATER & POWER

Vera is a public utility company established in 1908 to provide water and electric service to the residents of the District. We are wholly owned by our customers.

The offices are located at:

N. 601 Evergreen Road
Spokane, WA

The mailing address is:

P.O. Box 630
Veradale, WA 99037

Our Office Hours are:

7:30 AM to 5:00 PM

Monday ~ Friday except holidays

You can reach our office at **924-3800** which is also Vera's answering service after-hours emergency number.

Whom You Can Call . . .

Office Info: For questions on the following:

Electric & Water Billing, Meter Readings, Credit Problems & Questions, Moving In or Out, Account Information;

Please Call our Office Team at 924-3800.

For Energy Efficiency, Heating, Cooling, Street Lighting, Area Lighting, Tree Trimming & *Super Good Cents* Construction

Michael DeVleming, Customer Service Director

For Work Scheduling, New Services and Contractors

Steve Skipworth, Director of Operations

Todd Henry, Asst. Dir. of Operations-Materials Purchasing

Brian Dilts, District Engineer

Kim Poffenroth, Operations Assistant

Todd Harmon, Locator & Engineering Aide

Kevin Wells, General Manager

Questions or Problems concerning the District

Gail Gibson, Newsletter Editor