

Press Release

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FRANKLIN PUD RECEIVES UPGRADED BOND RATING

May 7, 2008 – Franklin PUD staff and Commission President Bill Gordon recently returned from San Francisco where presentations were made to Standard and Poor's Ratings Services, a bond rating agency that provides independent credit ratings, indices, risk evaluation, and company valuations.

As of May 2, 2008 Franklin PUD's rating from Standard and Poor's was upgraded to an "A" status, a move up from the previous rating. The "A" rating and upgrade reflect the District's continued strong and improved financial performance including healthy debt service coverage, strengthened cash reserves, and a recent record of exceeding load forecasts. Franklin PUD has also made significant progress in making high retail rates more competitive with a 2.5% rate increase cancelled in January 2006, a 5% rate decrease in January 2007, and a 4% overall rate decrease effective May 1, 2008. Also taking effect on May 1, 2008 will be a 3% Residential Exchange Credit that will be given to Franklin PUD customers via a credit on their monthly bill for approximately one year. This credit represents a reimbursement to Franklin PUD for overcharges that BPA has been collecting for a number of years through their Residential Exchange Program.

The Standard and Poor's rating is especially important in this day and age when the credit climate in general is so turbulent. The rating also places Franklin PUD in a stronger financial position when the District goes to the market to purchase bonds.

Hard work on the part of the Commissioners setting sound business and financial policies and the entire PUD staff carefully watching costs and becoming more efficient in all business aspects were contributors leading to the new rating. Ongoing reviews of rate structures, continued strong reserves, a declining debt to net asset ratio and a vibrant service territory has put Franklin PUD back in a strong financial position over the past several years all for benefit of its customers.

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