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WA-18

Klickitat PUD Updates

I would like to offer a few talking points to those of you who have not been able to attend public service group or community meetings. KPUD representatives attend approximately 20 to 25 local meetings a year to provide updates about the PUD and answer customers' questions.

Klickitat PUD's Financial Performance First Half of 2014

- Electric rates did not increase during the first half of the year.
- Water and wastewater rates were adjusted on each individual system. We own and operate 15 water/wastewater systems. Four systems had a rate increase of 5 percent; three increased 3 percent; one increased 2 percent; two increased 1 percent; and five systems had no rate increase.
- We have kept our annual operations and maintenance budget at the 2009 levels. We expect to be under budget for operation and maintenance at year-end.
- Through June 2014, total PUD operating revenues were \$1.8 million above budget at \$24.7 million. Operating expenses were \$643,000 below budget at \$24.9 million. Our total available cash position was \$13,052,400, which was \$1.4 million above budget.
- Capital expenditures for 2014 are expected to be \$6.1 million as budgeted.
- Our 2014 year-end forecast projects our debt service coverage ratio to be 1.46 and available cash to be \$10,006,228 at year-end, which is 110 days cash on hand.
- The Bonneville Power Administration forecasts a 6 to 8 percent increase in our wholesale power and transmission service costs in 2015. This equates to approximately a \$1 million

increase in our costs to buy power to meet our customers' electricity requirements.



Generation Projects Update

- We experienced some issues with the bearings in the steam generator at our HW Hill landfill gas generation facility early in the year. The combustion turbine generators operated during the repairs, and the issues have been resolved. We expect to be slightly under our output budget by year-end.
- White Creek Wind's generation is 3.3 percent below forecast through the end of June.
- Our McNary fishway hydro project did not have any generation curtailments from BPA during the high runoff as it has in previous years. McNary's year-to-date output is 6 percent below budget at 18,800 MWh.
- Our transmission business line continues to perform well, providing in the range of \$5 million in annual revenues. We had a transmission line failure due to extreme icing in January. That section of line was rebuilt, and the cost of those repairs is paid for by the wind project this transmission line serves.

I encourage you to participate in your local meetings and support your local service groups. I look forward to talking with all of you at upcoming community meetings.

Jim Smith
General Manager