



Public Utility District No. 1 of Klickitat County

GENERAL MANAGER'S REPORT TO THE BOARD For the **July 09, 2024** Meeting

AGENDA ITEMS:

- A. Moss Adams Audit Presentation - Ayde Alvarado will provide a presentation to the board of the 2023 financial audit. Ayde will attend via WebEx.
- B. Bid Rejection-Glenwood Lift Station - Staff is requesting that we reject all bids for this project as they were all incomplete. As the pricing came in under the formal bid requirement threshold, so staff will reach back out to the bidders and request quotes for this project.
- C. Prequalification of Contractors - Staff is requesting the addition of Cascade Automation to the small works roster. All of their required documentation has been received.

NON-AGENDA ITEMS:

- 1. Columbia River System Operations U.S Government / Six Sovereigns Agreement - members of the House Appropriations Subcommittee for Energy and Water passed legislation that caps BPA customer contributions for fish and wildlife recovery efforts associated with the implementation of the agreement at \$300,000,000. There is a joint press release included in your board reading packet from PPC, NRU and NW River Partners.
- 2. Bond Issue - as we have discussed, the preliminary official statement and development of the necessary resolutions are in progress to allow for an early September financing. The intent is to allow for issuing bonds ahead of potential market impacts and volatility before or after the election. We can delay issuing, but we needed to get started in order to meet this schedule.

We are planning to have our financial advisor, Scott Bauer of NW Municipal Advisors and Sean Keatts of Barclays Bank, who is our underwriter, review

the Market and Financing Opportunities Update via WebEx at the next Board meeting, July 23rd. We then have three weeks until we consider the necessary documents at the August 14th meeting to decide to issue any or all of the following three proposed bond series, or delay any financing until spring of next year. We will have updated year-end financial forecasts for you as well.

We have planned one series of bonds for \$20 million in new money. This was included in the 2024 budget. The amount of the issue can be changed at your discretion. Given the progress of the EE Clouse project for BPA, this will likely be a separate issue with BPA responsible for all costs. A second series of bonds is planned to forward refund \$28 million in the 2015A Bond series with a current NPV savings of \$2.3 million or 7.5%. A third potential series could be issued for a forward direct purchase of a portion of the 2019B bond issue. If pursued, this would involve offering to purchase back individual 2019B bonds at a discount, as the interest rates are now higher than the coupons on the bonds, while still providing a premium to existing bond holders. Not all bond holders would do this, but in Barclay's experience, potentially 30% could. This could result in a lower overall cost. We are still evaluating this option and can discuss more at the meeting, but Barclays has estimated savings in the area of \$400,000 is possible.

If we proceed, then ratings agency presentations would happen and I would like to talk about Board presentation at those meetings.

3. Julian Talk Show Interview - we covered how the implementation of the AMI system is going, how the AMI system is working and impacting our customers and our operations, our fire season preparation and our fire conditions activities with reclosers, impacts on electric market pricing of carbon legislation and the resulting impacts on recent and forecasted retail electric rates.